

Universal Store

Modern Slavery Statement July 2019 - July 2020

Modern slavery refers to the exploitation of people for commercial or personal gain. Forms of modern slavery include human trafficking, forced or bonded labour, child slavery, child and forced marriage, people born into slavery because of their class or caste, domestic slavery, and slavery in supply chains. Modern slavery has many underlying risk factors such as inequality, poverty, cultural norms and discriminatory laws. The scale and complexity can be overwhelming but every improvement that we make, whether big or small, is a step towards eradicating modern slavery.

The United Nations reports more than 40 million people are forced into modern slavery around the world. In Australia, the Government estimates 1,567 people were modern slavery victims locally between 2015-2017. This global human rights crisis requires a coordinated effort to affect change.

Australia is doing our part with the Modern Slavery Act 2018 to help identify and support victims. Universal Store Holdings Limited (ABN 94 628 836 484), which owns four entities (Universal Store Pty Ltd, US Australia Pty Ltd, US 1A Pty Ltd, and US 1B Pty Ltd,) that trade under the name "Universal Store," is committed to developing and maintaining our response to modern slavery risks. As part of our statement development process, Universal Store engaged with key business areas that are responsible for procurement, HR and legal across the four reporting entities owned by Universal Store Holdings Limited. These consultations ensured the risks specific to each area were identified in this statement, and included in our modern slavery risk management plan that will be implemented across all entities owned by Universal Store Holdings Limited.

This is Universal Store's first modern slavery statement, published in accordance with the Modern Slavery Act 2018 for the financial year 2019/20. We will update our statement annually to report our progress towards supply chain transparency and accountability.

Universal Store continues to develop our approach and focus in order to address and prevent any modern slavery risks or human rights offenses throughout our Australian business, and in relation to any business we source goods and/or services from locally and abroad. The values of our business drive this commitment to operating with transparency and integrity. Throughout our operation and our supply chain we actively collaborate, share knowledge and demand continuous vigilance to face this global concern.

About Our Company

Universal Store is a fashion retailer selling menswear, womenswear, footwear, accessories and gifts. We are an Australian company with a distribution centre and support office in Brisbane, Queensland, 65 bricks and mortar stores across all mainland states and an online store.

We employ approximately 700 team members on average, the number fluctuates throughout the year depending on demand. We work with over 100 third-party brands, and have 28 private label suppliers.

Our Values

Our purpose is to work as one team to make the world a more welcoming place, by living and upholding our core values:

- Care for everyone
- Here to help
- Better than good
- Contribute
- Make it work

Our Supply Chain

We have three types of suppliers in our supply chain:

1. Third-party brands that provide us with product for resale
2. Private label brands that we design in-house and have manufactured by third-party suppliers
3. Business operations services including outsourced customer deliveries, logistics, and technology providers.

Migrant labour in Australia

Universal Store employs a wide range of casual workers, and many are migrant workers in Australia on Working Visas. We comply with the VEVO requirements outlined by Australian law. All workers in our stores are paid in accordance with the General Retail Industry Award 2020 and our payroll practices are audited annually by a third-party.

Labour outside Australia

100% of our private label brands are supplied from China where there is risk of child labour exploitation, excessive working hours, irregular pay cycles, discrimination against women workers, and recruitment policies that allow for such exploitations.

Universal Store is committed to supply chain transparency, and we assess our effectiveness by:

- Number of private label supplier factories detailed on our factory list
- Percentage of private label suppliers audited by a third-party (FY21 target 90%)
- Percentage of non-compliances resolved (FY21 target 80%)
- Publishing and updating our factory list in FY21.

Our Due Diligence Processes

Supply chain transparency

As part of our mission to be more transparent, Universal Store is in the process of mapping our private label supply chain. We will publish what we've mapped to our social responsibility page in FY21 and will continue to update our map as our supply chain changes over time.

We require the people who work in our supply chain, including subcontractors, to abide by our Ethical Trading Policy in line with the International Labour Organisation (ILO) conventions, and our animal welfare policy. Our team of buyers, designers, merchandisers and technical experts are working together with suppliers to ensure we meet our policies and standards.

Each direct supplier we work with must:

- Read, understand and sign our Ethical Labour Policy,
- Read, understand and sign our Animal Welfare Policy,
- Provide social audit reports conducted by a third-party as evidence of ethical labour practices,
- Provide copies of factory certifications (if any),
- Provide a list of key factory locations (city, region & country).

Assessing our supply chain

Our product development team works with suppliers to make sure business practices meet our ethical trade policy through third-party audits. Audits are a good place to begin tracking non-compliance but there are limitations such as:

- third-party audits are normally conducted with advance notice to factory managers,
- we rely on the integrity of third-party auditors,
- there's a risk employee records provided to the auditors are not accurate or falsified, and
- that employees interviewed by auditors have been coached by management.

We expect all factories in our network including any sub-contractors to undertake annual social audits using a third-party auditor and provide us with copies of the audit reports, corrective action plans, and follow-up audit reports. Sensitive information such as factory names and addresses can be kept private to protect trade secrets, though we ask this information be provided should the need arise to investigate reports of a breach in policy.

Remediation process

We understand it takes time to make changes to business processes. When a non-compliance is reported by third-party auditors, the report lists actions that need to be taken to rectify the issue and a timeframe for delivery. We then follow up with our suppliers to ensure they enact the changes and get the same auditors to return to the site for follow-ups on progress after the recommended time frame.

To date no material findings were discovered, however should we discover the irreconcilable offenses the vendor will be removed from our supply chain. Obviously, this is a last resort; we work closely with our suppliers and believe they want to do the right thing by their employees.

Whistleblowing

We provide our suppliers with a direct line of contact to our team, which can be used to anonymously or confidentially report any concerns about any area of our supply chain. Any such reports will be treated with utmost care and resolved as soon as practicable.

Governance

The Chief Executive Officer and Leadership Team are responsible for ensuring Universal Store meets our human rights obligations across our business activities. Our Project team works with key areas of our business to report on progress against our goals on a quarterly basis, and prepares annual Modern Slavery Statements and reports. These key teams are responsible for implementing our ethical trade policies with our supply chain including Buying, Design, Merchandising, Operations, HR and Finance.

Measuring Effectiveness

Impacts of COVID-19 on modern slavery

In February 2020 our private label supply chain was heavily impacted by the COVID-19 pandemic. All our suppliers' factories in China were closed for the country's New Year holidays, and did not reopen until after a mandatory 2-week quarantine period. When quarantine ended, the factories implemented COVID-19 safety requirements, and applied to the government to reopen. Our suppliers have provided documentation including photos of new safety practices in their factories. Unfortunately, due to the economic downturn and drop in demand, some people became unemployed. This increases the risk of remaining workers feeling vulnerable or obligated to work more hours for job security. We are mindful of this and will monitor work hours in upcoming audits. The factory closures due to COVID-19 meant some audits due in the second half of FY20 were postponed, and these will now be reported in our FY21 modern slavery statement.

Our Ongoing Commitments

In FY20, we focused on mapping and auditing our 28 private label suppliers.

Goals Achieved FY20

- Number of private label supplier factories mapped: 31
- Number of private label supplier factories audited: 17 - impacted by COVID-19 temporary factory closures and restrictions.

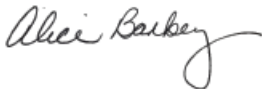
Goals for FY21

- Complete supply chain mapping and publish factory list to our social responsibility webpage.
- Completed audits of 90% supply chain, allow 10% for in-progress audits.
- Resolve 80% non-compliances discovered in audits, allow 20% for in-progress remediation.
- Upkeep annual audits of Tier 1 supply chain.
- Train team members in roles that may be exposed to modern slavery risks such as our Buyers, Designers, and Human Resources in modern slavery risks and how to identify and support victims in our supply chain.
- Provide optional modern slavery training to all team members.

We firmly believe in the importance of corporate social responsibility (CSR) and, in FY20 established a CSR team. We are progressing Universal Store's social responsibility efforts. To keep abreast of progress before our next annual Modern Slavery Statement, you can visit our website: <https://www.universalstore.com/social-responsibility>

Universal Store's Modern Slavery Statement July 2019 - June 2020 was approved by the Universal Store Holdings Board of Directors, our principal governing body, on Wednesday 14th October, 2020.

Signed on behalf of the Board of Directors, by board member and CEO,



Alice Barbery
Chief Executive Officer, Universal Store
Monday 22nd March, 2021