



MODERN SLAVERY STATEMENT

LORNA JANE

LORNA JANE PTY LTD ABN 91 065 384 616

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

Reporting Period: 1 July 2021 – 30 June 2022

EXECUTIVE SUMMARY

This Modern Slavery Statement has been approved by the board of Lorna Jane Pty Ltd ABN 91 065 384 616 in their capacity as the principal governing body of Lorna Jane Pty Ltd on 21 December 2022

Pursuant to the requirements of the Act, authorised persons have reviewed the contents of this Statement and confirmed its accuracy.

This statement is signed by Bill Clarkson in his role as Director on 21 December 2022.

This statement has been approved by the Board of Directors of Lorna Jane Pty Ltd.



21/12/2022

Signature

Date

Bill Clarkson

Name
Director

THIS REPORT OUTLINES

Part One: Company Overview - Our Organisation, Operations and Supply Chains	4
Part Two: Risks of Modern Slavery in Supply Chains and Operations	8
Part Three: Addressing Modern Slavery Risks	11
Part Four: Measuring the Effectiveness of Our Response to Modern Slavery Risks	19
Part Five: Consultation with controlled entities & other relevant information	21
Appendix: Initial Risk Assessment Methodology Summary	22



PART ONE:

COMPANY OVERVIEW – OUR ORGANISATION, OPERATIONS AND SUPPLY CHAINS

1. This is Lorna Jane's third Modern Slavery Statement in accordance with the *Modern Slavery Act 2018 (Cth)*. It covers the reporting period that ended on 30 June 2022.
2. Lorna Jane is a leading activewear retailer with a global brand presence. Our brand mission is to empower our customers to live a life that they love through Active Living and the daily practice of *Move, Nourish, Believe*.
3. Part of Lorna Jane's organisational DNA is an underlying concern for the people that make our products and the planet that we source our materials from. For over 33 years, Lorna Jane has been an advocate for empowering women globally. We recognise our responsibility and ability to empower the women that make our garments, to ensure that they are not trapped in circumstances of modern slavery and exploitation. For Lorna Jane, our obligations under the Act, to assess and address modern slavery in our operations and supply chains, aligns with the way we do business and how we engage with our manufacturing suppliers.
4. We do not consider our overall modern slavery risk profile to have materially changed from the first and second reporting periods. Key risk and response areas remain largely consistent, reflective of our core business activities in the global apparel industry. As part of our long-term commitment, we have continued to improve and strengthen our response to modern slavery issues throughout the FY22 reporting period.
5. Lorna Jane recognises that there is no simple "fix" to addressing modern slavery, particularly in the fashion industry. We know that there is more work to be done to protect vulnerable workers in supply chains. We remain focused on continuously improving year-on-year, to direct our resources towards cultivating a sustainable brand that is not causing, contributing, or otherwise linked to modern slavery practices.

Our Structure

6. The mandatory report entity is **Lorna Jane Pty Ltd** - ABN 91 065 384 616.
7. Lorna Jane owns or controls the following entities that are not mandatory reporting entities:
 - LJ GP No 1 Pty Limited.
 - LJ GP No 2 Pty Limited.
 - Lorna Jane Gold Coast Pty Limited.
 - Lorna Jane Rewards Pty Limited.
 - Move Nourish Believe Pte Limited.
 - LJ USA General Partnership
 - LJ USA Holdings Inc
 - Lorna Jane USA, Inc
 - Move Nourish Believe Pte Ltd (online, wholesale management of subsidiaries.
 - Lorna Jane B.V
 - Run Girl Run (Shenzhen) Co. Limited
 - Lorna Jane Hong Kong Ltd
 - Lorna Jane New Zealand Ltd
 - Lorna Jane Limited (CAD)
 - Move Nourish Believe (UK) Limited
8. During the FY22 reporting period, Lorna Jane has wound down the following entities, meaning that they are no longer operational and do not have active supply chains:
 - Move Nourish Believe Pte Ltd
 - Move Nourish Believe No.2 Pte Ltd
 - Lorna Jane Logistics
 - Run Girl Run (Shenzhen) Co. Ltd Beijing

PART ONE:

COMPANY OVERVIEW – OUR ORGANISATION, OPERATIONS AND SUPPLY CHAINS



Our Operations

9. Lorna Jane is a leading women's activewear and lifestyle brand with locations across Australia, New Zealand, and the United States.
10. Our headquarters are at 857 Kingsford Smith Drive, Eagle Farm Qld 4009.
11. We have over 110 retail stores in Australia and worldwide.
12. During the reporting period we closed our Singapore retail stores and show rooms, to focus upon our existing operations and further developing our online presence.
13. We have also opened three new stores in New Zealand and four new stores in Australia.
14. Our day-to-day operations have otherwise not changed materially since the last reporting period. Our primary business continues to comprise the retail sale of activewear products, including women's tights and leggings, shorts, tops, pants, jackets, tanks, sports bras, swimwear, shoes, and accessories.
15. We also provide a range of lifestyle-related books and digital products. Our 'Lorna Jane Active Living' App provides functionalities for exercise, recipes as well as holistic wellness services such as meditation. A number of Lorna Jane Clarkson's books are also sold through our website.
16. Our corporate functions, such as finance, procurement, human resources, distribution, along with marketing, and compliance, are primarily undertaken at our headquarters in Queensland.
17. Our team comprised a total of 819 employees during the reporting period. A breakdown of our workforce composition is as follows:
 - 44 staff in our distribution centre
 - 129 staff based at our headquarters in Queensland
 - 646 staff in retail operations throughout Australia and New Zealand.

PART ONE:

COMPANY OVERVIEW – OUR ORGANISATION, OPERATIONS AND SUPPLY CHAINS

Our Supply Chains

18. During the reporting period, Lorna Jane engaged approximately 570 direct suppliers, which was an increase in total supplier numbers compared to the last reporting period.
19. This shift primarily relates to increased use of marketing and promotion professional services. We also used various construction and related services to facilitate the fit out and refurbishment of a number of new and existing stores across Australia and New Zealand, as follows:
 - a. We opened the following new stores:
 - i. Hamilton, New Zealand;
 - ii. Wellington, New Zealand;
 - iii. Sylvia Park, New Zealand;
 - iv. Hobart, Tasmania;
 - v. West Point, New South Wales; and
 - vi. Browns Plains, Queensland.
 - b. We refurbished or refit the following existing stores:
 - i. Tea Tree, South Australia
 - ii. Eastlands, Victoria
 - iii. West Lakes, South Australia;
 - iv. West Beach, South Australia;
 - v. Loganholme, Queensland;
 - vi. Ballarat, Victoria;
 - vii. Mackay, Queensland;
 - viii. Erina, New South Wales;
 - ix. Marion, South Australia;
 - x. Port Macquarie, New South Wales; and
 - xi. Mt Gravatt, Queensland.
20. Overall, our suppliers, by overall individual supplier numbers, remain predominantly Australian-based.
21. Our largest spend category has not changed across reporting periods and continues to be the direct supply chain of production of the apparel products that we sell.

Continuing our single key supplier focus

22. As we reported in our first two statements, Lorna Jane has a long-term relationship with an Australian apparel supplier. We have continued to purchase approximately 98% of our apparel products from this Australian based supplier that has its apparel manufacturing hub and activities centralised at two factories in China.
23. This primary apparel supplier has corporate operations and business services primarily within Australia with additional supporting functions in cities including Los Angeles, Vancouver, Montreal and Rotterdam. Our supplier has worked with us to increase transparency over the sourcing of raw materials used in the garments manufactured, with key materials and fibres originating from a wide range of regions, including South East Asia and Europe
24. During the reporting period, this apparel supplier commenced the process of obtaining a 'B-Corp' certification. It has engaged with an external specialist to assist with this process, with an expectation to have the Scope 1 stage of obtaining certifications completed by December 2022.

PART ONE:

COMPANY OVERVIEW – OUR ORGANISATION, OPERATIONS AND SUPPLY CHAINS

Preliminary phase of two additional apparel suppliers

25. During the reporting period, Lorna Jane commenced an initial trial engagement with two additional apparel suppliers – one for knitwear and one for woven garments.
26. These two new suppliers were evaluated in relation to any potential modern slavery concerns in their supply chains and operations prior to this preliminary engagement. Each provided current Amfori BSCI Audit Reports and executed agreement to our Supplier Code of Conduct before we placed trial orders.
27. As part of our initial phase of potentially onboarding these suppliers, Lorna Jane only ordered a relatively small amount of stock. These products only became available in our stores during the final month of the reporting period.
28. Both suppliers have a pre-existing relationship with our primary apparel supplier. The preliminary engagement phase has involved the new supplier products being sent to AAG's factory for packing and distribution.
29. The new suppliers have supply chains that include the same tier 2 fabric suppliers as our primary supplier. On that basis, the new suppliers have been required to adhere to the WRAP principles (as part of our primary suppliers own WRAP certification requirements).
30. After the conclusion of the reporting period, Lorna Jane notified these suppliers that, in moving beyond a provisional engagement basis, updated BSCI audit reports must be provided, and our Supplier Onboarding Manual must be fully complied with. It is anticipated that a further detailed outline of future developments in relation to these two suppliers, including any shift in the proportion of our overall apparel production attributable to those suppliers and our primary supplier, and specific ongoing due diligence measures, will be provided in our next statement.

Ancillary supply chains for our primary product delivery

31. In addition to our procurement of finished apparel products for resale to our customers, Lorna Jane has continued to purchase goods and services for use and support of our core operations:
- Delivery, postal, courier, and road freight services
 - Marketing and advertising services
 - Construction and design services
 - Professional and business services including legal, tax, accounting, consulting, or IT services
 - Maintenance and cleaning services for our Corporate Office
 - Wholesale trade.

PART TWO:

RISKS OF MODERN SLAVERY IN SUPPLY CHAINS AND OPERATIONS

32. Lorna Jane has not identified or received any reports of actual or suspected instances of modern slavery within our supply chain or operations during the reporting period. We continue to recognise that an absence of reports does not lessen our ongoing responsibility to be actively assessing and addressing the risks of modern slavery.

33. Lorna Jane is guided by the UN Guiding Principles on Business and Human Rights in our approach towards assessing our modern slavery risk profile, including a focus on whether we are 'causing', 'contributing' or 'directly linked' to potential modern slavery practices in our operations and supply chains.

34. We recognise that we are at a higher risk of being exposed to modern slavery, simply by virtue of our operation in the garment and apparel industry and because of the location of our major apparel supplier in China.

Risks in our Supply Chains

35. Lorna Jane has continued to identify and assess the areas in which there is a heightened risk of modern slavery occurring in our supply chains during the reporting period. This assessment has been made on the basis of our overall spend in these categories, potential linkages to vulnerable workforces, connection to high-risk inputs and potential supply chain manufacturing in high-risk countries.

36. In-line with our primary business and core product lines, the industry category of **Garment and Apparel products from China** continues to present the greatest potential exposure to modern slavery risks in our supply chains.

Garment Industry in China – General Industry Risk Factors

37. Since our apparel manufacturing services are concentrated with a single supplier that has manufacturing presence in China, the Chinese garment manufacturing sector continues to represent, by far, the greatest assessed area of supply chain exposure to modern slavery risk.

38. The apparel and garment manufacturing industry is widely recognised as being at risk of causing, contributing or being directly linked to modern slavery across all key stages of the supply chain: from the harvesting of raw materials, right through to the end stage manufacturing of garments. In particular, we recognise that forced labour, bonded labour and deceptive recruitment are common forms of modern slavery occurring in this sector.

39. Lorna Jane recognises industry-wide factors that drive these modern slavery risks include:

- An almost universal reliance on low skilled and low paid supply chain workers;
- A disproportionate use of vulnerable workers, including women and girls, and migrant labourers;
- The concentration of production factories in higher risk areas;
- Complex and hidden supply chains beyond end-stage manufacturing;
- Sector wide purchasing practices including:
 - i. Cost cutting measures and aggressive price per unit negotiations;
 - ii. Inaccurate forecasting of orders;
 - iii. Short lead times;
 - iv. Last-minute changes to orders
- The use of subcontracting by textiles suppliers;
- The limited utility of 'one-off' social audits to review supplier practices;

PART TWO:

RISKS OF MODERN SLAVERY IN SUPPLY CHAINS AND OPERATIONS

40. In addition to these risk factors, Lorna Jane also acknowledges the specific and long-lasting impact that COVID-19 has continued have in the textiles industry, including:

- Disruptions in the supply chain causing financial losses for manufacturers;
- Increased difficulties in monitoring and auditing suppliers;
- Cancellations of orders and factory closures due to pandemic restrictions; and
- Manufacturers transferring losses to garment workers through wage cuts.

41. These risks are far reaching throughout global fashion supply chains and require a long-term approach from to achieve meaningful positive impact. As such, we have focused our due diligence efforts on addressing the various risks associated with this sector (described below), as a long-term priority area. We recognise that we have a greater commercial leverage to effect meaningful change within this industry category, in comparison to our other higher risk industry categories identified.

42. As part of our efforts to improve visibility over potential risks linked to our supply chain concentration in China, we have received written certification from our cotton supplier, including confirmation of carrying out targeted due diligence to ensure an absence forced labour at the harvesting stage.

43. This provided supplier warranty has not yet been certified by an external third-party auditor. We are currently evaluating the most appropriate approach to prospective third-party auditing that goes beyond Tier 1 suppliers with the aim of further improving our overall supply chain transparency.

Postal and delivery services

44. Another one of highest spend industry categories relates to postal and delivery services. Suppliers in this sector support our online shopping facilities and services. The COVID-19 pandemic has resulted in increased demand for postal workers, particularly for low barrier to entry positions, such as in warehouses and sorting centres. We understand that these kinds of positions are often filled by unskilled and migrant workers, that are well recognised to be at an increased risk of falling victim to deceptive recruitment practices.

RISKS OF MODERN SLAVERY IN SUPPLY CHAINS AND OPERATIONS

Risks in our Operations

45. Lorna Jane also acknowledges that our exposure to modern slavery is not simply occurring in our offshore supply chains. Rather, like many organisations, Lorna Jane also recognise that our utilisation of commercial cleaners and office catering services have potential linkages to modern slavery risks. These industries, while used almost universally within a corporate context, are now well recognised to be a possible source of modern slavery risk exposure in the domestic Australian context. This is because the industry is reliant on foreign workers who may be apprehensive to report exploitation due to their employment being linked to their visa status, or do not have avenues to voice concerns due to complex subcontracting arrangements.

Construction Related Services

46. An additional consideration for this reporting period, as noted above, has been our increased spend in the construction industry. This increased spend is due to the fit outs and refurbishments of 17 new and existing stores across the reporting period. We acknowledge that the construction industry in Australia is considered at high risk for modern slavery, due to factors such as:

- The Predominance of migrant workers in the Australian construction industry who may have a limited proficiency of English which can limit their understanding of workplace rights and minimise union interaction.
- Use of labour hire agencies.
- Industry pressures to meet tight project deadlines.

47. We also recognise that key materials for construction, such as concrete, steel, timber and rubber, have opaque supply chains and are considered (at a global level) to be higher risk for modern slavery. As such, Lorna Jane is committed to monitoring our suppliers in this industry category as part of any major refurbishment and fit out projects we undertake in the future.

ADDRESSING MODERN SLAVERY RISKS

48. Lorna Jane has worked to assess and address the risks of modern slavery in our operations and supply chains, with key initiatives from the reporting period described below.

Living Wage Audit of our Apparel Factory

49. Lorna Jane welcomes the call from interested third parties and industry bodies to promote the payment of living wages to supply chain workers. We recognise that to combat the vulnerabilities of workers in the garment manufacturing industry, fashion companies have a key role to play in ensuring that employees are being remunerated in a manner that allows them to afford a decent standard of living.

50. We support the Global Living Wage Coalition's widely accepted definition of a living wage as referring to:

"The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events."

51. We also recognise that the right to a living wage is supported by key international instruments including the *UN Declaration of Human Rights*, *ILO Preamble*, and the *Rules for ILO Constitution and Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*.

52. Therefore, one of our key initiatives during the reporting period was partnering with our longstanding external human rights and supply chain consultants to complete a living wage audit for Ningbo, Zhejiang province, China, to determine whether workers in our primary tier 1

factory (located in this city) are being remunerated in accordance with a living wage.

53. The living wage for the region was calculated using the following types of expenses, which related specifically to Ningbo (where possible):

- Food costs per month for a single worker.
- Rent for an acceptable house
- Utilities
- Minor repairs
- Clothing & footwear
- Education
- Healthcare
- Transport
- Communications
- Recreation and culture
- Emergency funds
- Additional funds for family assistance

54. The audit made the following findings:

- a. **All workers** in the factory are being paid at an applicable rate that **slightly exceeds** the calculated living wage for the region. The calculated excess margin between the applicable living wage and the amount being paid is approximately 5 Yuan per hour (calculated on an hourly rate basis).
- b. The applicable (legally-mandated) minimum wage for workers in the factory is lower than the calculated living wage. Accordingly, Lorna Jane is committed to working with our direct factory supplier to ensure that its entire workforce is also paid, and continues to be paid, a living wage. Accordingly, we will ensure that ongoing living wage audits are updated regularly on at least an annual basis to ensure complete worker coverage continues.

PART THREE:

ADDRESSING MODERN SLAVERY RISKS

55. As part of Lorna Jane's overall commitment to supporting and improving conditions for supply chain workers, we will also continue to review the following areas in relation to remuneration at our tier one factory:

- a. That fixed compensation is achievable without the need to work an excessive number of hours;
- b. That our country payroll processes deliver employees' full pay correctly and on time, every time; and
- c. That we have no issues of unequal pay between genders.

56. Further information on the methodology that we have adopted, including parameters used in calculating the living wage audit is set out in the Appendix to this Statement.

57. To ensure full transparency of our commitment, Lorna Jane has published a statement outlining the results and methodology of the living wage factory audit on our website, available at: www.lornajane.com.au/responsible-sourcing.html

Supplier Due Diligence - Tier 1 Factory Audits

58. As we described in our last Statement, Lorna Jane has operationalised a comprehensive supplier manual that adheres to the principles of the Ethical Trade Initiative ("ETI") base code, including:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour is not used Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

59. A key element of the supplier onboarding manual is the requirement for our suppliers to provide us with a factory audit report from an approved social compliance program that addresses the key ETI principles.



PART THREE:

ADDRESSING MODERN SLAVERY RISKS

60. Lorna Jane has received the annual factory audit report for the manufacturing site of our primary garment supplier in Ningbo. This audit process involved on-site inspections of the factory and interviews with workers, comparing the working standards against the 12 core principles of social compliance organisation Worldwide Responsible Accredited Production Certification (WRAP):

1. Compliance with laws and workplace regulations.
2. Prohibition of forced labour.
3. Prohibition of child labour.
4. Prohibition of harassment and abuse.
5. Compensation and benefit.
6. Hours of work.
7. Prohibition of discrimination.
8. Health and safety.
9. Freedom of association and collective bargaining.
10. Environment.
11. Customs compliance.
12. Security.

61. The following table outlines the key issues identified by the audit, benchmarked against the key WRAP principles:

WRAP Principle	Audit issue identified and corrective action taken
Workplace regulations and laws	The factory had not informed security guard sub-contractors about local labour law obligations. The facility has rectified this issue following the audit.
Hours of work	Based on random employee interviews, reports indicated that a segment of workforce had exceeded the maximum permissible amount of overtime hours under local labour laws. Corrective action plan issued and supplier subject to monitoring by WRAP auditor.
Customs compliance	Based on observation of the auditors, the facility did not update their machine inventory annually. This finding was corrected, with as the machine inventory had been updated prior to the follow up audit.

62. Lorna Jane continues to work with our primary supplier to remedy the issues identified through the WRAP audit process. We recognise that partnering with our supplier and tier 1 factory to address non-compliances, rather than

immediately terminating supply contracts, allows us to monitor and support the factory’s improvement. Ultimately, we view this as supporting a better long-term outcome for factory workers.

PART THREE:

ADDRESSING MODERN SLAVERY RISKS

Amfori BSCI Supplier Audit

63. As described above, a new feature of the FY22 reporting period has been our trial engagement with two new garment manufacturers, also based in China. We have required these suppliers execute our supplier code of conduct and to provide current social compliance audit reports as part of our trial engagement.

64. Both of these suppliers have undertaken audits with the Amfori BSCI social audit facilitators, which assess factories through onsite visitations and interviews with workers. The Amfori BSCI audit program addresses the key ETI principles, required under our supplier manual.

65. Overall, the Amfori BSCI audit did not identify any critical issues with either supplier, however the assessment did flag the following concerns:

- Possible violations of local labour laws in relation to payment of worker social insurance;
- Possible violation of local labour laws with workers completing excess overtime;
- Safety violations with a small percentage of sewing machinery / apparatuses missing required personal protective equipment.

66. We have integrated the findings of these audit reports into our overall consideration of the long-term partnership with these suppliers. A key element of any long-term partnership with these suppliers will be the requirement for them to adhere to our comprehensive supplier manual, including providing ongoing evidence of corrective action plans to address the concerns identified in the audit.



ADDRESSING MODERN SLAVERY RISKS

Improving Supply Chain Transparency

67. During the reporting period, Lorna Jane implemented initiatives to improve public visibility in relation our apparel supply chain. Our customers should be able to know where our products are being made, and where key material inputs are sourced from. The greater our transparency, the more we can target action at improving worker conditions in supply chains.
68. During the reporting period, we published the details of our direct tier one Ningbo apparel factory on our website, to increase transparency over our garment production process: www.lornajane.com.au/responsible-sourcing.html
69. Lorna Jane is continuing the process of comprehensively mapping 2nd tier textile product suppliers. We are also in the process of joining the SEDEX platform to assist with visibility over of 2nd and 3rd tier apparel suppliers.
70. As part of our primary apparel supplier's WRAP certification process, targeted communications have occurred with that entity's own top three textile suppliers by spend. This includes requiring a commitment from these textiles supplier to adhere to the 12 WRAP principles.
71. In partnership with our primary manufacturing supplier, we are assessing the feasibility of auditing these tier two textiles suppliers in the next reporting period, including comprehensive benchmarking against the WRAP principles.

Internal Governance Frameworks

Working Group and ESG Roadmap

72. During the FY22 reporting period, Lorna Jane has, for the first time, employed a full-time sustainability officer as part of our increasing commitment to ensuring that our production processes care for both our people and our planet.
73. With the introduction of this new inhouse subject matter expert, we have expanded the scope of the previously established working group. The Group has been re-launched as the ESG working group and has continued to hold responsibility for driving modern slavery related issues under the broader umbrella of improving our sustainable practices. We see this as an important recognition of the relationship between environmental issues and increased vulnerability to modern slavery¹.
74. The Group meets monthly to discuss our progress in preventing, assessing and mitigating modern slavery risks in the context of sustainability. During the reporting period, the working group has reviewed the audit reports of our suppliers and has overseen the living wage audit process. We have also participated in an online workshop about undertaking Living Wage Audits, conducted by Oxfam, outlined below.
75. The composition of the working group remains mostly unchanged from previous reporting periods and is comprised of heads of departments with the addition of our new sustainability officer.

1 See further the Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, released by WalkFree, the International Labour Organisation and the International Organisation for Migration in September 2022, available here: https://cdn.walkfree.org/content/uploads/2022/09/12142341/GEMS-2022_Report_EN_V8.pdf

ADDRESSING MODERN SLAVERY RISKS

76. Our Sustainability Officer is creating an ESG Roadmap, which will establish our year-on-year goals to continuously improve our modern slavery response. In particular, the Roadmap will address the following key areas / pillars:

- Integrating third party audits of suppliers beyond tier one;
- Maintaining an independent and confidential platform for our supply chain factory workers to raise complaints;
- Establishing remediation frameworks;
- Continued wage gap analysis;
- Supply chain risk assessment and reporting;
- Collaborating with industry specific organisations and initiatives to drive broader change in the garment sector.

Responsible Purchasing Policy

77. During the report period we have developed a responsible purchasing policy, as part of our efforts to directly address practices within the fashion industry that contribute towards the existence of modern slavery.

78. Our policy sets out our commitment to responsibly sourcing products in a manner that upholds the rights of supply chain workers and reduces our impact on the environment. To achieve this commitment, our purchasing practices are required to adhere to the following guidelines and principles:

- We will integrate the capacity and capability of supplier factories into our forecasts and orders
- We will generate accurate product forecasts and provide adequate lead-times to suppliers
- Our price negotiations and payment terms will be fair and balanced
- We will issue purchase orders and supplier payments on time
- We will provide accurate technical details in our orders
- We will comply with local and international law within any commercial terms

79. This policy will be finalised and operationalised in the next reporting period.

ADDRESSING MODERN SLAVERY RISKS

Forced Labour Provisions – Supplier Onboarding Manual

80. Lorna Jane has prepared a new component for our supplier onboarding manual, focusing on addressing forced labour. The provisions cover the following key areas:

- The requirement for our suppliers to have robust systems to identify potential cases of forced labour within their operations, including with their subcontractors and sub-suppliers.
- Our suppliers must ensure that all workers have freedom of employment, through providing workers with written employment contracts in their native language that include key details about their wages and benefits.
- Our suppliers must ensure that workers retain their personal identity documents. The supplier must only ever retain a copy of worker identification documents.
- Our suppliers must implement appropriate recruitment procedures, such as ensuring that workers are not charged for recruitment fees, training fees or for the costs of equipment.
- Our suppliers can only use compliant labour recruitment agencies that abide by Lorna Jane's policies and operate in adherence to the WRAP principles.
- Our suppliers must ensure that workers have freedom of movement at the factory and are not forced to work overtime.

- If any instances of forced labour are reported, the provisions set out our approach to remediation, including:
 - Launching an investigation to identify the source of the reports and determine what form of remediation is appropriate, including repayment of any money owed to workers or arranging for medical / psychological support.
 - Undertake a wider review to determine the underlying causes, such as the supplier's recruitment practices, to ensure that there are no reoccurrences.
 - Depending on the findings of our wider review, we will issue a corrective action plan to the supplier for regular monitoring.

81. No remedial action in relation to potential modern slavery practices has been necessary within our operations or direct supply chains during the reporting period.

82. We intend to integrate the updated forced labour provisions and requirements into our comprehensive supplier onboarding manual during the next reporting period.

ADDRESSING MODERN SLAVERY RISKS

Operation of Grievance Mechanism

83. During the reporting period, the grievance mechanism available at our tier one factory was operational. This mechanism allows all supply chain workers at the factory to make anonymous complaints using a QR code. Posters with the details of the QR code are displayed throughout the factory and at the entrance to the factory.

84. The mechanism received two complaints during the reporting period. Neither complaint was to report a modern slavery issue. Rather the complaints were raised in regards the to food selection at the factory canteen and department allocations for certain workers. While this demonstrates that the grievance mechanism is accessible and useable for our tier one workers, we recognise that simply because the channel did not receive any complaints about modern slavery, this does not unequivocally confirm that there are no risks of modern slavery in our supply chain.

85. We intend to review the effective operation of our current grievance mechanism as part of the development of our updated ESG Roadmap in the next reporting period.

Internal Training

86. In our previous statement, Lorna Jane outlined our intention to further focus on internal initiatives, including facilitating additional training on modern slavery issues.

87. Our new Sustainability Officer has delivered training for all staff at the Lorna Jane head corporate office in relation to modern slavery risks within the garment industry. The training module included:

- Understanding the context and prevalence of modern slavery;

- Highlighting the modern slavery risks associated with each stage of a typical garment supply chain;
- Reporting on the importance of Lorna Jane's requirement for regular social audits of our suppliers;
- Identifying the difference between a living wage and minimum wage; and
- Detailing Lorna Jane's Roadmap for improving conditions for our supply chain workers.

Industry Collaboration

88. We engaged with the leading global human rights advocacy group, Oxfam, as part of our commitment to wage review of our primary supplier's factory workers (described above). We participated in Oxfam's Living Wage audit workshop and presentation, which covered the following:

- Identifying different benchmarking methodologies and tools (including Global Living Wage Coalition, Asia Floor Wage, Wage Indicator Foundation, Fair Wage Network – Typical Family Methodology, WFTO Living Wage Calculator, MIT Living Wage Calculator and Self Assessment);
- Guidance for companies to calculate the prevailing wage of our suppliers, and associated guiding principles; and
- Advice for reducing the gap between minimum wages and living wages, including roadmaps and associated milestones for companies.

89. Following the end of the reporting period, Lorna Jane ranked first on the Oxfam Naughty or Nice list for upholding our commitment to conduct and publish our wage gap analysis: <https://www.oxfam.org.au/what-she-makes/naughty-or-nice-2022/>.

PART FOUR:

MEASURING THE EFFECTIVENESS OF OUR RESPONSE TO MODERN SLAVERY RISKS

91. In our last statement, Lorna Jane described our intended plans for this reporting period and associated key action areas. We have set out below a progress report against these indicators, to help us measure our effectiveness over the reporting period.

92. We will continue to utilise key action areas in preceding statements to monitor our progress over consecutive reporting periods.

Key Action Area	Progress Scorecard	Comments
Continued engagement with primary supplier	Completed and ongoing during all future reporting periods	<p>Our primary supplier has provided us with the executed copy of our supplier manual.</p> <p>We have also received the certificates of original for high-risk raw materials provided by this supplier, warranting that no milled cotton has been sourced from known high risk regions in China.</p> <p>We are working with our primary supplier to explore the possibility of auditing our Tier 2 textile mill suppliers in future reporting periods.</p>
Undertaking a yearly audit of our primary supplier & review of their procedures	Completed and ongoing during all future reporting periods.	<p>Our supplier has undergone its yearly WRAP audit, with the findings set out above.</p> <p>The ESG working group has reviewed the findings of the audit report and we are working with our supplier to ensure any necessary corrective action is completed.</p> <p>We request annual updates on policies regarding working conditions and pay for our supply chain workers.</p>
Increased stakeholder engagement with modern slavery	Completed and ongoing during all future reporting periods.	<p>We have employed a full-time sustainability officer to drive increased internal engagement with modern slavery.</p> <p>The ESG working group meet monthly to discuss modern slavery issues and completed training facilitated by our sustainability officer.</p>
Operationalising policies and procedures	In progress and ongoing during the FY23 reporting period.	<p>We have required all new suppliers to execute our supplier code of conduct.</p> <p>New policies and provisions we have developed in FY22 include:</p> <ul style="list-style-type: none"> · Forced labour provisions for supplier manual · Responsible purchasing policy <p>We will operationalise the new policies in the FY23 reporting period.</p>

PART FOUR:

MEASURING THE EFFECTIVENESS OF OUR RESPONSE TO MODERN SLAVERY RISKS

Key Action Area	Progress Scorecard	Comments
Due diligence of suppliers through the planned expansion of preferred supplier network	Completed and ongoing during all future reporting periods.	<p>Our primary supplier has undergone annual social audit.</p> <p>Our new trial garment suppliers have also undertaken social audits at their factories based in China. These suppliers will be subject to the</p> <p>Our primary supplier has undergone a new Supplier Onboarding Manual. We intend for two new suppliers to also complete this in FY23. We aim to continue risk assessment of our suppliers during the FY23 reporting period and beyond.</p>
Increased external stakeholder engagement	Completed and ongoing during all future reporting periods.	Lorna Jane has engaged with industry body and NGO, Oxfam to support our learning and commitment to paying a living wage.
Increased transparency for all key aspects of our modern slavery response	Completed and ongoing during all future reporting periods.	<p>Our Tier 1, direct garment suppliers have been published on Lorna Jane’s website in March 2022.</p> <p>We have published the results of our living wage audit on our website in November 2022.</p>
Continued commitment to ensuring a living wage is paid to all workers in our direct supply chains	Completed and ongoing during all future reporting periods.	<p>We engaged with our external expert to complete living wage audit on our primary Ningbo factory.</p> <p>Training provided in partnership with Oxfam to key internal personnel on methodology of living wages.</p>
Practical implementation of our Supplier Onboarding Manual	Completed and ongoing during all future reporting periods.	Our primary supplier has executed our Supplier Onboarding Manual.
Incorporation of additional provisions in our Whistleblower Policy that expressly address modern slavery issues	Incomplete and earmarked focus area for the next reporting period.	This is still in development and is a focus area of our ESG Roadmap for the next reporting period.

PART FIVE:

CONSULTATION WITH CONTROLLED ENTITIES & OTHER RELEVANT INFORMATION

93. Lorna Jane has consulted with its subsidiaries and controlled entities as part preparing this statement, and throughout the reporting period, to ensure that our modern slavery risks are being assessed and addressed.

94. Lorna Jane continued to be unable to directly carry out on-site audits of our primary supplier's factory during the FY22 reporting period, due to the

ongoing border closures in China as a result of the COVID pandemic. However, as described above, we have continued to receive and review audit reports from these factories allowing ongoing assessment to ensure appropriate working conditions.



APPENDIX:

LIVING WAGE AUDIT METHODOLOGY

As we reported above at Part Three, Lorna Jane engaged our external human rights and supply chain consultants to undertake a living wage audit on our primary apparel manufacturing factory in Ningbo, Zhejiang province, China in June 2022.

We have set out below additional information regarding the methodology of this audit:

- The living wage was calculated on the assumption of a single worker living and working in the specific city.
- In determining the type (and associated cost) of foods eaten, a standard healthy diet was selected based on a combination of the World Health Organization's sample adult diet and the Chinese Nutrition Society. The recommended standard diet (and associated cost) was based upon a single adult worker.
- Dietary information was also cross-referenced with information from China's *National Bureau of Statistics* relating to household consumption of certain food groups in an effort to represent the selected food groups in a manner that is broadly consistent with general food consumption habits throughout China. The quantities attributed to each food category was also cross-referenced with a peer-reviewed study on the living wage in Shenzhen, China.
- In terms of calculation of overall expected food costs, 30 days (rather than the 20.8 working days/month) was selected as workers must eat every day of the month, including outside of working hours. No variation was allowed for in relation to potential differences in caloric intake on working versus non-working days.
- The cost of beans, cooking oil, sugar and tea was regional. No publicly available data for the specific region was available.
- The subject factory has a program of providing on-site food for all of its workers. A deduction in the necessary funds required by workers to reflect this program was applied.
- Housing costs were based on publicly available rental data for Ningbo city. The sample house for this purpose was a one-bedroom apartment located a reasonable distance outside of the city centre (as this is relatively cheaper than apartments in the city centre). These dwelling characteristics were also selected based on the assumption that the sample worker is living alone.
- Utility costs were also based on publicly available data for Ningbo.
- A five per cent (5%) margin was allocated to represent the ongoing expense of minor repairs. This was calculated from the utilities cost as publicly available data on utilities only included the cost of electricity, cooling, water, heating and garbage.
- There was minimal publicly available data on the average cost of basic clothing and footwear required for a single worker. Instead, per capita annual expenditure of private households in China (2020) was used. According to this data, approximately 1,703 yuan was spent on clothing and footwear in the Zhejiang region.
- Employee healthcare contributions are also part of social insurance in China and has been accounted for with a 2% deduction for calculating the net living wage figure.
- For transport, it was assumed that workers do not live within walking distance of the factory, but rather travelled to and from work each day via public transport. The figure for transport was set at the cost of a monthly pass in Ningbo.

2 <https://www.fao.org/nutrition/education/food-dietary-guidelines/regions/countries/China/en>;
<https://www.who.int/news-room/fact-sheets/detail/healthy-diet>

APPENDIX:

LIVING WAGE AUDIT METHODOLOGY

- Estimated monthly communication costs were derived in relation to internet usage, without allowance for the upfront costs of device/handset acquisition.
- Internet messaging apps that are popular in China include WeChat, QQ and Momo. Accordingly, internet connection costs were prioritised as the likely main form of communication (and associated expense).
- In determining the share to attribute to recreation and culture, data was used from the Chinese National Bureau of Statistics. The Per Capita Consumption Expenditure of Households by Region (2020) provides a breakdown per region of relative consumption of such activities. The expenditure for 'education, culture and recreation' was then divided in half (50%) to account for the fact that only 'recreation and culture' was the focus.
- An additional 5% of the total net living wage has been added to account for Additional Funds for Emergency.
- Family ties in China are culturally significant, including the provision of material assistance to parents, (including those living in a different city/region). An additional 5% figure was attributed for this aspect of the living wage.
- National taxation rates on personal income were used to estimate the amount of monthly tax payable.
- Annual taxable income in China is set at 3% for annual taxable income between 0 to 36,000 yuan and 10% for between 36,000 and 144,000.
- The key social insurance rates for China focused on in calculating the gross living wage were pension (8%), medical (2%) and unemployment insurances (0.5%).
- Mandatory deductions for tax and insurances (pension, medical, and unemployment) were applied to determine the applicable figure for 'net' living wage, initially calculated on a monthly basis.
- The following fixed parameters were applied, including applicable Chinese labour and workplace regulations:
 - Average number of working days per month in China is 20.8.
 - Standard work day in China is 8 hours, with a standard work week of 40 hours
 - For the purposes of the living wage, overtime is not considered as workers need to receive a living wage in standard work hours rather than overtime.
- The estimated living wage as an hourly rate was calculated. The calculated monthly living wage was determined by simply dividing the average working days per month (20.8), further divided by the average hours of work per day (8 hours).

3 <http://www.stats.gov.cn/tjsj/hdsj/2021/indexeh.htm>

4 <https://taxsummaries.pwc.com/peoples-republic-of-china/individual/taxes-on-personal-income>

5 <https://taxsummaries.pwc.com/peoples-republic-of-china/individual/other-taxes>

LORNA JANE

LORNA JANE PTY LTD ABN 91 065 384 616

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

Reporting Period: 1 July 2021 - 30 June 2022

