

# Modern Slavery Statement

2023

FOREVER NEW



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# Introduction

Forever New is committed to upholding the rights of workers to earn a living free from the risks of modern slavery and to respect their human rights. This commitment guides and influences everything we do.

Over this reporting period, we have continued to focus our efforts on embedding awareness of the risks of modern slavery in our business and with our suppliers and to make it easier for any concerns or complaints to be reported. This is a crucial first step towards identifying and addressing any modern slavery risks in our operations and supply chain.

To help meet this commitment, Forever New has recently undertaken the following activities:

1. Expansion of Forever New's externally managed whistleblower hotline service to include toll free numbers in New Zealand, Canada and United Kingdom to enable people to raise any concerns for investigation (anonymously if preferred)
2. Increased awareness of the whistleblower hotline with Forever New's head office team, retail operations team and workers in manufacturing facilities overseas
3. Whistleblower awareness training and whistleblower protection officer training rolled out to key staff members and our internal whistleblower protection officers
4. Completion of questionnaire sent to selected non-merchandise suppliers to identify any risks of modern slavery and to reinforce Forever New's commitment against modern slavery
5. Ongoing review of contractual arrangements with new or key suppliers to identify and address any gaps in relation to modern slavery obligations
6. Review and update of Forever New's ethical sourcing policies
7. Ongoing commitment / compliance with Forever New's Social Audit Programme; and
8. Introduction of a Packaging Policy

This statement describes the risks of modern slavery identified in our operations and supply chains and the steps taken during this reporting period to minimize the likelihood of those risks occurring. This statement also outlines our ongoing and future activities towards addressing modern slavery in our business.

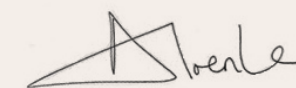
This modern slavery statement applies to the reporting period 1 July 2022 – 30 June 2023 and is a joint statement submitted by:

- **ADT Group Holdings Pty Ltd**  
ACN 144 849 436; and
- **Forever New Clothing Pty Ltd**  
ACN 118 100 100 (a wholly owned subsidiary of ADT Group Holdings Pty Ltd)

(collectively referred to throughout this statement as 'Forever New').

This statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) ('the Modern Slavery Act').

This statement was reviewed and approved by the respective boards of ADT Group Holdings Pty Ltd and Forever New Clothing Pty Ltd on 14 December 2023.



**Dipendra Goenka**

Director

ADT Group Holdings Pty Ltd | Forever New Clothing Pty Ltd

# Our Structure, Operations and Supply Chains

Established in 2006, Forever New is now a pre-eminent women's apparel brand, selling 'everyday glamour' with a distinctly feminine and modern aesthetic across the world.

## OUR STRUCTURE

The Board of ADT Group Holdings Pty Ltd is responsible for the overall governance, management and strategic direction of Forever New in accordance with all duties and obligations imposed by law. This includes oversight of the Forever New Supplier Code of Conduct and other ethical sourcing policies such as our Young Worker and Child Labour Policy and Forced Labour Policy.

ADT Group Holdings Pty Ltd is the parent company of Forever New Clothing Pty Ltd, the primary operating entity in Australia.

The Board has delegated some of its responsibilities to the Audit and Risk Committee, including oversight of Forever New's risk management and compliance framework.

The Executive Leadership Team of Forever New is responsible for the implementation and delivery of Forever New's strategy, risk management and compliance framework. Each member of the Executive Leadership Team directly reports to the Chief Executive Officer of Forever New. Within Forever

New's business, the General Manager of Production and Quality continues to oversee the management of Forever New's ethical sourcing initiatives, including compliance with modern slavery compliance obligations. Our Sustainability and Social Compliance Specialist is a dedicated resource who is responsible for the day to day management of all ethical sourcing activities and initiatives within Forever New.

Our structure remains unchanged from previous statements.

## OUR OPERATIONS

Forever New commenced in 2006 and its head office is in Melbourne, Australia.

Forever New's business comprises the sale of women's apparel and related accessories under its brands:

- 'Forever New'
- 'Forever New Curve'
- 'Ever New'; and
- 'Ever New Curve'

The brands 'Forever New' and 'Forever New Curve' are used in most countries where our brand is sold, with products sold under the 'Ever New' and 'Ever New Curve' brands in USA, Canada and the Philippines.

Forever New is a global omni-channel business directly selling its products via the following channels:

- free-standing retail stores in Australia, New Zealand, Singapore, Canada, India, United Kingdom, South Africa and Namibia
- concessions ('store-in-stores') located in department stores throughout Australia, Singapore, Canada, India, South Africa, United Kingdom, European Union and the Middle East
- online through our own websites and third-party websites (such as ASOS and The Iconic)
- as a franchisor in the Philippines and Indonesia; and
- wholesale

These channels remain largely unchanged since our last statement.

Our subsidiary companies in New Zealand, Singapore, Canada, South Africa, United Kingdom, European Union and India operate our business in those countries. Forever New also operates regional offices in Cape Town (South Africa) and Gurgaon (India).

Globally, we directly employ over 1,900 people with a small number of staff engaged on a contract basis. In Australia, where our head office and majority of stores are located, we directly employ approximately 1,269 people.

Our operations consist of design, retail, corporate, customer service and warehouse functions. Forever New's in-house design team based in Melbourne, Australia designs product ranges for both the Northern and Southern Hemisphere markets which are manufactured by third parties overseas. Forever New does not itself manufacture any goods.

Our head office comprises support functions including finance, marketing, e-commerce, IT, buying, design, quality assurance, store development, operations, supply chain and logistics, legal, human resources and planning.

Forever New's distribution centres located in Australia and India distribute merchandise to our store networks and fulfill online orders. Forever New uses third party logistics and warehouse service providers

in New Zealand, Canada, Middle East, USA, South Africa, Singapore, Spain and the United Kingdom.

In Australia, our operations comprise 73 standalone stores and 66 concession stores as at 30 June 2023.

In the United Kingdom and European Union, our operations comprise 1 standalone store and 38 concession stores; with a further 7 employees in operational and support roles and 60 employees in stores.

In October 2023, Forever New announced the formation of a joint venture with Apparel Group to operate free-standing Forever New retail stores throughout the Middle East and sell Forever New products online. As this joint venture was formed after this statement's reporting period, further details will be provided in our next modern slavery statement.

## OUR SUPPLY CHAIN

### Merchandise suppliers (goods for resale)

Consistent with our last statement, our products are predominately manufactured in China, which accounts for 88% of our production volume across apparel,

## OUR OPERATIONS

**26 Countries**

**156 Physical Stores**  
WORLDWIDE

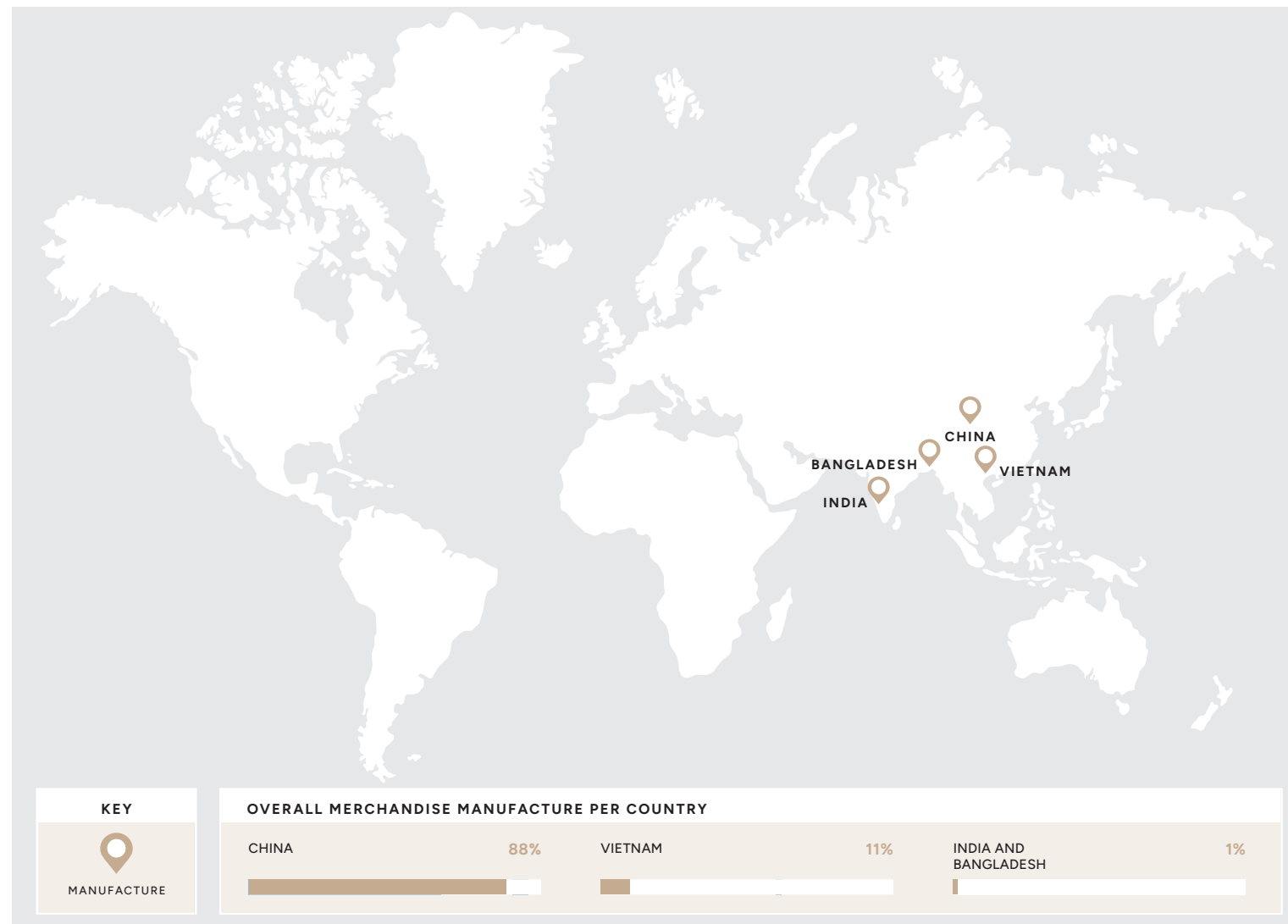
**226 Concessions**  
STORES-IN-STORES

**1900+ Employees**  
WORLDWIDE

accessories and footwear. Vietnam continues to be our second largest production country, responsible for 11% of our production volume; and the balance produced in India and Bangladesh. We mainly source directly, which enables us to have greater oversight of and interaction with, our suppliers. We only source a limited range of products via agents, being less than 1% of total production volume.

We continue our long-standing relationships with our valued suppliers, and in this reporting period, we worked with 76 suppliers, across 90 factories in our tier 1 supply chain. A total of 16 new suppliers were onboarded during this reporting period.

Across our tier 1 supply chain, there are 17,920 workers, of which 3,176 are domestic migrant workers and 63% are women. There are no international migrant workers recorded in our tier 1 supply chain. An international migrant worker is defined as a person who is working on a temporary basis in a country of which they are not a national or permanent resident. Similarly, a domestic migrant worker is a person who has moved to another in-country region on a temporary basis to work. This information has been captured through our social audit program.



### Tier definition

In the last reporting period we updated our definition of tiers to reflect the complexity of the apparel supply chain and allow us to be more targeted in our compliance activities. We have continued to use this definition throughout this reporting period.

We recognise that each tier has different levels and types of inherent risks and challenges, which can also be linked to level of visibility. Please refer to page 14 to read more about our work around traceability.

Each tier is explained as follows:



#### **TIER 1** STITCHING, ASSEMBLY AND KNITTING

Tier 1 suppliers include manufacturers, sub-contractors, and agents. Forever New has direct contact with Tier 1 suppliers, with the relationship governed by our Merchandise Supply Terms. The country-of-origin statement on our care label refers to location of the relevant Tier 1 manufacturing facility. Forever New has traced all of its Tier 1 suppliers. Any sub-contracting by a Tier 1 supplier requires Forever New's prior written approval. Our compliance team reviews any

requests to commence sub-contracting to ensure Forever New can assess any modern slavery risks before approving any sub-contracting arrangement.



#### **TIER 2** DYEING, PRINTING, AND EMBROIDERY

Tier 2 suppliers work with finishing untreated fabric rolls and works with dyeing, printing, and embroidery. This tier is not always present in the supply chain as some Tier 1 suppliers also handle material production. Forever New does not necessarily have any direct legal ties to Tier 2 suppliers.



#### **TIER 3** FABRIC MILLS

Tier 3 suppliers make untreated fabric rolls from yarn through weaving and knitting.



#### **TIER 4** YARN MILLS

Tier 4 suppliers spin yarn from raw material. An example is cotton ginning and spinning to create cotton yarn



#### **TIER 5** RAW MATERIAL PRODUCTION

Tier 5 refers to production of raw material, including but not limited to farms and forests who grow our cotton and viscose. This stage also includes facilities producing synthetics from fossil fuelled based sources such as polyester.

#### **Non-merchandise suppliers** (goods and services not for resale)

Globally, we source non-merchandise goods and services from approximately 1,500 suppliers. This includes a range of businesses across various categories including cleaning, professional services, freight and logistics services, IT, Security, utilities and warehousing among many others.

Of these businesses, approximately 91% are based in six countries: 44% are in Australia, 29% in India 7% in Canada, 5% in the UK, 4% in South Africa and 3% in New Zealand. The remaining suppliers are based in countries including, Singapore, USA, Spain, Republic of Ireland, Belgium and China.



## Forever New Conscious

Forever New Conscious continues to reflect our responsibility to uphold the rights of workers in our supply chain, our commitment to minimising our environmental footprint and drive positive change for our stakeholders. Initiatives and actions outlined below in this report, forms a part of our Forever New Conscious strategy. Details of Forever New Conscious are available on our website.

Forever New Conscious consists of five pillars of change:





# Identifying Risks of Modern Slavery

Identification of areas of risk in our business is the crucial first step towards addressing and remediating any instances of modern slavery.

## RISKS IN OUR OPERATIONS

In Australia, New Zealand, Canada, South Africa, India, the EU, and Singapore, our assessment indicates that the risk of modern slavery within our retail and head office operations remains low, in alignment with our previous statements. Similarly, our operations in the United Kingdom are deemed to present a low risk of modern slavery, primarily attributed to the stringent control and influence exerted by Forever New. For selected functions at our Melbourne head office, Forever New engages two external companies to provide remote workers on an occasional basis. Both third-party entities have executed agreements explicitly addressing and mitigating modern slavery risks.

In our previous statements, we identified our distribution centres and franchise operations as areas requiring further due diligence to understand any potential modern slavery risks. In Australia, most of our distribution centre workforce is directly employed by

Forever New, assuring a low risk of modern slavery. We presently engage a labour hire company in our Australian distribution centre which has signed an agreement containing our modern slavery compliance clause. In our Indian distribution centre, a small number of staff are engaged through third parties, ensuring compliance with Indian labour laws, including Provident Funds laws and Employees State Insurance, thereby minimizing the risk of modern slavery. Our renewed contracts with third-party logistics and warehouse service providers in New Zealand and the United Kingdom include our modern slavery clause, and we are progressively extending this clause to all relevant parties. Self-Assessment Questionnaires (SAQs) have been dispatched to all third-party logistics and warehouse providers to enhance our understanding of existing controls.

Our commitment to due diligence will be further demonstrated as we examine our labour hire service providers in our next modern slavery



statement. This initiative, coupled with due diligence concerning our franchise operations in Indonesia and the Philippines, is scheduled for completion in 2024 and will be featured in our next report.

Concession staff situated in department stores are predominantly employed directly by Forever New and operate under Forever New contracts. The utilization of recruitment agencies for concession staff is infrequent and generally confined to short-term engagements, such as seasonal sales support in specific markets. In instances where department stores provide staffing, salary costs are assumed by Forever New. Our assessment concludes that the risk of modern slavery associated with concession staff, whether directly employed by Forever New or by the department store, is deemed low.

## RISKS IN OUR SUPPLY CHAIN

### Merchandise suppliers

Our Risk Register utilises third party indices and benchmarks, such as the International Labour Organization (ILO) and Walk Free GSI (Global Slavery Index), the US Govt List of Goods Produced in Child or Forced Labour and TIP report to evaluate risks in our merchandise and non-merchandise supply chains as well as our operations. The Risk Register is populated with data based from third-party indices, presenting a risk scorecard per country in which Forever New operates. The Risk Register continues to assist us in:

- understanding and determining our salient risks across all regions by country, industry, and commodity
- identify vulnerable worker groups
- prioritise our risk mitigation and due diligence efforts commensurate with the level of risk; and
- frame our remediation strategy

We acknowledge the following categories of workers as the most vulnerable in the apparel industry as noted in our FY19/20 statement:

- female workers
- migrant labour
- subcontracted labour
- agency and temporary/contract labour; and
- young/child workers

Unchanged from previous reporting periods, our risk assessment has identified the following potential modern slavery risks as most salient to the apparel industry, these include but are not limited to:

- forced labour
- bonded labour
- the worst forms of child labour; and
- deceptive recruitment practices



### INDUSTRY RISK

It is widely recognised that the apparel industry has one of the most complex supply chains, with each supply chain tier facing different levels and types of inherent risk, often linked to level of visibility. This, combined

with high level of low-cost production, prevalent use of low-skilled labour and short-term contracts, makes the apparel industry at risk of engaging in modern slavery.

Modern slavery does not necessarily occur in isolation - it could be driven by site specific risk prevalent in the apparel industry. We recognise the following risks in the apparel industry as key indicators for the potential of modern slavery to occur:

- unauthorised subcontracting
- excessive overtime
- the use of migrant, low skilled workers
- lack of freedom of association
- temporary labour contracts
- lack of access to effective grievance mechanisms; and
- gender inequality and gender-based violence in the supply chain

### **COUNTRY RISK**

The inherent level of risk and challenges in the apparel industry can differ between geographical areas and tiers of the supply chain. Countries with insufficient

government regulation and high socio-economic inequalities, can increase the risk of Modern Slavery.

During this reporting period, some third-party indices and benchmarking reports used in our Risk Register presented new data. Our Risk Register was updated accordingly, however overall country risks remained unchanged. Risks identified are managed through our Ethical Supply Framework and other initiatives outlined in this statement.

We use the Risk Register to understand a country's risk profile. Should we find any salient risk present in a potential new market, we may decide to not enter this country or region or we would prioritise targeted initiatives to manage identified risks.

### **MATERIAL RISK**

Some materials commonly used in the apparel supply chain are identified as potentially a higher risk of being linked to modern slavery. One example is cotton which is listed as the commodity most linked to child and forced labour on the US Department list of Goods Made with Forced Labor. Cotton picking and manufacturing

often use low skilled workers, already identified as a vulnerable working group. Most companies do not have visibility of tiers 4 and 5 in the supply chain. The lack of brand presence and risk mitigation in this tier can increase the risk of modern slavery.

### **COVID-19 RISK**

Last reporting period, we used research from organisations and NGOs such as ILO, Better Work, Better Buying Institute, FLA, the Mekong Club and Be Slavery Free to identify the following risk indicators exacerbated by Covid-19:

- Unemployment or reduced hours
- Debt bondage
- Absence of wages or reduced wages
- Increased use of temporary contracts
- Excessive overtime
- Discrimination and gender-based violence for migrant workers or workers from certain cultures
- Labour exploitation: restrictions on freedom of movement, fees and penalties for leaving work



- Use of violence to suppress protests
- misinformation and reduced disclosure of illness
- Poor health and safety standards
- Inability to unionise or implement collective bargaining processes; and
- Unauthorised sub-contracting

There is limited research available outlining long-lasting effects of Covid-19 on already vulnerable working groups, and we recognise the consequences of the pandemic are still unfolding. However, it is clear the Covid-19 pandemic revealed the importance of forward-looking due diligence to ensure businesses are equipped to prevent and mitigate modern slavery risks.

Although our supply chain saw minimal disruptions due to Covid-19 in this reporting period, we will continue to monitor identified risk indicators.



## NON-MERCHANDISE SUPPLIERS

As a global retailer, we utilise a broad variety of suppliers who work across over 30 different industries. Each of these industries operate in different environments with unique and varied risks associated to them.

As outlined in our last statement, over the past year we have completed a series of tasks aimed at gaining a greater understanding of what our suppliers currently have in place across their businesses. Part of this project involved suppliers being sent a detailed Self-Assessment Questionnaire (SAQ) that provided us with key information to more accurately rate the risks levels associated with modern slavery across these companies. Several questions were highlighted prior to commencement that, based on the response, could immediately flag that further engagement or due diligence would be required.

Whereas in the previous year, those sent a SAQ were prioritised by the value of our spend as a business with them, for this reporting period SAQ's were focused by industries determined to be of a higher risk and therefore suppliers within the cleaning, warehousing, freight and logistics industries were the primary focus.



# Actions Taken to Address Modern Slavery Risks

We have adopted a broad range of initiatives across our business to address modern slavery risks in our operations and supply chains.

## GOVERNANCE

The Board, together with the Audit and Risk Committee continue to share responsibility for oversight of Forever New's risk management and compliance framework with the Executive Leadership Team responsible for its implementation and delivery. This remains unchanged from our last statement and is working effectively.

The Forever New cross functional and regional modern slavery working group is fully embedded within the business and continues to report to the Audit and Risk Committee. A verbal update focussing on the group's activities and progress is given to each meeting of the Audit and Risk Committee. The modern slavery working group is led by our Chief Operating Officer and meets on a regular basis. It is primarily responsible for ensuring that key actions and future priorities identified in our modern slavery statements are undertaken, monitored and completed. The working group has recently welcomed two new members

from our retail operations and loss prevention teams which will continue to ensure there is a wide range of group members across different departments.

## OPERATIONS

Our policy framework remains at the cornerstone of our operations, setting high standards that outline expectations and responsibilities for workplace behaviours, legal compliance, anti-bribery measures, anti-corruption efforts, harassment prevention, and conflict of interest resolution.

Across our operations, our policies and employee handbooks continue to contain the following policies that are reviewed on a regular basis:

- Forever New Supplier Code of Conduct
- Anti-Discrimination and Equal Employment

Opportunity Policy; and

- Diversity, Equality and Inclusion Policy

Existing governance in our international regions includes independent grievance mechanisms.

We're committed to assessing their responsiveness to region-specific risks and considering adjustments to enhance their effectiveness should they be required.

As mentioned earlier, Forever New has enhanced and streamlined its Whistleblower processes, extending our reach to encompass our retail and head office teams in the United Kingdom, Canada and New Zealand.

The Whistleblower Policy and anonymous helpline is available to ensure staff and others to whom the policy applies are provided access to an effective and independent grievance channel. Further details of our Whistleblower Policy are contained later in this section.

In respect to our concession arrangements, we will continue to work and collaborate with department stores to address modern slavery risks aligning with our contractual obligations.

## RESOURCING

Forever New's in-country representatives are the 'eyes and ears' of our compliance program with merchandise suppliers. They are primarily responsible for oversight and management of our on-boarding processes with suppliers. They also conduct audit programs, site actions and oversee any necessary or desirable corrective actions for our business.

As mentioned earlier, our modern slavery working group and dedicated Sustainability and Social Compliance Specialist respectively oversee modern slavery compliance and reporting obligations; and all ethical sourcing and environmental initiatives for Forever New.

## SUPPLY CHAIN VISIBILITY AND TRACEABILITY

We recognise that modern slavery risk exists beyond Tier 1, into all tiers of the supply chain. The visibility of our supply chain is vital to identify any modern slavery risks and managing their impacts should they be detected. Mapping our supply chain further down the tier continues to be one of our main priorities, and we recognise this is an ongoing engagement. We have full visibility of our Tier 1 factory base and have traced more than 80% of our Tier 3 and their respective dyeing, printing and embroidery mills.

In the last reporting period we sent out a Self-Assessment-Questionnaire (SAQ) to nominated fabric mills. The purpose of the SAQ was two-fold, we wanted to understand the possibility of any modern slavery risks and identify if there were processes and policies in place to address these. We also used the SAQs to identify dyeing, printing, and embroidery mills (Tier 2) used by our Tier 3 fabric mills. The SAQ captured data on the following topics:

- Factory profile
- Management systems and training
- Recruitment procedures and worker rights
- Child labour and young workers
- Gender inequality and discrimination
- Subcontracting
- Freedom of association and collective bargaining
- Grievance mechanisms; and
- Water and waste management

The completion of our SAQ is now a mandatory step in our on-boarding process for all merchandise suppliers and continues to assist us in tracing both Tier 2 and 3 facilities.

This year, our focus has been to understand if there are any social and environmental standards or certifications present at traced Tier 2 and 3 facilities.



### **Material visibility and traceability**

One of our key strategies to enhance the visibility of our supply chain and address risks to sourcing of material is to increase our uptake of certified fibres and materials. Certified standards assist us to verify environmental, chemical, and social practices down to the raw material stage.

### **Cotton**

As identified in our risk assessment, the global cotton sector may present a high risk of forced labour. In the last reporting period, we introduced a Responsible Sourcing and Fibre Policy to strengthen our due diligence measures to mitigate risks in this area of our supply chain. This policy requires suppliers to conduct due diligence at the materials processing level to ensure materials do not originate from regions of high risk associated with:

- conflict or war
- the worst forms of child labor
- forced labour and human trafficking

- gross human rights violations (such as widespread sexual violence), or
- other reasonably objective high-risk activities, including severe health and safety risks and negative environmental impacts

Forever New is a signatory to the Turkmen Cotton Pledge, stating our firm opposition to the use of forced labour in the harvest of Turkmen cotton. In line with our commitment to source 100% more sustainable cotton, we continue to support Better Cotton's mission for more sustainable cotton farming.

## **SUPPLIER ENGAGEMENT**

### **Ethical Supply Framework**

We take pride in our strong relationships with our supply base and value honesty and transparency in our association. We will not accept exploitation or mistreatment of any type within our supply base and require suppliers' full commitment to our ethical sourcing values and policies.

Our sourcing values are defined in our ethical supply framework and represent our minimum standards for compliance. Our ethical supply framework consists of:

- Forever New Supplier Code of Conduct and Ethical Supply policies
- Social Audit and Corrective Action Plan Remediation program; and
- Factory Management training

The requirements within our Ethical Supply Framework are issued to all Tier 1 suppliers and any nominated or contracted suppliers. As required by our Merchandise Supply Terms, suppliers must communicate these standards to its own sub-suppliers involved in the production of Forever New merchandise and ensure they, and their nominated or contracted suppliers, comply with these standards.



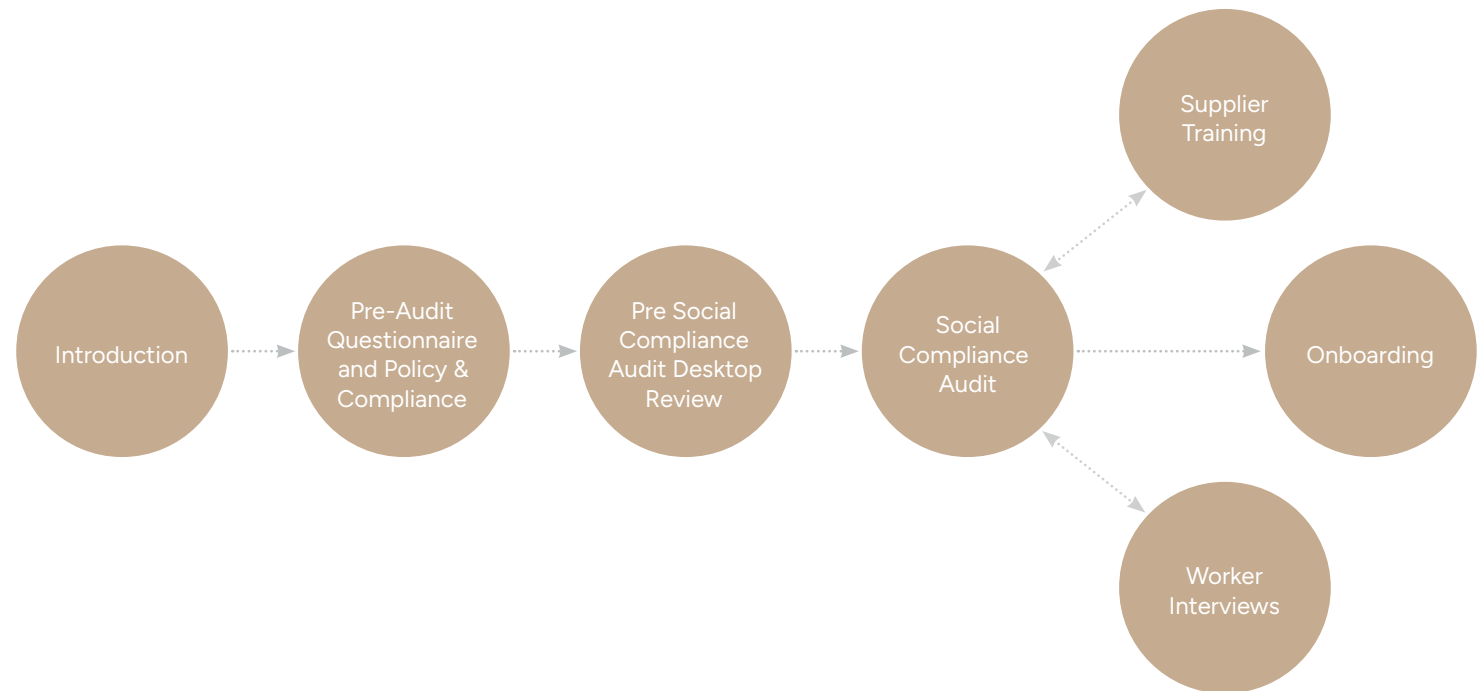
### New suppliers

Our in-country compliance teams conduct physical site visits of facilities in China, Vietnam, Bangladesh and India before they are approved for production. Conditions are reviewed against the standards set out in the Forever New Supplier Code of Conduct, all relevant laws and universal principles for human rights. For other markets where we are unable to send our in-house team, suppliers must provide a reputable third-party audit conducted in the past 12 months. The validity of this audit is then verified by our compliance team and assessed against Forever New's Code of Conduct.

Suppliers found to have zero-tolerance findings will not be on-boarded onto our order platform until our in-country compliance teams confirm that those findings have been remedied.

To maintain the integrity of our Ethical Supply Framework, all new suppliers must undergo the below process:

### On-boarding and Social Audit Program



### Corrective action plans and remediation

To ensure continuous improvement of workplace conditions and progress on issues identified in audits, suppliers are required to engage in time bound corrective action remediation plans which are overseen and managed by our in-country compliance managers. Findings are graded according to their severity with resolution timeframes ranging from immediate to 120 days accordingly. Follow up audits or desktop reviews are arranged accordingly to confirm issues are remediated.

### Supplier compliance rating

In 2022, we introduced a supplier compliance rating system. The rating follows a traffic light system, ranging from 'green' to 'dark red'. The supplier rating is determined by audit performance, more specifically number of non-compliances found and their severity. Once a non-compliance has been remediated, the supplier rating will be adjusted accordingly.

Although our supplier rating currently only captures audit performance, it is a useful additional tool as it provides a quick snapshot of a factory's performance at any time. We are currently working on implementing the Supplier Rating as a strategic sourcing tool.

RATING	RATING REQUIREMENT
Red Critical	Factory has one or more Zero Tolerance findings
Red	Factory has one or more Critical Failure Point findings
Amber	Factory has one or more Major Non-Compliance findings
Yellow	Factory has one or more Minor Non-Compliance findings
Green	Factory has some Best Practices in place that go beyond the minimum standards

## POLICY AND CONTRACTUAL PROVISIONS – SUPPLY CHAIN

Our Supplier policy suite to which all suppliers must comply (where applicable) includes the Forever New Supplier Code of Conduct, which addresses forced labour risks including child labour and debt bondage. The Forever New Supplier Code of Conduct, coupled with our ethical sourcing policy suite, stipulates the minimum requirements of our trading relationships with suppliers.

The Forever New Supplier Code of Conduct takes account of the United Nations Declaration of Human Rights, in addition to the Ethical Trading Initiative (ETI) Base Code and applicable ILO Conventions. To assist with compliance and understanding, we have translated the revised Forever New Supplier Code of Conduct into local languages for our main sourcing countries, being China and Vietnam. Suppliers' compliance with our Code of Conduct and policy suite is monitored through our social audit program.

During this reporting period, we introduced a Packaging Policy. This policy outlines Forever New's minimum requirements for packaging materials and the procurement of those materials, meaning social impact is considered.

All policies are issued to suppliers during the onboarding phase and are available on our social compliance software. Employees have access to the policies through shared company folders, and selected policies are available on our website.

The Forever New Merchandise Supply Terms govern the supply of merchandise to Forever New. These Supply Terms address usual supplier issues such as placement of orders, delivery and merchandise standards, but they also require suppliers to comply with the Forever New Code of Conduct and ethical sourcing policies. The Merchandise Supply Terms also specifically address modern slavery, with merchandise suppliers required to:

- Warrant that they (and their own suppliers) do not engage in modern slavery
- Implement due diligence processes and training to enable them to identify and report any instances of modern slavery in their own operations
- Permit Forever New to gain access to employees, suppliers and premises to view compliance records
- Report any suspected instances of modern slavery in their operations to Forever New

Compliance with the Forever New Merchandise Supply Terms is a condition of supply to Forever New.

If a supplier reports any instances of modern slavery in their operations, Forever New's standing approach is to work with that supplier to resolve the issue, acting in the best interests of the victims concerned and to address the underlying issues giving rise to the occurrence of modern slavery. It is not Forever New's policy to immediately terminate all agreements with a supplier in this instance, as we recognise this is likely to be counter-productive to suppliers disclosing to us any instances of modern slavery in their operations. However, if after reasonable attempts to work with a supplier to address modern slavery risks are unsuccessful, the supplier will be in breach of the Merchandise Supply Terms and so Forever New will terminate all supply arrangements. In this reporting period, Forever New has not terminated any merchandise suppliers for these reasons.

POLICY	PURPOSE
Forever New Supplier Code of Conduct	Outlines our minimum standards for compliance and ethical sourcing
Young Worker and Child Labour Policy	Intended to ensure all organisations involved in the manufacture or supply of goods and services to Forever New understand their responsibilities in preventing instances of child labour and where suspected or identified, the remediation processes they must undertake. In addition, this policy outlines our expectations in relation to the protection of young workers and compliance with ILO conventions on child labour as well as applicable laws and regulations.
Forced Labour Policy	Intended to ensure all organisations involved in the manufacture and supply of goods and services to Forever New understand their responsibilities in preventing forced labour and where suspected or identified, the remediation processes they must undertake.
Living Wage Commitment	Forever New is committed to providing living wages for all workers within our supply chain, a requirement which forms part of our Code of Conduct, agreed to by all suppliers.
Responsible Sourcing and Purchasing Policy	Outlines our approach to responsible purchasing practices and is supported by Responsible Sourcing & Purchasing Guidelines.
Ban on Cotton Harvested from Uzbekistan and Turkmenistan	As a signatory to these pledges, we are stating our firm opposition to the use of child and adult forced labour in the harvest of cotton.
Environmental Protection	All suppliers are required to comply with relevant environmental laws and regulations, including obtaining necessary permits and licences. Environmental Management Systems, which consider water treatment, waste reduction and disposal, air pollution, carbon emissions and the management of chemicals must be maintained.
Gender Equality in the Supply Chain Policy	Outlines Forever New's commitment and minimum requirements to gender equality in the supply chain.
Responsible Fibre & Sourcing Policy	Outlines Forever New's preferred materials and material specific requirements in a conscious effort to minimise the environmental impact our material choices have.
Animal Welfare Policy	Outlines our expectations that all animals within the Forever New supply chain are treated humanely and with respect and our conditions of supply of animal derived materials.
Chemical Management and Restricted Substance List (RSL)	Details the chemical restriction limits for Apparel, Accessories and Footwear.
Packaging Policy	Outlines Forever New's preferred materials and material specific requirements for packaging to ensure that the sourcing of raw materials used in our packaging is procured in a responsible and sustainable way.

## GRIEVANCE MECHANISMS AND ACCESS TO REMEDY

### Worker Voice

Whilst factory audits provide a useful tool in identifying potential indicators of modern slavery from which to drive further engagement, they do not alone provide a full understanding of workers' conditions. The provision of a range of channels for workers to raise concerns is vital in ensuring workers have effective and legitimate access to remedies which they feel comfortable and confident in using.

In the last reporting period, we commissioned an independent third-party to audit the effectiveness of internal factory grievance mechanisms. The audit included 20 questions where evidence and documents were used to verify answers.

Some minor non-compliances were identified, such as no evidence found of the factory effectively communicating the grievance policy to external parties, like suppliers or customers. A Corrective Action Plan (CAP) was issued where applicable, and all non-compliances were remediated within the same reporting period.

We planned to commission this third-party to audit all tier 1 factories in China, but ultimately, we decided that it is more efficient for our own social audit team to incorporate additional measures to test the effectiveness of existing grievance mechanisms as part of their annual social audits, to prevent audit fatigue. Acknowledging the limitations of non-independent grievance mechanisms, by the end of this calendar year and barring any unforeseen circumstances, an ethics hotline will be rolled out to selected tier 1 factories in Vietnam. A priority for FY24 is to pilot the same service to key tier 1 factories in China.

Additionally, as members of the RMG Sustainability Council (RSC), our factories in Bangladesh already have a health and safety complaints mechanism in place where workers can raise safety concerns in a confidential manner, independent from the factory.

### Whistleblowing Policy

As mentioned in the introduction to our statement, one of our key initiatives during this reporting period was to promote the existence and function of our whistleblower policy and accompanying hotline with employees in our head office, distribution centres and merchandise

suppliers. Our hotline is externally managed to allow reports to be made on a confidential or anonymous basis (if requested) and can accept reports in multiple languages. To make it as easy as possible for reports to be made, we have also introduced toll free numbers for use in Canada, United Kingdom and New Zealand.

## INTERNAL CAPACITY BUILDING

### Responsible Sourcing and Purchasing

Forever New is committed to the principles of ethical supply and recognise that we have a shared responsibility with our supply chain partners to ensure the sourcing and production of our products uphold the rights of all workers.

To ensure we make purchasing decisions that facilitate good working conditions, we have developed a Responsible Purchasing and Sourcing Policy. This Policy addresses factory capacity, forecasting and lead times, cost and payment terms, purchase order efficiencies and responsible exit guidelines. The Responsible Sourcing and Purchasing Policy is available on our website.



As outlined in our previous report, additional guidelines were implemented last year to support our Responsible Sourcing and Purchasing Policy. This reporting period, all relevant Departments attended responsible purchasing training centred around the updated guidelines. Daily responsibility for adherence with the Responsible Purchasing and Sourcing guidelines rest with relevant Managers and overall accountability for compliance rests with Heads of Department.

Forever New recognise the importance of open dialogue with suppliers and will continue to seek direct feedback from on our purchasing behaviour through anonymous surveys.

### Training

Modern Slavery training is an integral component of Forever New's compliance training for all head office employees, forming a mandatory part of the onboarding process. During the reporting period, we successfully introduced a customised, in-house-built training module specifically designed for our Australian and New Zealand retail teams.

Looking ahead, we are actively developing a tailored training program as part of the second phase

launch. This component is due for completion in the upcoming reporting period and will extend online access to the modern slavery module across various international markets. The targeted regions include Canada, Singapore, the United Kingdom, Republic of Ireland and Europe.

### Stakeholder Engagement and Partnerships

Tackling the risks of forced labour is a combined effort and we acknowledge the partnership and collaboration required across the sector to work towards its eradication.

Forever New continues to participate in industry benchmarking reports, training sessions and webinars provided by the NGO sector. Engagement with NGOs help foster a common understanding of the risk and the expectations from our stakeholders, which is valuable to help ensure we effectively manage vulnerabilities in our supply chain. Likewise, increasing expectations from our wholesale and concession partners has also help us to identify where to prioritise efforts to ensure our approach is consistent with industry standards.





## Industry Partnerships

PARTNER	PURPOSE	RISK/INDICATOR ADDRESSED
<b>RMG Sustainability Council (RSC)</b> (formerly the Bangladesh Fire and Safety Accord)	Forever New has been a member of the Bangladesh Fire and Safety Accord (now RMG Sustainability Council or 'RSC') since 2013. Our factories in Bangladesh remain members of the RSC.	Safe working conditions
<b>Better Cotton</b>	During the reporting period, we continued our membership with Better Cotton . Our aim is to have 100% of our cotton sourced from more sustainable sources including Better Cotton and Global Organic Textile Standard (GOTS).	Forced labour in the raw materials and processing tiers of our product supply chain
<b>Responsible Sourcing Network</b>	Forever New is signatory to the Company Pledges Against Forced Labor in the Cotton Sector of Uzbekistan and Turkmenistan. As a signatory to these pledges, we are stating our firm opposition to the use of forced labour in Uzbekistan and Turkmenistan's cotton production and require all suppliers to comply with this requirement.	Forced labour in the raw materials tier of our product supply chain





## NON-MERCHANDISE SUPPLY CHAIN

Compared to the last reporting period, over the past year, we have extended our remit to include further categories and markets, resulting in the SAQ being sent to over 75 non-merchandise vendors. The SAQ comprised 26 questions covering a range of topics, including:

- Any modern slavery reporting obligations applicable to each supplier
- If they have their own code of conducts or modern slavery polices
- Details around training conducted and reporting procedures
- Operational processes for managing and mitigating modern slavery risks; and
- Agreement to comply with Forever New's Code of Conduct

In some cases, supporting documentation was requested from vendors to corroborate responses in the SAQ outlining existing policies and practices in place.

The responses to the SAQ gave an insight into how these businesses understand and manage the risks modern slavery presents within their industries, and what actions they have already taken. Some of the key points from the responses include:

- a low level of general awareness of modern slavery risks in their supply chain
- Several responses indicating that there is no formal plan in place regarding actions to be taken should there be any allegations of modern slavery raised in their operations or supply chains
- Approximately 25% of suppliers declared using a form of migrant labour via agencies, labour brokers, and/or use outsourced labour companies
- No reported incidents or allegations regarding modern slavery



# Assessing the Effectiveness of Our Actions

Forever New continually monitors its initiatives to ensure they are relevant, easy to use and provide a gauge to identify any modern slavery risks in our business.

## GOVERNANCE

As previously mentioned, the Forever New modern slavery working group is responsible for all aspects of this statement (comprising research, information gathering, writing the statement; obtaining approvals from the Audit and Risk Committee and Board respectively; and submission of the statement with Australian Border Force) and ongoing compliance initiatives. The working group is further strengthened with our Chief Operating Office as sponsor who provides a direct line to the Executive Leadership Team and reports directly to the CEO. After each statement, we will conduct a review to assess the effectiveness of the working group and to ensure that an appropriate range of participants are members of the group.

The modern slavery working group reports to the Audit and Risk Committee. The Charter of the Audit and Risk Committee includes oversight of the framework and reporting process to identify and address modern

slavery risks, and approval of modern slavery statements prior to Board approval. Modern slavery is also a standing agenda item in the Audit and Risk Committee Charter.

## NON-MERCHANDISE SUPPLIERS: SAQ

Across our non-merchandise suppliers, it is evident there is still some work to do in further highlighting the risks and educating on how modern slavery can impact different businesses. The work we have undertaken so far shows a range of responses that indicate both varying levels of understanding of modern slavery and documented plans and policies currently in place. Examples of this include:

- Many respondents do not currently require their own suppliers to conduct due diligence for modern slavery within their supply chains and operations
- The SAQ revealed that approximately 25% of the respondents use a form of migrant

labour via agencies, labour brokers, and/or use outsourced labour companies. This indicates these businesses are potentially at a higher risk and will require further follow up.

Many responses were not specific enough, requiring additional time to confirm details. One question highlighted various respondents appear unaware of which areas within their operations and supply chains present the highest human rights, modern slavery or labour standard risks.

Many suppliers do not currently have policies or nominated staff for modern slavery concerns and in some cases even felt that the SAQ we sent was not applicable to them.

The modern slavery working group will conduct a post-implementation review of the SAQ process to try and improve future responses. It is important to note that the very nature of a self- assessment questionnaire means responses have not been

independently verified, however two highlights include:

- 100% of responses declared that all workers were being paid their minimum legal entitlements and were being provided with detailed pay slips
- 100% of responses declared that workers were not required to lodge deposits or pay recruitment fees to secure employment

It is evident that those countries who do not have reporting modern slavery reporting requirements do not have the same level of understanding and will require further action and support. Additional due diligence will be required to follow up on the information provided, as some vendors are yet to provide further details or documents requested to corroborate their answers. From the 75 SAQ's sent out, 65% (49) were received back within the reporting timeframe. Of those not returned or completed, 77% of those concerned vendors based in India, with vendors asserting they are not required by law to respond, as they are not subject to Australian legislative requirements. Despite this, an initial review of these do not appear to indicate any concerns but point towards a lack of understanding in this area compared to local laws.

## **SUPPLY CHAIN VISIBILITY AND TRACEABILITY: SAQ**

The SAQ has allowed us to gain a greater understanding of social and environmental standards at both Tier 2 and 3 facilities. Of the majority of Tier 2 facilities traced, some had environmental assessments and/or certifications, but lacked in social assessments, with only a small number of facilities with a valid social audit.

The SAQ has proven to be a useful tool allowing suppliers to demonstrate the steps they are taking to monitor and prevent modern slavery risks, whilst also identifying areas where further due diligence might be necessary, such as social audits.

## **ETHICAL SUPPLY FRAMEWORK – COMPLIANCE:**

### **Social audit program**

To evaluate success and assess the effectiveness of our Ethical Supply Framework, we use internal key performance indicators (KPIs). These KPIs capture data on policy compliance, volume of social audits conducted, and corrective action plans issued and remediated. Last year, one of

our key priorities was to increase our volume on unannounced audits where possible, which has continued to be a priority this reporting period.

A total of 97 audits were conducted during this reporting period, of which 7 were for our Tier 2 supply chain. Of all audits conducted, 59% of audits were announced, 19% unannounced and 22% semi-announced, meaning an audit window between 2 – 4 weeks was given in advance. On average, 4.59 instances of non-compliance were found per audit, ranging from minor to major. A total of 4 critical non-compliance's (CFPs) were identified, all remediated within the given timeline. We advise that 45% of all Corrective Action Plans issued were remediated within the same reporting period.

The most prevalent findings of non-compliance were related to working hours, insurance & benefits, and health & safety, such as overtime, not all workers covered by social insurance and workers not wearing sufficient/correct PPE. Although common in the industry, in particularly in China, we acknowledge that excessive overtime can be a risk indicator of forced labour, as identified by ILO. A focus for the next reporting period is to work closely with our suppliers to further understand the root cause for all

prevalent non-compliance issues, and how these can be mitigated. Consistent with all previous reporting periods, no instances of modern slavery were identified.

No suppliers were offboarded this reporting period due to non-compliance.

### **Covid-19 disruptions**

In the first half of the reporting period, we still saw small disruptions to our audit schedule following Covid-19 and travel restrictions. 5 factories were audited virtually, and another 5 factories had their initial audit date postponed. These factories have since been audited, all within the same reporting period. Audits that were conducted virtually in December 2022, will be audited in-person by the end of 2023.

## *Case Study*

### **Undisclosed factories:**

Forever New requires any intended subcontracting to be communicated by the factory and supplier for approval by Forever New. Approval is only granted after a social and safety audit has been passed and accepted by us. The factory or supplier must immediately provide any requested information about the subcontractor before forwarding the order and production can start. These terms are outlined in our Ethical Supply Framework and policy suite. This reporting period, it was discovered through our internal due diligence processes, that a nominated supplier was using an undisclosed factory for the production of goods for Forever New.

Upon discovery of this issue, production was paused whilst Forever New reiterated our requirements to the supplier and further understand the root cause for the subcontracting. Further conversations with the supplier

in question, revealed that the undisclosed factory had a particular skill set needed for the style in question.

Forever New agreed to continue production with the factory solely on the basis that the factory passed our social audit and agreed to the Forever New Merchandise Supply Terms. The factory agreed with these conditions and was audited and onboarded accordingly.

A review of all current suppliers was undertaken, and no further cases of subcontracting was identified. To strengthen our Ethical Supply Framework, all new suppliers must outline ownership structure and disclose factory base at onboarding stage.

Although a situation of initially unknown subcontracting occurred, our processes and procedures discovered the issue, demonstrating the value and effectiveness of our rigorous Ethical Supply Framework.

### **Grievance mechanisms**

As discussed earlier in this statement, one of our key initiatives during this reporting period was to increase awareness of our whistleblower policy and hotline. As a result of our efforts to publicise the whistleblower hotline, we received three reports via the hotline during this reporting period. Each of these reports did not constitute whistleblower complaints as they related to general minor workplace grievances, however it is pleasing to see general awareness of the availability of the whistleblower hotline grow during this reporting period. A summary of each report was provided to the Audit and Risk Committee for its review and information.

For factories with internal grievance mechanisms available, we will continue to measure their effectiveness and assist factories to remediate any issues escalated.

Although a dedicated health and safety complaint mechanism, the RSC will pass on any non-health and safety complaints and encourage brands to work with the factories to remediate these. No non-health and safety complaints were received under the RSC in the reporting period.

## **CAPACITY BUILDING**

### **Modern slavery training**

Forever New is dedicated to ensuring that our staff are well-versed and educated on the critical issue of modern slavery. To achieve this, we've adopted a comprehensive training approach that transcends beyond conventional methods. Our program integrates various interactive elements, providing an enriching, informative, and engaging learning experience. The inclusion of an assessment at the module's conclusion serves as a valuable tool, verifying not only completion but also comprehension, exemplifying Forever New's dedication to modern slavery education in a manner that resonates with our employees.

This training takes our staff on a journey, exploring the nuances of modern slavery, how to identify it, and the appropriate steps to take when and if confronted with it. It's a holistic approach designed to empower our team with the knowledge and tools needed to combat this critical issue.

Modern slavery training is an integral component of our comprehensive compliance training for all head office employees. It is a mandatory element of the induction and onboarding process, provided to new employees upon commencement, and refreshed annually for existing staff. During the reporting period, the completion rate for our head office population reached 79%, with a total of 207 courses issued.

Expanding our commitment, we launched a bespoke, in-house-built training module for modern slavery, extending its reach to our Australian and New Zealand retail teams throughout the reporting period. A total of 1,066 courses were issued to these employees, achieving a commendable completion rate of 70%.

As we look ahead, our strategic training focus in the upcoming reporting period will involve the global rollout of the tailored training program to key international markets. This expansion includes Canada, Singapore, the United Kingdom, Republic of Ireland, and Europe. This initiative underscores Forever New's dedication to promoting awareness and compliance on a global scale, solidifying our commitment.



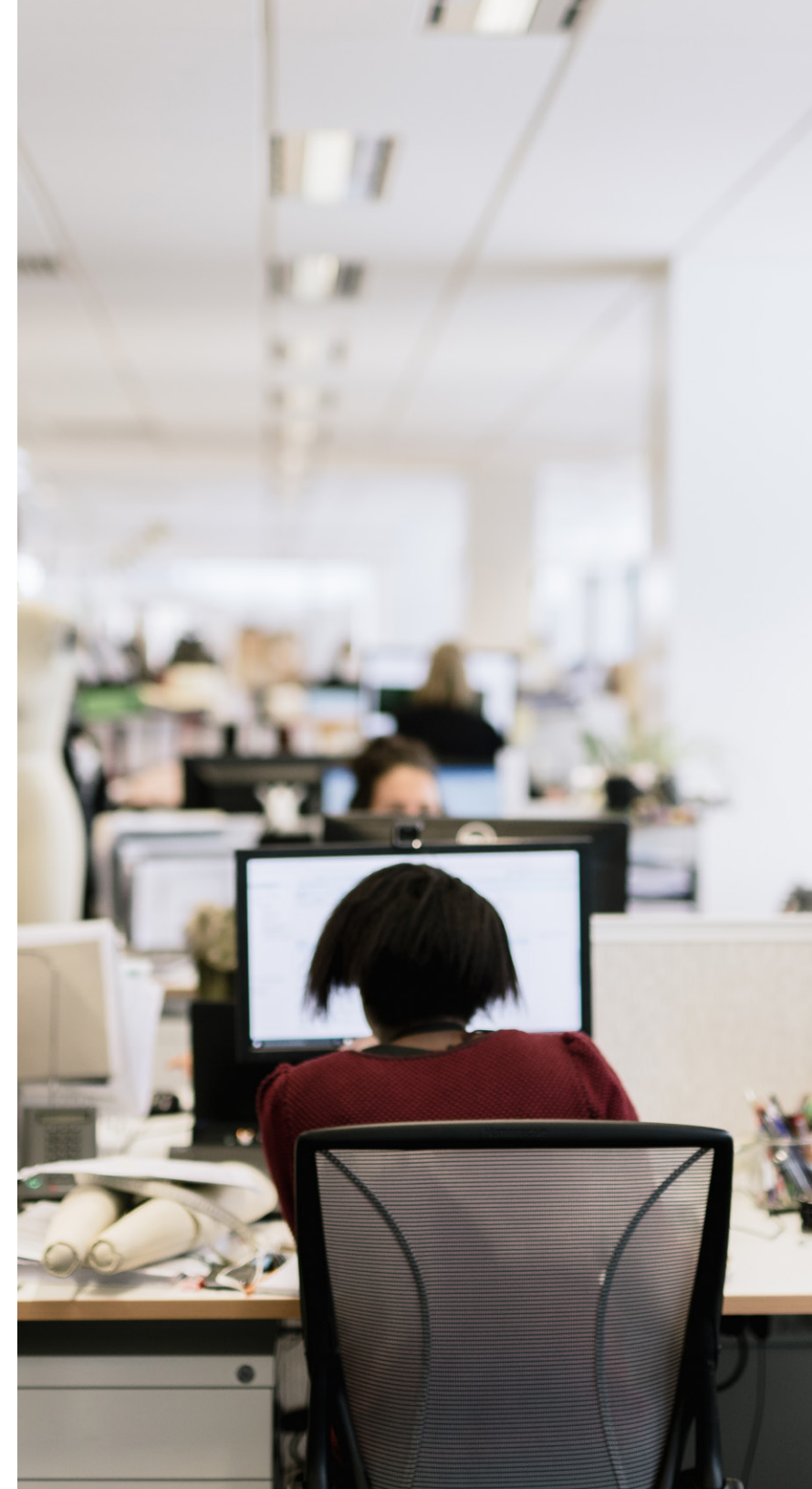
### **Responsible purchasing and sourcing**

As mentioned earlier in this statement, selected members of our head office team attended training again this year. Metrics tracked to measure the effectiveness of the training revealed that although staff members followed the internal processes and were aware of our policy, there was still some limited awareness around the correlation of purchasing behaviour and the impact on workers and their working conditions. We will continue to conduct annual training sessions and look to implement additional workshops for key staff members.

### **Stakeholder assessment**

NGO benchmarking forms an important tool from which to assess our actions and understand industry best practice on an ongoing and long-term basis and to learn of any key issues arising from time to time. Throughout the reporting period, we have engaged and taken part in industry reports focused on human rights and worker welfare. We view participation in these assessments as useful opportunities for continuous improvement and impact analysis and continue to welcome constructive feedback from our industry peers and stakeholders.

We remain committed to transparency as we progress our strategic objectives and mitigate risks to those most vulnerable in our supply chain and operations.



# Consultation With Controlled Entities

Forever New continues to use a centralised and co-ordinated approach to address modern slavery risks in its business.

As previously stated, this is a joint statement of ADT Group Holdings Pty Ltd and Forever New Clothing Pty Ltd, its wholly-owned subsidiary and a reporting entity under the Modern Slavery Act; together with its global subsidiaries. Each subsidiary operates under a common governance framework overseen centrally by the board of ADT Group Holdings Pty Ltd.

The directors of Forever New Clothing Pty Ltd are also directors of ADT Group Holdings Pty Ltd. ADT Group Holdings Pty Ltd is the holding company of Forever New Clothing Pty Ltd and as such, does not engage in any operations itself. Trading and operational activity is conducted via its subsidiaries. Our consultation process has remained unchanged from our previous statements.

All controlled entities operate within the same sector or in a supporting role.

In preparing this statement, input was sought from key management personnel of Forever New Clothing Pty Ltd from central functions including production, finance, operations, human resources, legal and logistics, which was co-ordinated and overseen by the modern slavery working group. From there, modern slavery risks were identified and plans devised to address those risks. This statement is the result of that work.

The Audit and Risk Committee of ADT Group Holdings Pty Ltd reviewed and approved this statement before it was approved by the respective boards of ADT Group Holdings Pty Ltd and Forever New Clothing Pty Ltd.





# Future Priorities

Forever New aims for continuous improvement in all aspects of its business, including ethical sourcing initiatives.

In the next 2023-2024 reporting period, we will aim to conduct the following activities:

- review our franchise operations in Indonesia and Philippines for any modern slavery risks
- In line with our ongoing commitment to our Social Audit Program, we want to further understand root causes of any prevailing non-compliances and look to develop guidance to prevent/mitigate systemic issues within our factory base
- Continue mapping our tier 2 and tier 3 suppliers
- Commission social audits in selected Tier 2 facilities
- Monitor and actively engage with newly rolled out Ethics Hotline in Vietnam
- Roll out modern slavery training to our international markets

In respect to our non-merchandise suppliers, our priorities will be to:

- Follow up outstanding responses up by departments managing the relationship with the vendor
- Finalise the review of all completed SAQ's, focusing on any vendors deemed to be a higher risk (based either on their responses to the SAQ or other factors including the industry they operate in or use of third party labour)
- Assess options to implement tools to help educate vendors in India on both the risks and their obligations in mitigating them concerning labour and human rights and/or modern slavery
- Simplify language to improve response rate to SAQs
- Review any risks for non-merchandise suppliers using third-party labour hire and assess if any controls are required



