



MAKING PROGRESS

Modern Slavery Statement FY22

COUNTRY ROAD GROUP



Introduction & Executive Note

Country Road Group is committed to respecting human rights throughout our operations, and in the activities within our Sourcing and Supply chain. Consistent with our values, we work to ensure we continuously invest in mitigating against modern slavery risks and are committed to addressing any adverse human rights impacts.

This statement is published by Country Road Group Pty Ltd on behalf of all wholly owned and controlled entities and its parent company Woolworths International (Australia) Pty Ltd (**Country Road Group or CRG**), which include the reporting entities covered by this joint statement, as listed in Appendix 1.

As these entities use the same policies and processes, operate in the same sector and share many of the same suppliers, this Modern Slavery Statement provides a single, consolidated description of our actions to assess and address modern slavery risks.

This is Country Road Group's third *Modern Slavery Statement* under the *Australian Modern Slavery Act 2018 (Cth) (MSA)* and sets out the actions Country Road Group has taken to understand and mitigate against modern slavery risks during the 2022 financial year from

1 July 2021 to 30 June 2022 (**FY22**). We note that there has been little change to the company structures, our operations and our supply chains during FY22. These sections of this Statement therefore closely resemble those from the FY21 Statement, with minor updates to the numbers and statistics as needed.

Through the rest of the Statement, we are pleased to share our experiences during FY22 that convey a period of significant activity: Activities that reflect our commitment to "Making Progress". For example, we are particularly proud of the leadership demonstrated as we hosted a Grievance Mechanism webinar for all of our suppliers and their associated factories. This built on the WorkerApp piloted during FY21¹, with our provider of the WorkerApp system and the pilot supplier being joint presenters during the webinar.

Our Teams have also remained connected with industry leaders and like-minded companies to ensure we stay abreast of the key issues and emerging technologies to support us during our modern slavery journey. Organisations (such as the United Nations Global Compact, the International Accord, SEDEX and Ethical Trade Initiative) and human rights support through companies such as Elevate and Pillar Two, have formed part of our modern slavery toolkit. Our statement provides some deeper insights into how these arrangements have been beneficial to Country Road Group during FY22.

We have continued to identify potential human rights and modern slavery risks and to then undertake steps to mitigate such risks. By example, we recognised that our non-trade procurement (NTP) suppliers are not participants within the Approved Factory Programs that applies to merchandise suppliers, which became an identified gap. A deep dive risk assessment was conducted on the NTP

Significant milestones achieved in FY22

- ✓ Grown and expanded the traceability project to identify upstream supply chain actors
- ✓ Conducted a Grievance Mechanism webinar for all of our suppliers and their factories
- ✓ Encouraging supplier/factory SEDEX membership via SEDEX sponsorship of smaller &/or new facilities
- ✓ Developed procedures to assist with internal management of grievances and management of critical non-compliances raised in ethical audits
- ✓ Piloted beyond Tier-1 audits of factories deeper in the supply chain
- ✓ Conducted a supplier sentiment survey to gauge suppliers' confidence in labour & supply chains
- ✓ Regular engagement and collaboration with distinguished and respected industry partners
- ✓ Used feedback from benchmarking of previous Statements to improve the content of this Statement

¹ WorkerApp – As reported in "Case Study 5" in our FY21 Statement



suppliers to identify those with higher risk profiles. A process for engaging the identified NTP higher-risk suppliers has commenced, with early indications being that the risk-survey approach clearly identifies the risks that sit within these NTP suppliers. NTP risk management remains a work-in-progress for the FY23 year.

There are many additional “case studies” presented throughout this Statement. Each represents another example of our commitment to “Making Progress” and demonstrates that Country Road Group wants to do more on modern slavery. We recognise there is further work to undertake and remain dedicated to seeking continuous improvement in our actions.

COVID-19 again presented enormous and ongoing challenges for Country Road Group in FY22. The global nature of the pandemic meant that both our operations and our international supply chains were significantly impacted.

As reported in our FY21 Statement, and which was again the case during FY22, COVID-related restrictions prevented many on-site and in-field assessments. The impact of such restrictions varied significantly from country-to-country, even region-to-region, testing the flexibility and adaptability of our supply chains and operations. The resilience of Country Road Group team members and workers within our extended supply chains was regularly under duress, and I express my gratitude for their contributions.

In preparing this statement, Country Road Group has consulted with the relevant leadership and office holders of the entities listed in Appendix 1, who have agreed on the actions taken against modern slavery as set out in this statement.

On behalf of the Board of Country Road Group Pty Ltd, Country Road Clothing Pty Ltd, Witchery Australia Holdings Pty Ltd, Witchery Holdings Pty Ltd, Witchery Fashions Pty Ltd,

Mimco Pty Ltd and Woolworths International (Australia) Pty Ltd, this statement and its contents are formally acknowledged and approved by the Board of Country Road Group Pty Ltd on 15 December 2022 and signed accordingly by:



Raju Vuppalapati
Chief Executive Officer
Country Road Group

Structure & Reporting Entity statement

Country Road Group Pty Ltd (Country Road Group) is an Australian company (ACN 006 759 182) registered in Melbourne, Victoria. This statement has been published in accordance with the *Modern Slavery Act 2018* (Cth) (MSA) and describes the actions taken from July 1st, 2021, to June 30th, 2022, by Country Road Group, its Australian parent entities, and all of its owned and controlled companies to assess and address modern slavery risks.

All these entities operate in a similar manner and are collectively reported on throughout this statement. This joint statement is made on behalf of the reporting entities Country Road Group Pty Ltd, Country Road Clothing Pty Ltd, Witchery Australia Holdings Pty Ltd, Witchery Holdings Pty Ltd, Witchery Fashions Pty Ltd, MIMCO Pty Ltd, Woolworths International (Australia) Pty Ltd. For clarity, David Jones Pty Ltd (David Jones) and its associated entities, which are also, like Country Road Group, ultimately owned by Woolworths Holdings Limited (WHL), will report separately via their own modern slavery statement. There is a degree of similarity between the modern slavery statements of Country Road Group and David Jones due to the centralised actions and processes undertaken by both businesses, largely via a shared head office in Melbourne, Victoria.



STRUCTURE, OPERATIONS AND SUPPLY CHAINS



Country Road Group

The Country Road Group consists of some of Australia's most iconic and most loved fashion retail brands Country Road, MIMCO, POLITIX, Trenery and Witchery.

Our structure

Country Road Group Pty Ltd is an Australian company (ACN 006 759 182) operating in the apparel, accessories and homewares retail sector and headquartered in Melbourne, Victoria.

CRG corporate structure and entities remained unchanged during this reporting period from that reported in previous statements. Country Road Group's ultimate parent company is Woolworth Holdings Limited (**WHL**), a South African business listed on the JSE (which is not a reporting entity for the purposes of this statement). The highest reporting entity in our Australian corporate structure is Woolworths International (Australia) Pty Ltd.

Country Road Group comprises five customer-facing brands operated by the following wholly owned subsidiaries of Country Road Group Pty Ltd:

- Country Road Clothing Pty Ltd (ACN 005 419 447) – trading as COUNTRY ROAD and TRENERY
- Witchery Fashions Pty Ltd (ACN 006 897 230) – trading as WITCHERY
- MIMCO Pty Ltd (ACN 067 573 291) – trading as MIMCO
- Cicero Clothing Pty Ltd (ACN 614 757 327) – trading as POLITIX

With the exception of Cicero Clothing Pty Ltd these entities are all reporting entities for the purposes of the *Modern Slavery Act 2018*. In addition, Country Road Group and the entities listed own, control and operate various Australian subsidiary entities who are non-reporting entities under the Act. These subsidiary entities undertake a range of functions such as warehousing, logistics and property.



“In FY22, we operated over 500 retail and concession stores across Australia and New Zealand consisting of over 300 stores for individual brands and over 200 concession arrangements”

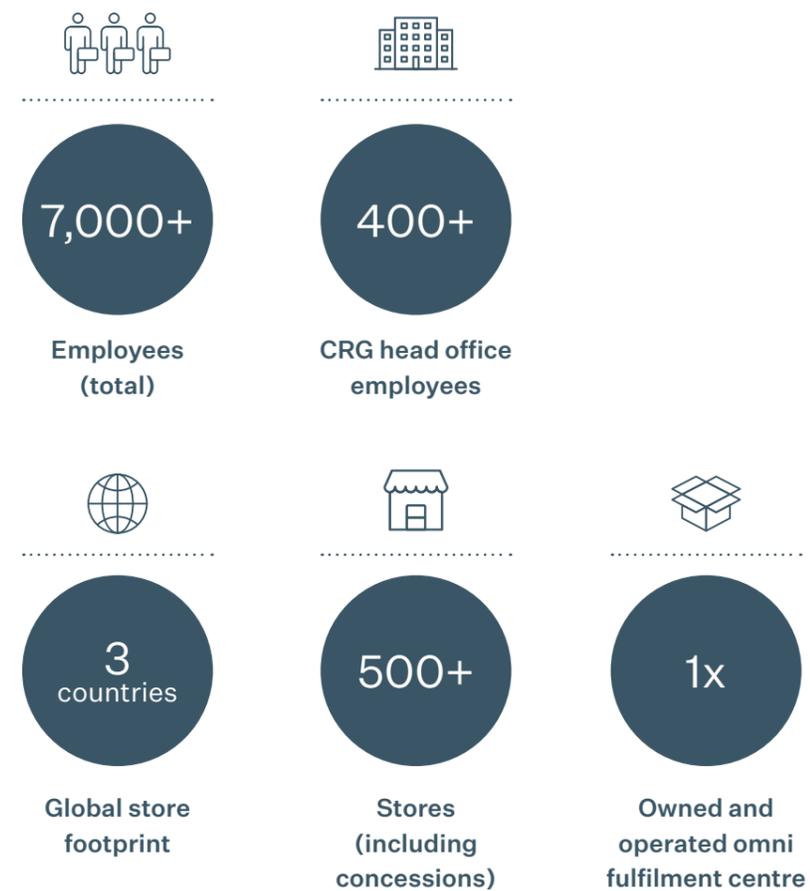
Our operations

Headquartered in Melbourne, our operational activities range from creating initial fashion and marketing design concepts through to warehousing and fulfilling customer orders either instore or from our Omni Fulfilment Centre² which we own and operate. Country Road Group does not directly manufacture goods, but rather engages with a range of suppliers for the manufacture of goods: Such as apparel, footwear, homewares and other accessories sold under our five retail brands.

In FY22, we operated over 500 retail and concession stores across Australia and New Zealand³ consisting of over 300 stores for individual brands and over 200 concession arrangements (i.e. stores within David Jones). With growth of orders received online,

fulfillment has relied upon the combined service of the omni-fulfillment service and from retail stores. Our team members’ roles include retail services, design, production, IT, customer service, merchandising, retail operations, marketing, e-commerce, sourcing, sustainability, legal, risk, finance and executive management. These team members are directly employed on either a full-time, part-time or casual arrangement under Enterprise Bargaining Agreements, relevant Awards or Individual Employment Contracts depending on their position and work location.

Country Road Group employees and operations



² Omni Fulfilment Centre is a distribution center which receives and distributes merchandise.

³ Country Road Group products are also sold via concession stores in South Africa. The staff of these stores are engaged by a South African based entity on South African employment terms and the staff and stores are managed by WHL.

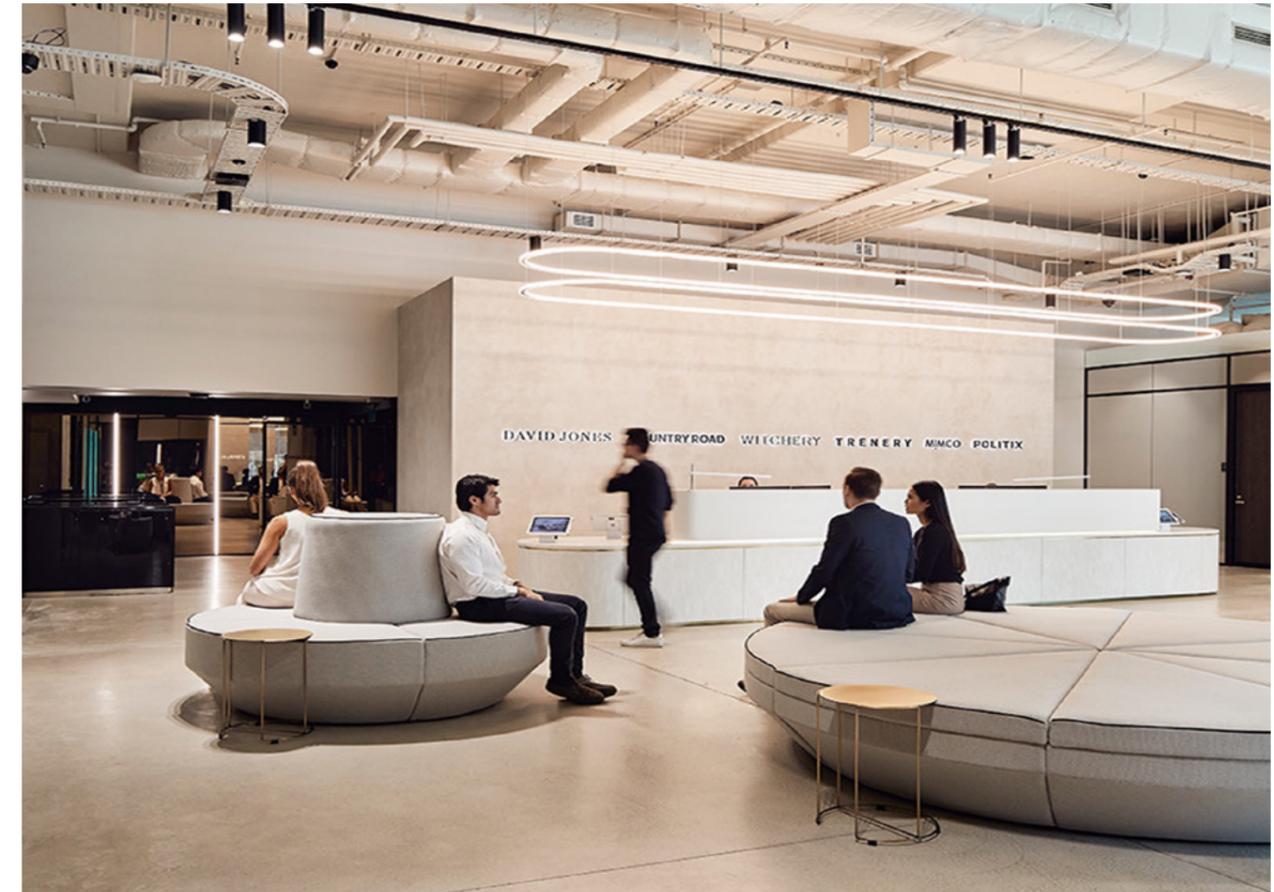


“The Country Road Group employs staff within stores, at our head office support centre in brand-specific and shared services roles and at our Omni Fulfillment Centre (OFC).”

Country Road Group employs staff within stores, at our head office support centre in brand-specific and shared services roles and at our Omni Fulfillment Centre (OFC). The brand “Country Road” employs the largest number of employees with 3,698 (53%) of just over 7,000 employees groupwide in Australia and New Zealand. Most team members are employed in Australia (6,575 employees representing 94%), with 429 (6%) employees based in New Zealand. Around 65% of Politix, Mimco, Witchery and Country Road employees are “casual”, with this being only 44% for Trenery.

Country Road Clothing Pty Ltd, Witchery Fashions Pty Ltd, Mimco Pty Ltd, Cicero Clothing Pty Ltd are our retail operating companies, engaging in the design, developing, and purchasing of products, goods and services, and are responsible for the retail

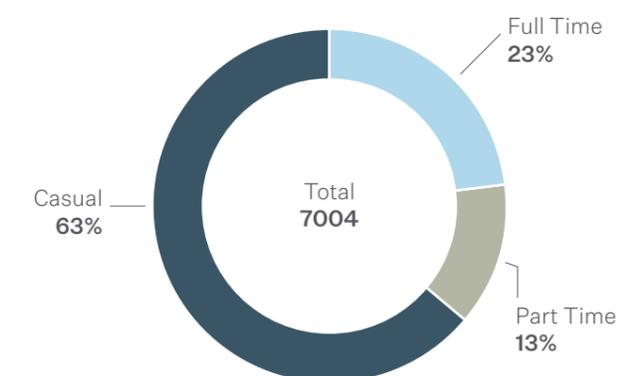
activities at our branded stores, concession pads (in David Jones stores) or via our e-commerce channels. Each of these entities employ staff, lease and operate retail stores, design and develop products that we sell, and partner with suppliers on goods and services to support our operations. All these entities operate in a similar manner and are collectively reported on throughout this statement.



Retail Brand Employees as at 30 June 2022

Retail Employees	No of Employees	
	Australia	New Zealand
Country Road	3397	301
Trenery	336	29
Politix	504	9
Witchery	1359	88
Mimco	822	2
Country Road Group Logistics (OFC)	157	0

Number of Employees





Our operations also include the use of indirect workers engaged via third-parties to provide services to support the ongoing activities of our operations. These indirect workers may include labour-hire in our OFC, or cleaning and security services across our store and support centre sites. More information about these services is included in the following section on our supply chains.

Since our FY20 Modern Slavery Statement, there has been no significant changes to our operations.

Country Road Group employs staff within stores, at our head office support centre in brand-specific and shared services roles and at our OFC.

Country Road Group Operations model





“Non-trade goods and services that we procure for the support of the operations of our business activities were obtained from over 84 major suppliers”

Our suppliers and supply chains

Our supply chains span the globe and can be widely varied and complex. Country Road Group partners with extensive product supply chains for the manufacture and supply of merchandise for retail. This includes apparel, accessories, footwear and homewares. We also engage in “non-trade” procurement of goods and services (such as cleaning services for offices and stores) to support the operations of our businesses. This section describes both these elements of our supply chain.

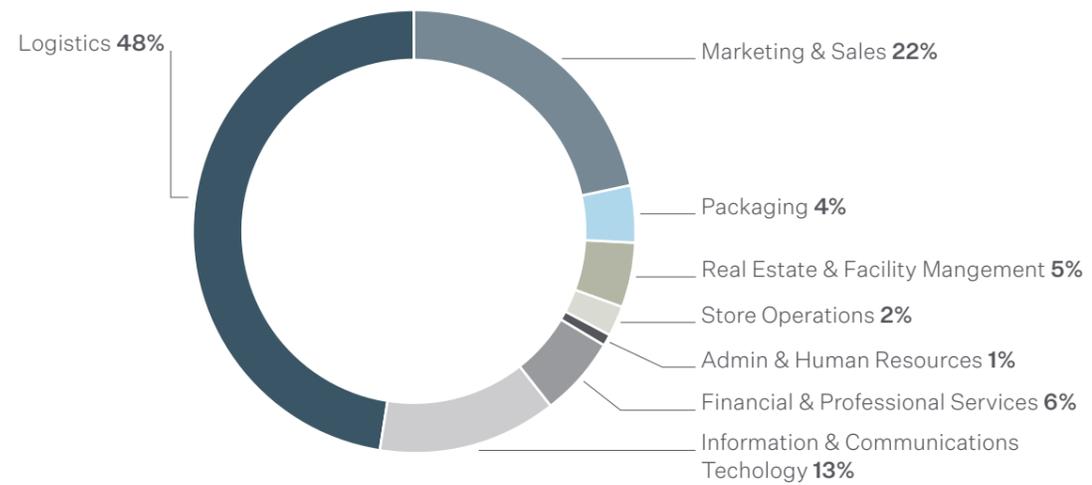
Non-trade goods and services that we procure for the support of the operations of our business activities were obtained from over 84 major suppliers⁵ across eight major categories of non-trade procurement throughout the reporting period. These 84 major suppliers represented over 90% of the total non-trade spend for the Country Road Group in FY22.

Our Non-Trade Procurement (NTP) goods and services

25%
of Major NTP Suppliers represented more than 90% of NTP spend

50%
of total NTP spend represented by logistics

Spend breakdown (%)



⁵ 84 major suppliers. Redefined for FY22 statement as having annual spend of over \$200,000 in excess of 250 small-scale NTP suppliers.



The majority of NTP suppliers have their businesses incorporated and located in Australia. However, the non-trade goods (including raw materials and components used) and services that we procure may involve domestic and international production activities. For example, our in-store bags may be produced overseas.

The key categories (by spend) of goods and services that we procure within our Non-Trade categories include:

- Logistics services, including merchandise freight and distribution;
- Information Communication Technology equipment including computers, digital applications, and telecommunications;

- Marketing materials and services such as creative advertising services and photography services;
- Instore fixtures and fittings, including racks and trolleys used for moving & managing merchandise; and
- Real Estate and Facilities Management Services including cleaning and security personnel.

⁶ CFT core membership includes representatives from the Ethical Sourcing Team, Non-Trade Procurement Team and the Legal Team

⁷ Representing a combination of CRG and David Jones non-trade suppliers

How are we making progress?



CASE STUDY 1

Dedicated Risk assessment team formed

Country Road Group is a large business with diverse operations. Non-Trade Procurement operates in and across various sectors including Real estate & facility management, Logistics, Marketing & sales, Information & communications technology, Financial & professional services, Admin & human resources, Store operations and Packaging: Some of these categories represent a higher risk of modern slavery based on the inherent characteristics of the industry in which they operate, the region in which they are located or due to the commodities in which they trade.

To increase our visibility of modern slavery risks within non-trade supply, a Modern Slavery Cross-Functional Team (CFT)⁶ with a non-trade focus has been formed. This group meets monthly to review progress, reflect on emerging trends/issues and to set the agenda for future modern slavery initiatives.

Risk-assessed over 150 non-trade suppliers

The Country Road Group has over **330** non-Trade suppliers. During the reporting period, the CFT risk-assessed over **150** non-trade suppliers⁷. Risk was assessed based on spend, whether they have a published mandatory or voluntary modern slavery statement and the presence of policies around modern slavery and human rights due diligence. The assessment identified **19** potentially high-risk suppliers from Logistics, Store Operations, Packaging, Marketing and Sales, Real Estate, Facilities Management and Human Resources categories.

These 19 at-risk suppliers were then asked to respond to a short 11-question survey which consisted of questions about their supply chain management, labour hire processes, supplier codes of conduct, social compliance management processes, use of migrant workers, fair wage commitments & annual spend with the business. Survey responses are being scored to allow those with the greatest exposures and gaps to be clearly identified. As the survey was only released in June 2022, the survey responses are still being collected. Early indications are that the survey is an effective tool and its use will be expanded during FY23.

SEDEX has recently recognised that greater scrutiny and monitoring of human rights risks is needed in the service sector. The SEDEX risk assessment and data collation approach are substantially aligned with the direction taken for CRG/DJs non-trade risk assessments. This reinforces our confidence in the approach being taken with these non-trade suppliers.



“Across the range of products that we design, each of the steps involved in manufacturing are often different and nuanced depending on the product type, design and style, or the materials used.”

Our merchandise supply chain

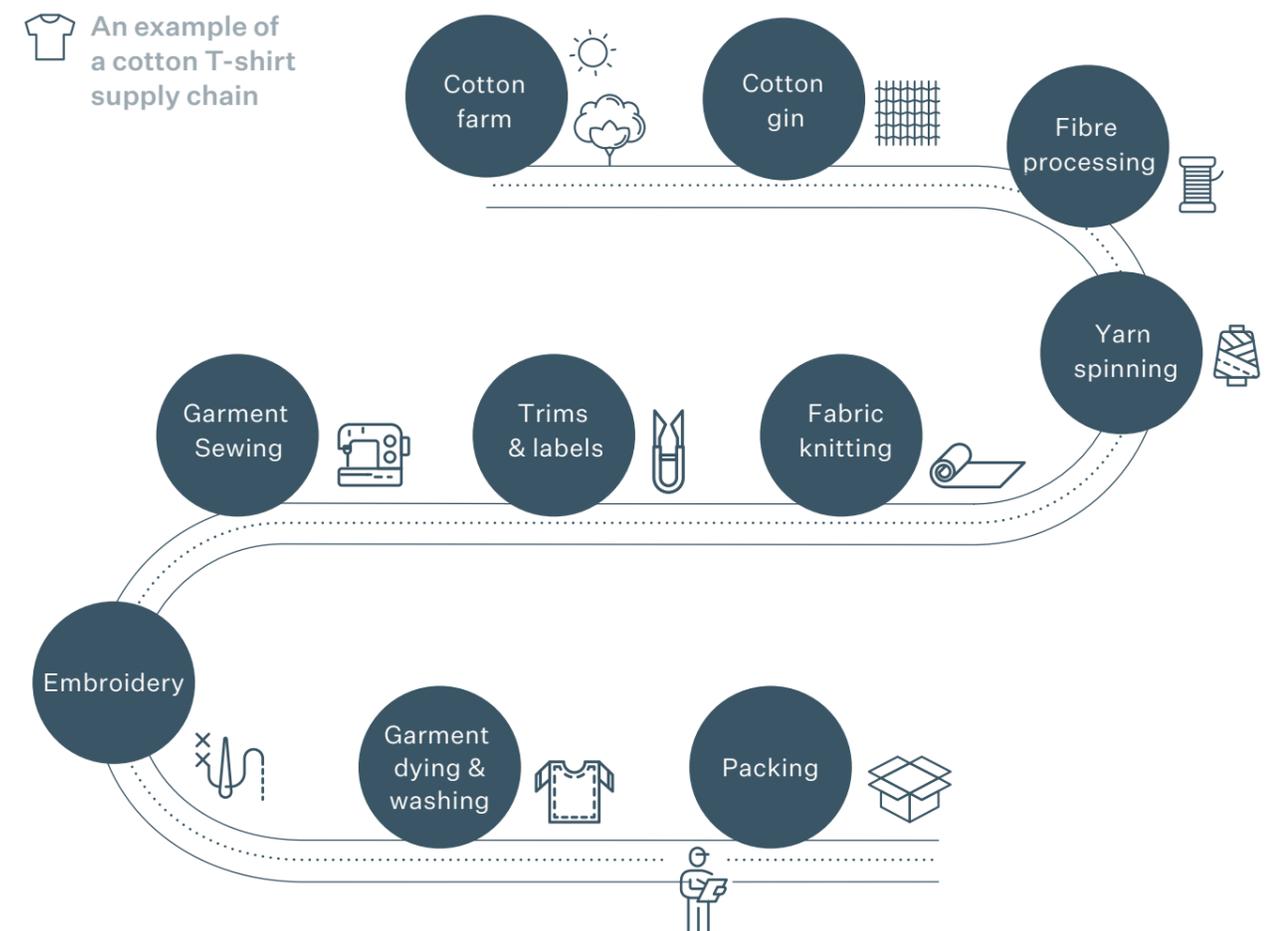
In FY22, our merchandise sourcing footprint covered 20 countries, where we partnered with 154 suppliers to manufacture our branded products in 266 finished goods factories). These suppliers may own the finished goods factory that makes our products, or they may sub-contract to factories approved by Country Road Group to complete the final production. The product range includes apparel, footwear, fashion accessories and homewares. Materials used in these products include many natural textile fibres (E.g. cotton, wool, linen), man-made textile fibres (E.g. polyester, nylon) and non-textile materials (E.g. leather, wood, glass).

Our contractual trading arrangements are primarily with our direct merchandise suppliers that own or engage factories to produce merchandise. We have contractual arrangements with some nominated fibre and fabric suppliers beyond these merchandise suppliers.

However, we do not have direct relationships with every entity involved in the complex supply chains of our products.

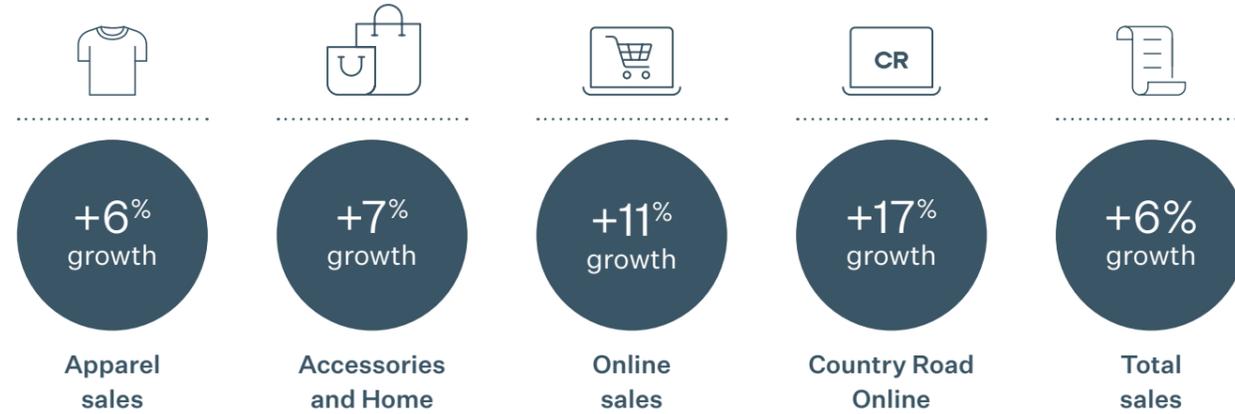
Across the range of products that we design, each of the steps involved in manufacturing are often different and nuanced depending on the product type, design and style, or the materials used. The range of activities involved in our fashion supply chain may include:

- Cultivation of raw materials (i.e. Cotton or Linen)
- Processing of raw materials into fibres, yarn, or hides
- Weaving, knitting, or bonding of the fibres into fabrics
- Wet processing including dyeing, washing, tanning
- Cut, Make, Trim and assembly (cutting, sewing, knitting, linking, moulding)
- Value Add processes (embroidery, trims, hardware, screen printing)
- Packaging, Labelling, Packing & Shipping





Sales statistics
(growth in units sold) – FY22



The connections between participants in the production supply chain are often complex and convoluted. Each stage of production may occur in singular or multiple countries and regions. Fibres may be grown in one country, shipped to another for converting into yarns before being woven into fabrics elsewhere. Some factories are vertically integrated and conduct multiple stages of production within the one facility. However, many supply chain participants specialise in certain aspects of production and act as component or service providers to other supply chain actors.

The continuing challenges of COVID-19 throughout FY22 forced changes and flexibility in our supply chain. Prolonged closures of stores in Victoria and New South Wales, followed by extreme lockdowns in Shanghai and surrounding provinces being some notable examples. Despite these factors,

the sourcing and sales performance of CRG during FY22 generally exceeded F21.

Some highlights being:

- An extra 2 million units sourced by the group during FY22, up by 12%, with this growth being consistent across all categories: Apparel, Accessories and footwear, and Home textiles and hardgoods
- All categories experienced growth in units sourced: Womens (+7%), Mens (+25%), Kids (+17%), Homewares (+11%)
- The largest increases in units sourced was experienced by Country Road (+19%) and Trenery (+15%)
- Sales units increased by 6% for the group: Mostly due to an 11% uplift in units sold online, with the largest online increases experienced for Country Road (+17%) and Trenery (+14%)

FY22 Sourcing statistics

Country	% of units ⁸	Factories (Tier 1)
China	87.7%	175
India	1.6%	34
Australia	0.5%	17
Bangladesh	4.3%	10
Vietnam	0.8%	8
Thailand	1.8%	3
Indonesia	1.4%	2
Other countries	2.0%	17

⁸ "Unit" means an item of merchandise sourced for retail sale



“Our commitment to improving the transparency of our supply chains continues to be a major focus for our business.”

Our commitment to improving the transparency of our supply chains continues to be a major focus for our business. A list of factories where we produce our products is publicly available on the group [website](#). In addition to this list, some of the individual brands continue to build greater levels of supplier transparency on their brand websites, which can include maps of production locations, additional information on the manufacturers, farmers, raw material sources and the processes involved in the production of goods.⁹

Sourcing statistics (brands) – FY22

Brand	Units sourced
Country Road	12m+
Witchery	3.3m+
Trenery	~1.6m
Politix	~600k
Mimco	~2m

Sourcing statistics (categories) – FY22



⁹ <https://www.countryroad.com.au/our-world/supplier-map/>, <https://www.trenery.com.au/behind-the-brand/our-mills/>, <https://www.witchery.com.au/know-your-clothes/supply-chain/>

¹⁰ An example of an active style (at time of publishing) <https://www.countryroad.com.au/verified-australian-cotton-heritage-sweat-60241299-302>

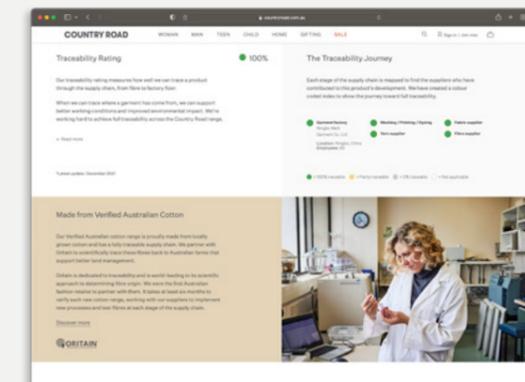
How are we
making progress?



CASE STUDY 2

The Traceability Journey

In demonstration of a commitment to transparency of our supply chain, Country Road Group has used information gathered from the Traceability Project (as outlined later in this report on page 33) to provide traceability information for customers on certain products. During FY22, selected styles have their information published¹⁰ with a commitment to continue to apply this lens to additional products in future.



*Providing traceability
information for
customers on certain
products*



Our merchandise supply chain footprint



Total Stores & Concessions

Total Apparel, Accessories & Homeware

Total Employees

Total Workers in our product supply chain (T1)



MODERN SLAVERY RISKS



Modern slavery risks in our supply chains and operations

Country Road Group recognises that the risks of modern slavery exist in the operations and supply chains of all businesses, including our own. We take an active role in identifying, assessing and addressing these risks.

This section outlines key potential areas of modern slavery risk in the operations and supply chains of the Country Road Group. Whilst our entities and their brands operate in a similar method, each of these entities' specific operations may vary, including due to the locations of their stores and supply chains, or the origins and types of raw materials used in the production of goods. These factors may impact the modern slavery risk profiles of specific entities within the Group. However, there are broad commonalities in the operations and supply chains across the Group and we work to understand and address our risks on a whole-of-group basis.

Modern slavery describes 'situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom'.¹¹ The MSA defines modern slavery as including eight forms of serious exploitation, which are explained in Appendix 2. Consistent with the [UN Guiding Principles on Business and Human Rights](#) (UNGPs) and the Australian Government's [official guidance](#) about the MSA, we understand modern slavery risks to mean the risk that we may 'cause', 'contribute to', or be 'directly linked to' modern slavery. These terms are explained in the following table.

Key term	Explanation	Hypothetical example relevant to the fashion sector
Cause	A business may cause an adverse human rights impact, such as modern slavery, where it causes the impact through its own activities or omissions.	For example, a logistics company could cause modern slavery by exploiting its workers used to crew shipping vessels.
Contribute to	A business may contribute to an adverse human rights impact, such as modern slavery, where its actions or omissions facilitate or incentivise the impact to the extent that it would have been unlikely to occur without them.	For example, a fabric wholesaler could contribute to modern slavery where it requires its suppliers to reduce costs to a level that could only be achieved by using exploited workers.
Directly Linked to	A business may be directly linked to an adverse human rights impact where its operations, products or services are connected to the impact through the actions of another entity with which it has a business relationship (such as a supplier) but the business has not caused or contributed to the harm.	For example, a fashion company could be directly linked to modern slavery where its supplier manufactures garments made using raw materials produced by a third party supplier engaging in modern slavery.

¹¹ [Australian Government Guidance for Reporting Entities](#)



“We continue to explore additional methods to further enhance our understanding of our modern slavery risk profile”

We recognise that modern slavery does not occur in isolation and can often be connected to other breaches of human rights, including in relation to failure to provide decent work or situations of substandard working conditions. We are committed to understanding and addressing our modern slavery risks as part of our broader efforts to respect human rights, including by integrating our assessments, actions and responses to modern slavery within our broader ethical sourcing and human rights program.

Using the above framework to review our operations, our supply chains risks and due diligence actions, the assessment undertaken concluded that Country Road Group is unlikely to *Cause or Contribute* to instances of modern slavery in its supply chains or operations.

This is substantially attributable to the modern slavery risk management controls that CRG has in place. The Country Road Group modern slavery risks (as described in our previous Modern Slavery Statements¹² and within this FY22 statement) are more likely to be categorised as “*Directly Linked*”. This is due to risks sitting deeper within our supply chains where the actions of our suppliers and their sub-suppliers may cause or contribute to instances of modern slavery. In line with the UNGPs, CRG recognises that it should aim to build leverage when/if directly linked to modern slavery and to use that leverage to address the modern slavery risks.

We continue to explore additional methods to further enhance our understanding of our modern slavery risk profile and inform our modern slavery risk management approach.

These strategies include:

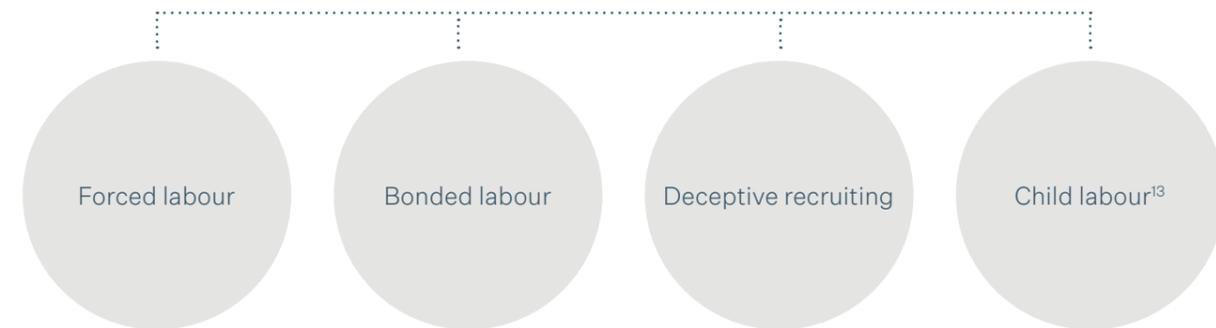
- monitoring global news regarding human rights, forced labour and modern slavery issues,
- connecting with industry peers, NGO’s and multi-stakeholder initiatives to stay abreast of the ever-changing risk landscape,
- consulting and utilising risk screening and monitoring technology partners (such as ELEVATE),
- ongoing monitoring of our suppliers by maintaining diligent and robust factory audits and Self Assessment Questionnaires (SAQ’s), and
- engaging with notable global experts to continually challenge our procedures and redirect our efforts to address risks.

Further information about these actions is set out in subsequent sections of this statement.

¹² [Modern Slavery Statement FY20](#) & [Moderns Slavery Statement FY21](#)



Examples of
modern slavery
risks indicated
from our FY20 risk
assessment



Assessing our modern slavery risks

In FY20 reporting period, we undertook a risk assessment with an expert third-party organisation to identify potential areas of modern slavery risk across our operations and supply chains. Though the complexity of supply chains is continually evolving, the findings and guidance contained within the FY20 risk-assessment remain as relevant today as when first conducted. Applying information gathered from this risk assessment and reviewing the ongoing activities in our operations and supply chains, we consider the most likely types of modern slavery for the Country Road Group in the FY22 reporting period are:

- Forced labour
- Bonded labour
- Deceptive recruiting
- Child labour¹³

Underlying factors and indicators that drive these risks may include:

- Use of migrant labour or unskilled labour in supply chains (including the production of raw materials) where workers are more vulnerable to exploitation
- Unauthorised subcontracting which could lead to unknown actors involved in the provision of goods or services who may be engaged in modern slavery
- Potential involvement of children in extended supply chains, including in hazardous or harmful work, such as the production of raw materials
- Extreme working conditions such as excessive overtime hours or lack of rest days
- Underpayments of wages or social insurances, and
- Lack of transparency and willingness to collaborate.

We monitor both macro risks and any specific risks that may be associated with the businesses engaged in our operations and supply chains. We source information on these risks from various resources including desktop research, media monitoring, industry expert advice, multi-stakeholder initiatives, non-government organisations, industry partners, peers and our suppliers. We are conscious of COVID-19 and the associated modern slavery risks heightened by the pandemic both internationally and domestically.

The global clothing and textile industry has been largely dependent on human labour. Globalisation of supply chains has increased the global exposure to modern slavery risks in emerging economies which have built their competitive advantage through the supply of low-cost labour and international trading arrangements.

The correlation between low skilled labour and labour-related issues occurring through the exploitation of an uneducated and vulnerable workforce has been widely documented.

We seek to directly assess and address these particular risk indicators through our contractual agreements, codes and policies, our Approved Factory Program (**AFP**), broader ethical sourcing actions with our suppliers, and via our employment arrangements with our direct workforce. More information on these actions is provided later in this statement.

¹³Modern Slavery Act 2018 (Cth) defines “the worst forms of child labour”, however the reference above to “child labour” refers to more prevalent general child labour risks



Potential modern slavery risk areas

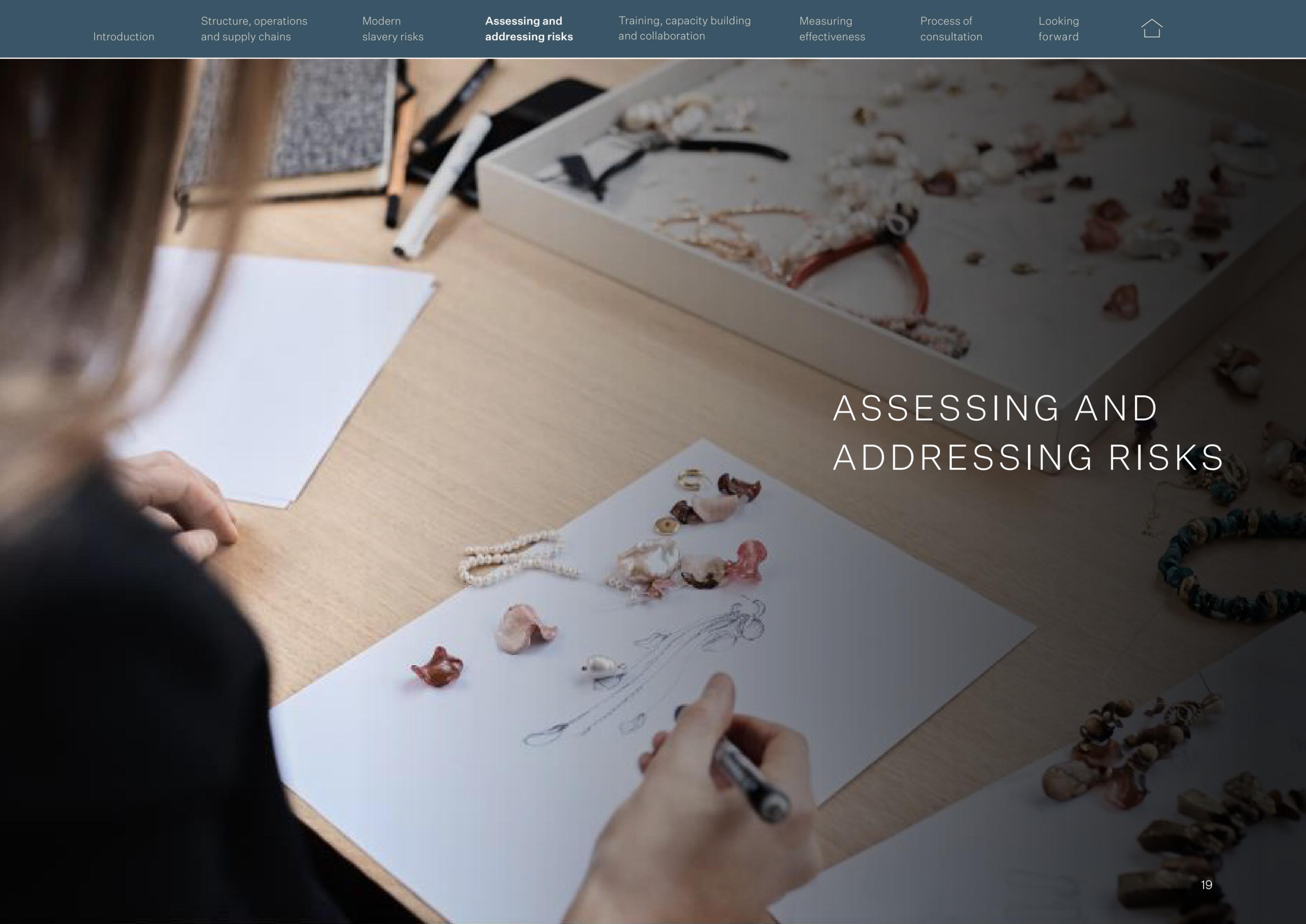
We recognise that modern slavery risks can occur in entities’ operations, as well as their supply chains. However, we have assessed the risks of modern slavery occurring in our direct operations (including our retail stores, head office support centre and the direct employment of our staff) as low. This reflects the strong controls we have in place, which include employment contracts with all our directly employed team members which are aligned with either an Enterprise Bargaining Agreement, relevant Award or Individual Employment Contract. We also comply with relevant workplace laws, including the Australian Fair Work Act. Our people team regularly review our employment agreements and our internal people policies to ensure that they meet, and where possible exceed, legal requirements.

As set out in the accompanying table, we recognise that broader elements of our operations and supply chains, including engagement of services providers to support our activities, may pose potential modern slavery risks.

Risk areas in our operations	
Context	Potential hypothetical examples
 <p>Industry risk factors</p>	<p>We engage service providers to support our operations from industries recognised as having higher modern slavery risks, including cleaning, security and labour hire for our stores & omni fulfilment centre.</p> <ul style="list-style-type: none"> • Cleaning and security services providers or their subcontractors could exploit workers providing services on Country Road Group sites • Labour hire workers engaged through third parties to work in our omni-fulfilment centre could be exploited by the labour hire provider
Risk areas in our supply chain	
Context	Potential hypothetical examples
 <p>Geographic risk factors</p>	<p>We source and procure merchandise and goods that are not-for-retail from a range of countries, including countries which may have a higher vulnerability to modern slavery due to factors such as poor rule of law.</p> <p>We recognise the extended impacts of COVID on workforces globally: With labour shortages in all regions of supply leading directly to reductions in production capacities. This increases the risk of excessive overtime being used to fulfill order commitments and to creating environments within which modern slavery risks may appear.</p>
 <p>Industry risk factors</p>	<p>The garment and footwear sector is recognised as a high risk sector for modern slavery globally, including due to the widespread use of migrant labour and high levels of subcontracting. There are also risks associated with the transport and logistics sector, including in relation to the warehousing and shipping of merchandise and other products.</p>
 <p>Commodity risk factors</p>	<p>Key agricultural commodities have been widely documented to be of higher risk of potential modern slavery. This includes the harvesting and cultivation of cotton, and the collection of PET bottles used to make recycled polyester.</p> <p>For example: The Country Road Group is aware of the global focus on high risk regions for sourcing cotton being produced in countries with alleged state sponsored forced labour. Particularly in relation to cotton from the Xinjiang Uyghur Autonomous Region in China. Efforts to identify and address these risks include Supplier awareness & action workshops, our approved factory program (AFP) and the beyond Tier-1 traceability project (described on page 33).</p>

Additional human rights and environmental risks also sit outside of the modern slavery risks. We continue to monitor the relevant risks in our businesses as well as at a corporate group level, although we note that directly identifying situations of negative human rights issues, including potential instances of modern slavery were made harder during the reporting period, with COVID related restrictions continuing to restrict on-site and in-field assessments. Many of these additional risks are identified and noted within our Good Business Journey Sustainability Report¹⁴ published by our ultimate parent company Woolworths Holding Limited (WHL) headquartered in Cape Town, South Africa.

¹⁴ <https://www.woolworthsholdings.co.za/sustainability/reports/>



ASSESSING AND ADDRESSING RISKS



Assessing and addressing risks of modern slavery

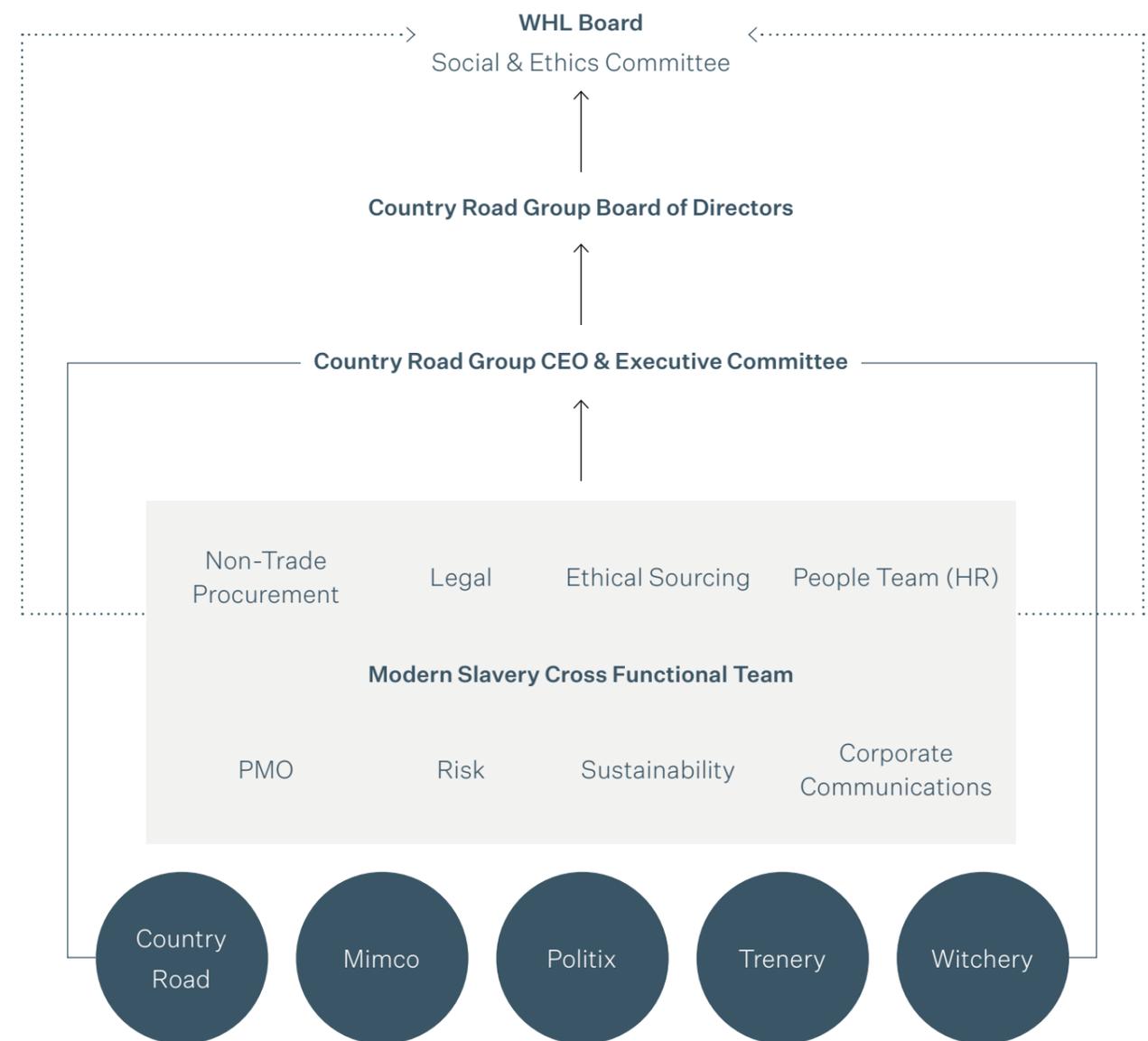
This reporting period, we took a practical approach to develop and trial new activities to extend our efforts to assess and address modern slavery and broader human rights risks.

We recognise that modern slavery can be challenging to identify and address and we are committed to implementing practical approaches to uncover and disclose modern slavery risks in our supply chains and operations.

We work to identify, assess, and address modern slavery and broader human rights risks in an agile and adaptive manner. This section of the statement explains how we have integrated modern slavery into our governance structure, outlines our policy framework and explains our due diligence and remediation processes.

Governance

Human Rights responsibilities (including in relation to modern slavery) are managed at the highest level across our companies and are integrated into our governance framework. The Board of Country Road Group Pty Ltd is directly responsible for the activities taken by all owned and controlled Australian entities to assess and address modern slavery risks, including our reporting obligations under the MSA. Our ultimate parent company, WHL, also has direct oversight on modern slavery through the WHL Social and Ethics Committee.

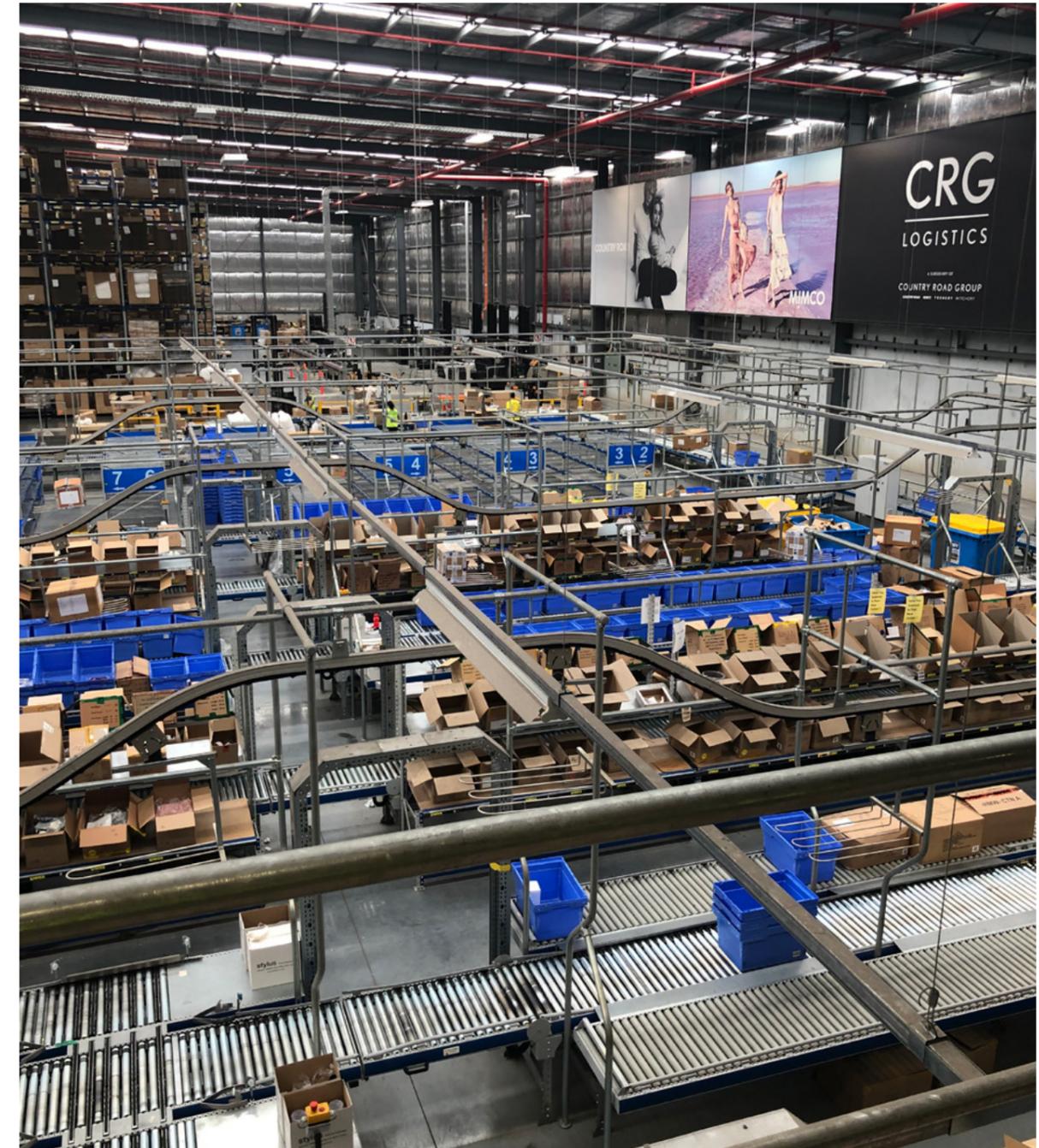




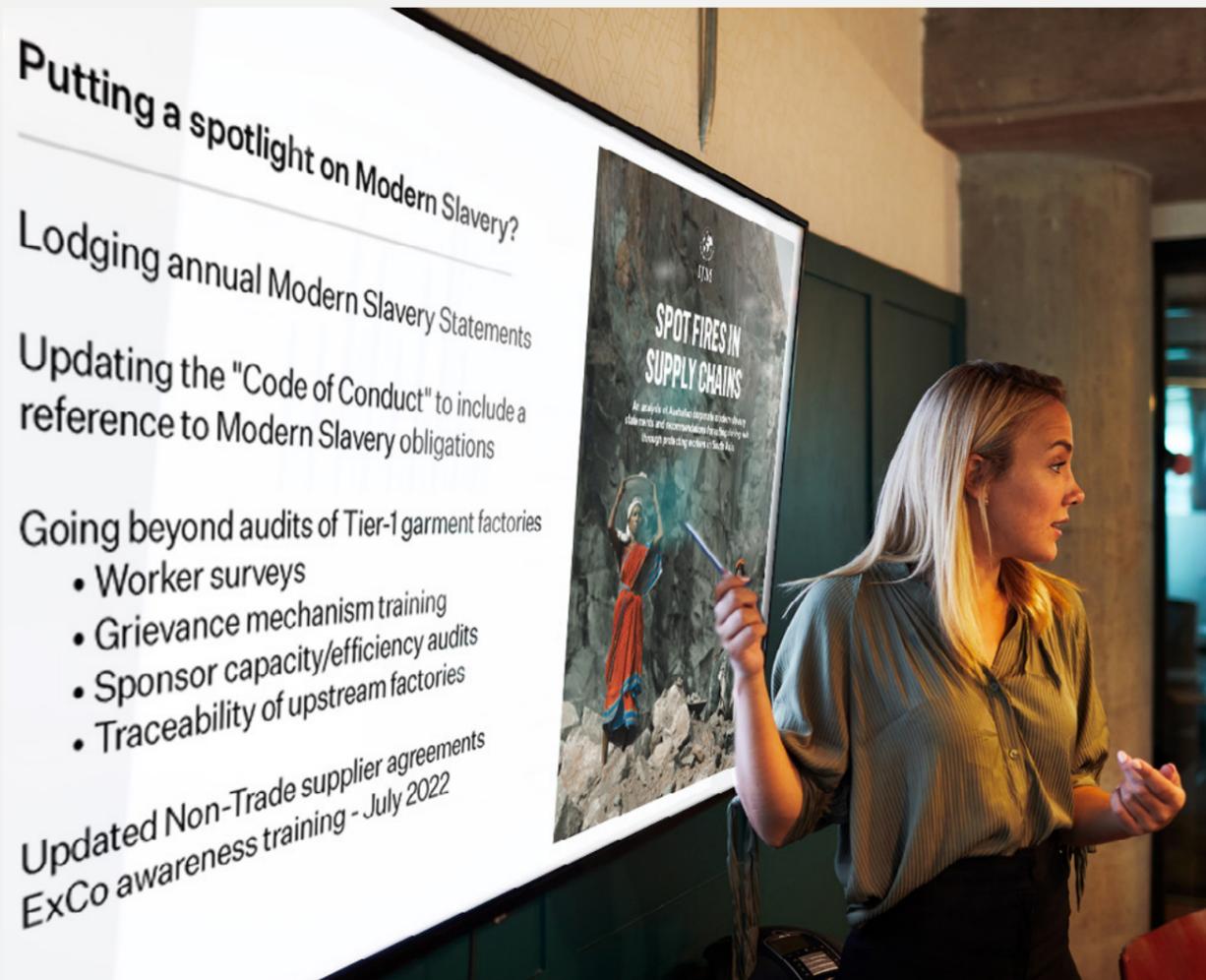
“We continually review all the existing risks and mitigation strategies at a more granular level to assess the effectiveness of current controls and identify opportunities for improvement.”

On a day-to-day basis, we monitor and manage modern slavery risks related to our business activities through our Modern Slavery Cross-Functional Team (CFT). The CFT, comprising representatives from Human Resources, Legal, Risk and Ethical Sourcing Teams, meets on a monthly basis to share information on modern slavery actions across the business, to embed modern slavery and broader human rights

knowledge deeper into our businesses, and to provide key inputs and consultation into the development of this statement. Members of the CFT are to provide updates (as required) to senior executives including the CEO, Company Secretary, Executive Committee, General Counsel, Global Head of Sourcing and Group Chief Operating Officer.



Country Road Group's Omni Fulfillment Centre



How are we making progress?

CASE STUDY 3

Putting a spotlight on Modern Slavery

Do our team members and business partners have a real comprehension of “modern slavery” and its pervasive nature? Are perceptions still grounded in “slavery” as it has been historically portrayed and a belief that this is a third world problem that does not occur in developed countries such as Australia? Modern slavery is not just a third world problem. Australian Government estimates that there are up to 1900 victims of modern slavery in Australia at any one time, and that for every one that is identified by the AFP, four go undetected.¹⁵

How do we change these misperceptions and put a spotlight on “modern slavery” that more clearly demonstrates that human rights risks are potentially hidden within our own operations and within our extended supply chains? Through persistence and patience as we train and educate all stakeholders.

For example:

- Sourcing Manager’s attendance at the Country Road monthly “CR-Crew huddle” during April to present to all Sourcing team members with an introduction to modern slavery and to share the steps the group is taking to identify and address modern slavery risks within our operations and our supply chains.

- Modern Slavery training of the CRG ExCo Team: Planned for FY22 but conducted in July 2022¹⁶ by human rights specialists: “Pillar Two”. This session involved a strategic briefing about modern slavery risks for CRG and how they are being managed, as well as an update on evolving legislative frameworks and discussion of opportunities for ExCo to further refine CRG’s response. Pillar Two is now developing modern slavery training modules for the next tier of management to assist them to better understand possible modern slavery for our business. To ensure all CRG staff are aware of modern slavery, including red flags, and what to do if they identify modern slavery, Pillar Two is also developing broader modern slavery e-learning awareness modules for all CRG team members.
- Presentation in June 2022 to the Witchery Marketing team by Internal Ethical Sourcing team on ‘Worker Empowerment’. This included an update on the Baptist World Aid (BWA) 2021 Ethical Fashion Report¹⁷, which surveyed brands in Australia and New Zealand on 18 different topics including policies & governance, worker empowerment, and environmental sustainability. Country Road Group received an A score, which was above industry average.

¹⁵ [Estimating the dark figure of human trafficking and slavery victimisation in Australia \(aic.gov.au\)](https://aic.gov.au)

¹⁶ Noted that CRG ExCo training has now been delivered by human rights specialists – Pillar Two – 5 July 2022

¹⁷ Baptist World Aid FY21 Ethical Fashion Report <https://baptistworldaid.org.au/resources/ethical-fashion-guide/>



“This suite of codes helps to effectively manage modern slavery and human rights risks in our supply chains and our operations.”

Policy controls

Country Road Group has a clear set of codes, policies and protocols with which our people and suppliers are required to adhere. These codes and policies operate equivalently and consistently across the full group, including owned and controlled entities. This suite of codes helps to effectively manage modern slavery and broader human rights risks in our supply chains and our operations. We understand that the implementation of these policies should focus not only on the risks to the business, but on preventing and addressing risks to people.

These core documents are accessible to staff members and suppliers within either contracts or agreements, on our company intranet, through the supplier portal and in some cases, on our corporate or brand websites.

Some of the key control documents and policies include:

Policy, Protocol or Mechanism	Description
Employment Contracts	Formal legal agreements between Country Road Group and employees which clearly specifies each party's responsibilities including in regard to adherence to laws, our codes and policies
Award/Enterprise Agreements	Formal agreements setting our terms and conditions of employment, wage rates, overtime rules and leave arrangements
Employee Code of Conduct	Details the standards of behaviour and ethical conduct expected of employees
Workplace Behaviour and EEO Policy	Set out obligations to behave appropriately in the workplace and provides guidelines on how to access support and how to resolve a complaint
Discrimination, Harassment and Bullying Policy	Provides guidelines and processes for resolution of concerns in relation to workplace behaviour
Whistleblower policy	Provides guidance on how improper or criminal conduct (such as instances of modern slavery) can be confidentially disclosed and will be investigated
Ethics Hotline Procedure	Details the procedure by which Ethics Hotline calls, emails and website submitted complaints/tip-offs and whistleblower complaints are received, escalated and managed
Grievance and Dispute Resolution Policy	Designed to raise awareness about, and provide a fair and just working environment, by ensuring that team members have access to processes for the resolution of genuine personal grievances relating to the workplace
Supplier Agreements	Formal legal agreements between Country Road Group and suppliers which clearly specifies each party's responsibilities including in regard to adherence to laws, our codes and policies
<u>Supplier Code of Labour Practice</u>	Sets out the expectations of our suppliers in relation to health and safety, labour rights
Ethical Sourcing – Approved Factory Program	Framework for all suppliers and factories to adhere to when supplying goods for sale to our business



“Compliance with the Supplier Code of Labour Practice and Supplier Agreements is monitored preventatively through the AFP.”

In our supply chain, Country Road Group’s Supplier Code of Labour practice¹⁸ sets clear expectations for suppliers’ and factories’ working conditions as they undergo the activities of sourcing and production for CRG goods.

These requirements extend beyond our direct suppliers to sub-tiered suppliers, where these standards are expected to be promoted and managed by our direct suppliers.

The Supplier Code of Labour Practice, and the Supplier Agreement, which prescribes adherence to the Code, prohibit the use of slavery-like practices, including forced labour and child labour. It also outlines expectations to prevent discrimination, excessive working hours, unsafe working conditions, or anti-unionisation measures that may lay the foundations for modern slavery to occur. Compliance with the Code and Supplier Agreement is monitored

through the AFP which involves independent third-party social compliance auditing of factories producing our products. Non-compliances identified in these audits result in a corrective plan (agreed with CRG) being implemented which are then monitored to ensure all issues are rectified.

During the FY22 reporting period, the Code of Labour Practice (the Code) was updated to include specific references to modern slavery and traceability/transparency requirements. The Code was disseminated to all suppliers during the FY22 reporting period with the provisions of the Code applying immediately, superseding the previous version. The Code (in its current or previous forms) is integrated into our local and international supplier agreements that all direct suppliers must sign prior to commencing as a supplier of goods for Country Road Group.

¹⁸ <https://www.countryroadgroup.com.au/images/assetimages/sustainability/CRG-Code-of-Labour-Practice-May-2022.pdf>

How are we making progress?



CASE STUDY 4

Ethics Hotline

Country Road Group strives to be an ethical business, with robust policies and procedures to reduce the likelihood of human rights breaches, including modern slavery. However, instances of ethical misconduct may still arise. It is important that team members, customers, suppliers and contractors have an opportunity to report their concerns safely, confidentially and without fear of retribution. Country Road Group provides this opportunity through the “Ethics Hotline”.

It is important that team members, customers, suppliers and contractors have an opportunity to report their concerns safely, confidentially and without fear of retribution.

The Head of Internal Audit provided an Ethics Hotline business update in May 2022 in which he stated “We rely on our team members, customers, suppliers and contractors to be our eyes and ears and report any ethical misconduct they may come across – to ensure we live our values, maintain community confidence and meet our ethical standards and obligations.”

The Ethics Hotline allows suspicious activities such as the following to be reported and investigated:

- Improper conduct such as an actual or potential crime, failing to comply with legal obligations or jeopardising health and safety
- Highly sensitive issues in the workplace such as sexual harassment, bullying or racism
- Disregard for internal policies or abuse of company property
- Supply chain irregularities such as collusion or offering kickbacks to gain a tender
- Abuse of authority such as using a position of power against team members or for personal gain
- Concerns or suspicions of improper or illegal use and treatment of workers within CRG/DJs supply chain partners: including cases of suspected modern slavery.

The Ethics Hotline is another tool at Country Road Group’s disposal to help expose potential cases of modern slavery, to investigate appropriately and to take remedial action as necessary.



Our contractual controls help Country Road Group mitigate adverse human rights impacts by setting clear minimum requirements and creating responsible boundaries within which our suppliers agree to operate.

Key contractual obligations include:

- Prohibition on unauthorised subcontracting (to facilitate visibility of supply chain risks and ensure sub-contractors respect international human rights);
- Requirement that all factory sites undertake our social auditing procedures (to monitor working conditions and practices on the ground);
- Obligation on all suppliers and sub-suppliers to comply with local law or ETI base code as per procedures carried out in the auditing process (to ensure workers' rights are respected in practice)
- Zero tolerance clauses included to deter use of forced labour and modern slavery like practices (to highlight CRG's focus on ensuring these practices do not occur in its supply chains).

There may be times where our expectations are not being met and we are committed to working with our supply chain partners to achieve change over time. If a supplier is unwilling to address breaches of our standards, or has registered a critical or zero-tolerance issue, Country Road Group has the right to terminate the trading arrangement if required.

Assessing and addressing operational risks

As noted above (on page 18) we have assessed the risks of modern slavery occurring in our direct operations, as low. Due to the employment contracts that we have with all our directly employed team members, along with our internal policies and compliance with various relevant workplace laws.

Labour Services in our operations & Supply Chain

We continue to investigate and understand the risks associated with labour hire arrangements in our business that may be utilised by our service providers, such as cleaning contractors. For example, in FY22, we looked deeply into the operations of our non-trade suppliers to conduct a risk assessment. Whilst this remains a work-in-progress, we take some confidence in our approach through its alignment with current SEDEX risk-assessment modelling of organisations founded on the provision of services. More details about risk assessments of NTP suppliers is provided in case study 9.

We will continue to engage with these suppliers to support them in their efforts to identify and address adverse human rights impacts, including modern slavery, and to expand this work across other labour hire providers in our supply chain.

How are we making progress?



CASE STUDY 5

Locally produced

The Textile Clothing and Footwear (TCF) Award includes a Schedule covering "Outworker And Related Provisions" for TCF items manufactured in Australia. The Award provides protection for outworkers (also called homeworkers) that have historically been vulnerable to exploitation. Compliance with all aspects of this Schedule is required when a brand (defined as a "principal") makes arrangements with a local entity to produce and supply TCF goods.

Post COVID, there has been an emerging trend and intention for customers to "support local".

Post COVID, there has been an emerging trend and intention for customers to "support local". Recognising this, Country Road engaged the services of a local textile mill – to design, develop and produce a range of Made-in-Australia sweat tops and t-shirts. ABMT was selected as a partner due to their established sustainability credentials and being Ethical Clothing Australia (ECA) certified.

Though partnering with a credentialed local supplier, there were still some requirements of the TCF award that required further internal procedural changes. Requirements such as Country Road Group being registered with the TCF Board of Reference, supplier contracts/agreements needing to include specific mention of the Outworker Schedule, and for "work records" (as defined in the Award) to include specific information (such as production addresses, detailed accounts of the work to be conducted, the number of units to be produced and the price to be paid).

The Country Road Group has now formalised its registration with the TCF Board of Reference and, in accordance with the Award requirements, submits a quarterly list of local entities used in the production of locally produced TCF products. A full review of CRG documents (such as supplier contracts/agreements, purchase orders and work records) led to some relatively minor changes to address technical anomalies and to ensure full compliance with the TCF Award provisions.

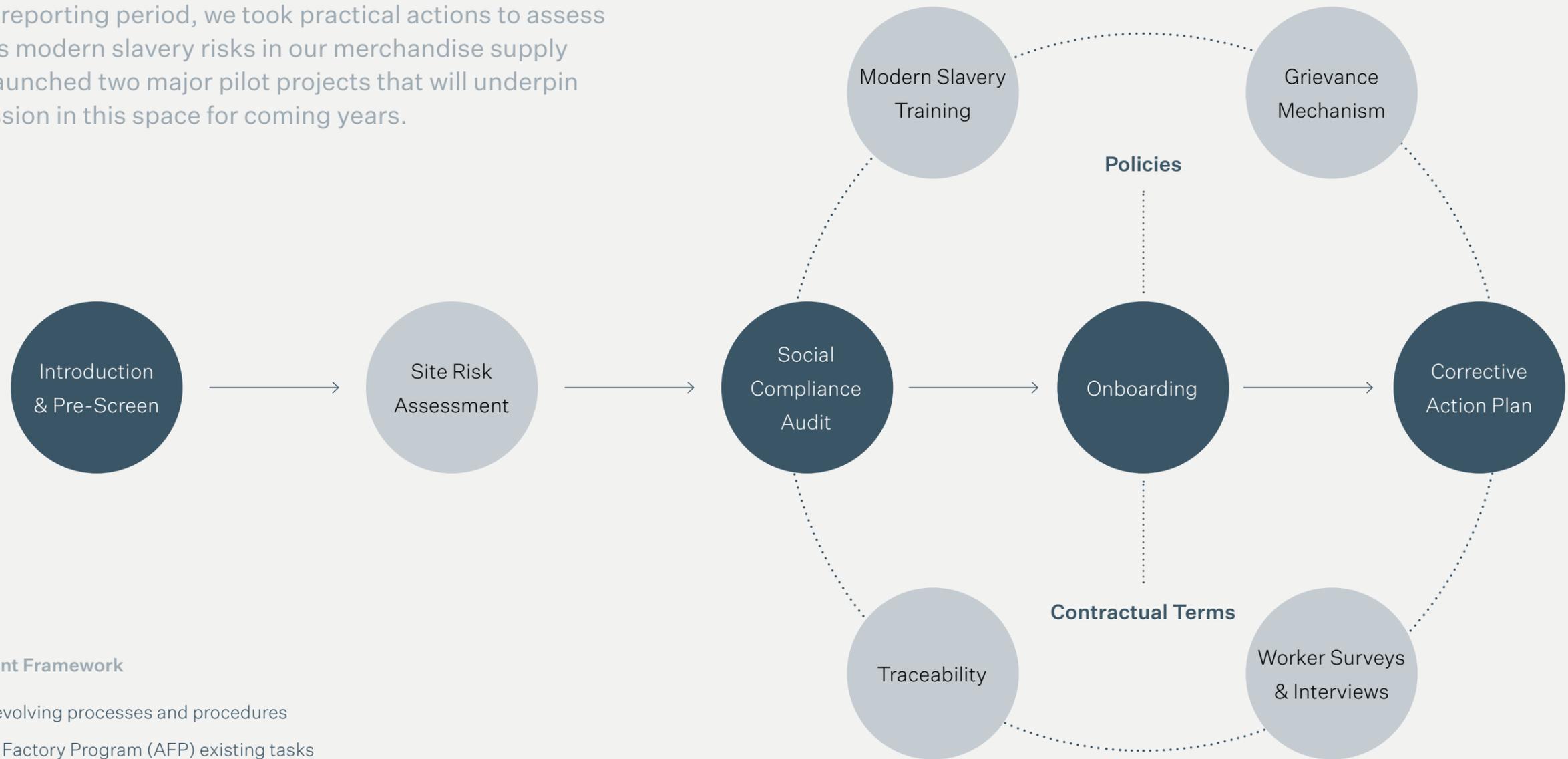
Widespread compliance with the outworker provisions of the TCF Award provides enhanced visibility of where outworkers are used within the local TCF supply chain. This allows Fair Work Australia and the Union¹⁹ to monitor and engage with principals, employers and outworkers alike and to provide appropriate support and protection for vulnerable home workers, which then reduces the potential for modern slavery and other human rights risks to perpetuate.

¹⁹ CFMEU – TCF Division



Assessing and addressing our merchandise supply chain risks

During this reporting period, we took practical actions to assess and address modern slavery risks in our merchandise supply chain and launched two major pilot projects that will underpin our progression in this space for coming years.





“Social compliance audits remain an important tool for engaging our suppliers and factories.”

Our due diligence processes

We take a number of actions in our due diligence to identify and assess any actual or potential human rights impacts in our operations and supply chains. Our human rights approach, which includes modern slavery, is aligned to the concept of human rights due diligence in the UNGPs.

We understand that our supply chain operates in an environment with a higher risk of potential labour-related issues due to geographical and industry risk factors. Our AFP continues to be our primary management tool for identifying, preventing, and mitigating any violations of human rights, including forms of modern slavery.

Country Road Group’s AFP involves suppliers’ factories being assessed against our updated Supplier Code of Labour Practice which is aligned to the ETI Base Code Assessments are carried out through a range of methods including self-assessment questionnaires and on-site audits conducted by independent certified third-parties that identify and assess actual and potential human rights risks, including modern slavery. Through these audits, factories are assessed to identify workplace indicators that may lead to, or be a red flag for, modern slavery. This provides our business and the suppliers’ factories with clear corrective action plans to verify, remedy and close non-compliance issues.

How are we making progress?



CASE STUDY 6

SEDEX Mandate

SEDEX (Supplier Ethical Data Exchange) is an online platform that allows buyers and suppliers to connect and share social and ethical compliance data. It collaboratively improves responsible and ethical business practices throughout supply chains. While the SEDEX registration is now embedded in the onboarding process for new Country Road Group Tier 1 factories, there were some sites that were not registered on SEDEX and this gap represented a risk to the business.

*All Tier 1 factories
should be SEDEX members
by the end of FY22*

Having all Country Road Group suppliers’ factories registered on the SEDEX online system would improve the management of social compliance reports by having streamlined access to data, better management of non-compliances and allow the Ethical Sourcing Team to provide brand-specific factory risk assessments. The Country Road Group Executive Committee (EXCO) recognised these benefits and subsequently mandated that “*All Tier 1 factories should be SEDEX members by the end of FY22*”.

Some potential roadblocks to achieving 100% SEDEX membership included: The Country Road Group spend not being high enough; factories having insufficient time/resources; SEDEX membership costs being too high; and factories already being registered on other platforms. With these challenges in mind, the Ethical Sourcing Team devised a 12-month phased approach whereby every quarter each brand/department would onboard selected factories starting with sites with the highest spend and working to onboard the remaining factories in subsequent periods.

Though 100% SEDEX membership was not achieved in FY22, significant progress was made with only 11 factories yet to be registered.



These factory assessments are administrated and monitored by our Head Office Ethical Sourcing Team, and findings from these assessments are recorded and reported on in both ad-hoc and regular reporting processes. The most critical issues, where immediate interventions are required, are escalated to relevant stakeholders and our executive level for awareness, consultation and approval of actions to address issues. Resolution may include termination of supplier relationships where required, but our aim is always to work with suppliers to resolve issues where possible.

Despite generally acknowledged shortcomings associated with moment-in-time audits, social compliance audits remain an important tool for engaging our suppliers and factories. 61 social compliance audits (representing 23% of factories) were conducted during FY22 that were then assessed by the Ethical Sourcing Team. Partially in response to the SEDEX mandate (as detailed on page 27), we achieved a significant portion (91%) of active factories being registered on the SEDEX platform: A system which provides increased visibility of factory risk profiles and enables active management of non-compliances and audit renewal schedules.

How are we making progress?



CASE STUDY 7

SEDEX Sponsorship

As part of the Approved Factory Program (AFP), CRG now requires Tier 1 factories (those who produce the finished products) to be registered with SEDEX. The information from this online platform provides increased visibility of factory risk profiles and enables active management of non-compliances. It is acknowledged though, that for some of the smaller suppliers/factories (such as those who may only be used seasonally), this requirement represents a significant time and cost outlay which may also feel overwhelming.

No instances of modern slavery were identified through AFP audits during this reporting period

To demonstrate our commitment to support and collaborate with suppliers, a sponsorship initiative to encourage SEDEX registration was introduced during the late stages of FY21. The Ethical Sourcing (ES) Team nominates suppliers/factories that would benefit from sponsorship with eligibility being based on factors such as small annual spend, seasonal production, minimal order quantities, hardship factors and promoting good faith partnerships. The sponsorship involves the payment of the site's first year of SEDEX membership on the condition that the facility completes self-assessment questionnaires initially and then assumes accountability for membership fees in subsequent years.

The initiative was developed and launched by the ES team in late FY22. Though just recently introduced, two suppliers/factories have already accepted the offer of sponsorship. We plan to expand this approach during FY23.

No instances of modern slavery were identified through AFP audits during this reporting period, although we did identify broader issues relating to excessive working hours and health and safety, which, if left unaddressed, can give rise to modern slavery practices. The way Country Road Group addresses these issues is discussed below under "Tackling the Main Issue".

Tier 1 factories, those producing merchandise for sale through stores and on-line, are most likely to have human resource risks directly linked to our businesses. For this reason, Tier 1 factories are captured in our AFP and undergo audits and assessments as part of our requirements. During FY22, 44 new factories were added to AFP, with 41 previously registered factories becoming inactive



“Country Road Group sourced products from 20 countries in this reporting period, many of which continued to suffer from the ongoing impacts of COVID-19.”

Country Road Group sourced products from 20 countries in this reporting period, many of which continued to suffer from the ongoing impacts of COVID-19 (e.g. long term isolation in Shanghai and surrounding territories). It was noted in both the FY20 and FY21 statements that the factories used in the production of our goods had difficulties meeting the AFP re-audit and compliance windows due to COVID restrictions. These operational and in-field challenges continued during FY22, but many have been substantially overcome or addressed during the course of the full year. According to our AFP control documents, of 10 factory sites that have expired audits (as at 30 June 2022) only one instance was due to COVID-19 disruptions.

Out of the 9 factories sites with outstanding audit, 3 factories sites are in process of being replaced by new factories. 2 factories have conducted the audit in FY23 and 4 factories are committed to providing an audit in FY23 before December 2022.

Summary of our Approved Factory Program for FY22

91%

of total sites registered on SEDEX (up from 53% in FY21)

61

on-site factory audits conducted and assessed

1

factory has an expired audit delayed by COVID

44

new factories added in FY22

13

Critical non-Compliances found in FY22 with “excessive overtime” being the dominant reason

95%

of factories retained compliance with the Approved Factory Program

41

factories removed from use (made inactive, no longer used for CRG production)

How are we making progress?



CASE STUDY 8

Auditing Tier 2 Factories

As part of our traceability project, apparel suppliers self-declare the end-to-end entities involved in the production of CRG merchandise. Whilst this provides a high-level supply chain map, it does not provide any insight into the credentials of beyond-Tier-1 entities. We recognise that social and ethical audits, as used as the basis for the AFP, have historically been applied only to Tier 1 factories, and that beyond-Tier-1 factories (such as fabric mills, yarn spinners, commission dyehouses and laundries) have had limited or nil historical exposure to such audits.

Whilst some non-compliances were identified, there were no critical non-compliances raised during the ethical audit conducted.

To determine whether the audit methodology would be practical and meaningful for deeper supply chain entities, we partnered with our largest apparel supplier to conduct SMETA 2-Pillar audits on the main knitting factory and yarn spinner used to produce key-volume products for Country Road Group. The audits found no evidence of practices such as child labor and forced labor, discrimination and harsh or inhumane treatment, or unauthorised sub-contracting. It was also noted that both factories have grievance mechanisms that align the UNGPs’ criteria of effectiveness for non-judicial grievance mechanisms. Whilst some non-compliances were identified, there were no critical non-compliances raised during the ethical audit conducted. These excellent results are in part attributable to the pre-work conducted by our supplier with the fabric mill and spinner.

With the fragmentation of the supply chain beyond-Tier-1 (on average, each supplier in the Traceability Project – as outlined later in this report – has identified 25 or more upstream entities) it would seem impractical to apply the audit approach across the full supply chain. We will need to consider other means by which we measure the credentials of upstream suppliers, such as through other forms of certification or accreditation that include elements or modules relating to human rights and worker welfare.



“We continue to explore processes and systems to strengthen our controls as part of our initial onboarding and continuous monitoring of our suppliers and their factories.”

Strengthening our AFP processes

In accordance with the principles outlined in the risk assessment completed by ELEVATE in 2019, in this reporting period we continued to interrogate and identify areas requiring new controls to improve monitoring and management of modern slavery risks. These actions included:

- Access to site-risk pre-screening, utilising the Supplier Risk Assessment Tool (Radar) on the SEDEX platform, alongside our AFP onboarding process.
- Maintaining a Critical Issues Tracking tool where our Ethical Sourcing Team track critical issues within our AFP. The tool is then used during internal monthly non-compliance meetings to monitor and drive remedial action with suppliers.

- Updating the De-registration list for factories who have been off-boarded due to unresolved critical issues or to being unresponsive to remedial actions. The list can then be used to cross-check applications for new factories and to prevent relisting those deemed unsuitable and inappropriate based on historical evidence.

We continue to explore processes and systems to strengthen our controls as part of our initial onboarding and continuous monitoring of our suppliers and their factories.

How are we making progress?



CASE STUDY 9

Guidance Principle when dealing with Critical Non-compliance

Country Road Group understands that human rights and labour rights violations are likely to be found in some areas of our supply chain. Violations may be detected during (but not limited to) factory-based social and ethical compliance audits. Risks and non-compliances identified through such audits will be classified – as critical, business critical, major or minor – with responses and actions prioritized accordingly.

Last year we partnered with Impactt to develop a guidance document for internal teams to deal with “excessive overtime hours”

It was reported in the FY21 statement that “excessive overtime” was the most common non-compliance identified in China based factory audits and that last year we partnered with Impactt²⁰ to develop a guidance document for internal teams to deal with “excessive overtime hours”.

Upon reviewing the guidance document during FY22, with its focus solely on “excessive overtime”, it was felt that the scope of the document was too narrow. CRG expanded the focus of the document to provide broader guidance for addressing reported non-compliances of any type (i.e. beyond just excessive overtime hours), entitled “Guiding principles when dealing with critical non-compliances”. This document, now in its final stages of review, includes an end-to-end process for engaging stakeholders (such as buyers, suppliers and factories), developing agreed corrective action plans, monitoring progress and escalation where commitments are not being fulfilled.

It is anticipated that this updated guidance document will assist our teams during FY23 and beyond to effectively address identified instances of excessive overtime or other concerning practices, and to thereby deliver on our commitments to contribute to the safety and wellbeing of workers in factories within our supply chain.

²⁰ Impactt – an entity with expertise in addressing human rights anomalies within the China-based production of fashion goods

**Tackling the main issues**

In FY22, the main critical issues found in AFP Tier 1 factory audits continued to be excessive working hours (including overtime and lack of rest days), and OH&S fire safety related issues. To prevent such issues recurring, Country Road Group engaged with industry experts to provide specific training and guidance to our Ethical Sourcing Team, suppliers and factories to address these issues, build capacity and empower factory management.

Mapping the Supply Chain to identify risks

The modern slavery risks noted above, and from our FY20 statement, are all derived from What, Where, How and Who questions. Knowing the supply chain is the first step in identifying the risks, assessing the risks and putting actions in place to address and provide remedy if required.

Where we are more likely to be directly linked to modern slavery issues is within Tier-1 factories, we also acknowledge the potential for modern slavery risks to arise throughout all stages of production. For our Tier 1 factories, we have estimated that over 100,000 workers are employed in these factories, many of whom would be involved in the production of our merchandise. Each of these workers, and the hundreds of thousands more involved in the cultivation, processing, transformation, and manufacturing of our products in earlier stages of production, are important to our business. We work with diligence and focus to ensure their safety and freedom from instances of modern slavery.

How are we making progress?**CASE STUDY 10****New supplier of Luggage**

The Approved Factory Program (AFP) ensures that Country Road Group (CRG) is partnering with suppliers and facilities who are equally committed to ethical sourcing. It allows the business to manage risks by preventing orders being placed with facilities who fail to meet the minimum requirements outlined in the CRG Code of Labour Practice. One of these requirements is that Tier 1 factories, with an annual spend of \$50,000USD, are required to submit a social and ethical audit report (third party audit) when being onboarded and thereafter on a 2-year repeating cycle.

In late 2021, the Country Road Menswear team requested a new fashion accessories supplier be onboarded to supply products for the 2022 March/April range. The proposed supplier offered favourable quality and price compared to the current supplier. With the annual spend projected to significantly exceed the \$50,000USD, the factory would be required to submit a current and recognised social compliance audit report. During initial conversations with the supplier, it was discovered that the factory had never previously participated in social and ethical audits.

With the time, labour and financial commitments required by factories to transition from being unaudited to successfully audited, the Country Road Menswear Team was advised that it would not be possible for the designated factory to be compliant in time for producing and supplying products for the March/April range. It was decided not to proceed with this supplier and factory.

This case study highlights the benefits of bringing the Ethical Sourcing Team into supplier/factory engagement conversations from the onset

This case study highlights the benefits of bringing the Ethical Sourcing Team into supplier/factory engagement conversations from the onset to ensure all parties are familiar with ethical and social audit requirements and compliant with the further obligations as enshrined within the CRG Code of Labour Practice. The overarching philosophy being that the business should be onboarding “better suppliers”, taking into account ethical and social standards alongside cost and technical considerations.



“We recognise that our responsibility to respect human rights extends throughout our supply chain”

We regularly collect data from our Tier-1 suppliers, mostly through the AFP audit procedures, but also through more targeted information gathering activities (E.g. in FY22, through a supplier sentiment survey and a grievance mechanism survey). Critical information is collected to identify potentially vulnerable people in our supply chain: Some of the data includes:

- Total worker numbers at each factory site,
- Gender ratios within each factory site, and
- Percentage of international migrant workers at each site.

The names, addresses and key statistics on Tier 1 factories is made public through our “factory list” which is published here.

We continue to have a priority focus on identifying the supply chain actors deeper in our supply chain, including by tracing our raw materials back through the value chain and obtaining critical information. We recognise that our responsibility to respect human rights extends throughout our supply chain and we are committed to strengthening our capacity to identify and address modern slavery and other potential human rights risks throughout our extended supply chain.

How are we making progress?

CASE STUDY 11

Supplier sentiment survey

The Ethical Sourcing Team issued a supplier sentiment survey shortly after factories returned to work from the 2022 Chinese New Year. The survey aimed to gauge how suppliers were feeling about prospects for the year ahead, referencing labour force management, COVID impacts and inflationary pressures on raw materials. The survey confirmed that suppliers were mostly buoyant about 2022 compared to the previous 2 years. However, world events that surfaced after the survey, such as the Russia-Ukraine conflict and extensive COVID lockdowns in China, would likely generate different survey results.

The survey was used to remain connected with the CRG supply base and to be aware of events that may be relevant and influential on the supply chain, including those that may potentially relate to human rights due diligence and modern slavery.



The survey was used to remain connected with the CRG supply base and to be aware of events that may be relevant and influential on the supply chain



How are we making progress?

CASE STUDY 12

Traceability project – Update

The traceability project, whereby the identities of facilities beyond our Tier 1 garment factories are being mapped, continued to evolve throughout FY22. The project involves the top 19 CRG apparel suppliers declaring the factory names of fabric mills, yarn spinners and fibre sources, alongside names of commission dyehouses, printers and laundries that are involved in producing or processing the key fabrications used for each style supplied per range-month. Though varying from month-to-month, the project captures almost 70% of products/units procured across the entire CRG business (i.e. almost 70% of apparel, accessories, homewares, footwear units), approximately 90% of all apparel products and will identify over 400 entities/factories involved in producing our products during peak months.

Business Coverage

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total Business	60%	68%	56%	54%	71%	55%	55%	68%
Apparel Business	91%	91%	95%	88%	84%	86%	88%	90%

The project tracks the completeness of responses received from the top 19 suppliers. If suppliers identify all parties involved in producing our apparel products, we rate this as “fully traceable”. We chart this across various periods (as per below extract), sharing this chart internally and with the top 19 suppliers to stimulate improvement. The peaks and troughs on the chart reflects the challenges of obtaining full and complete information from these top 19 suppliers for product ranges introduced during COVID-19 lockdowns with some responses thereby not being provided in time for inclusion in the analysis.

Three new phases of the project have commenced but remain works-in-progress as we head into FY23

Fabric mill data

With the names of fabric mills having been provided by top 19 suppliers, the focus moves towards establishing the credentials of fabric mills and whether their policies and procedures align with the CRG Standards and Codes. Fabric mill details (such as addresses, employee statistics, sustainability certifications) are being collated. There are some pockets of resistance from suppliers being wary of sharing such information where they feel their “IP” could be breached. This is a hurdle to be tackled during the course of FY23 as we move towards publishing fabric mill information by end FY23.

Politix supplier data

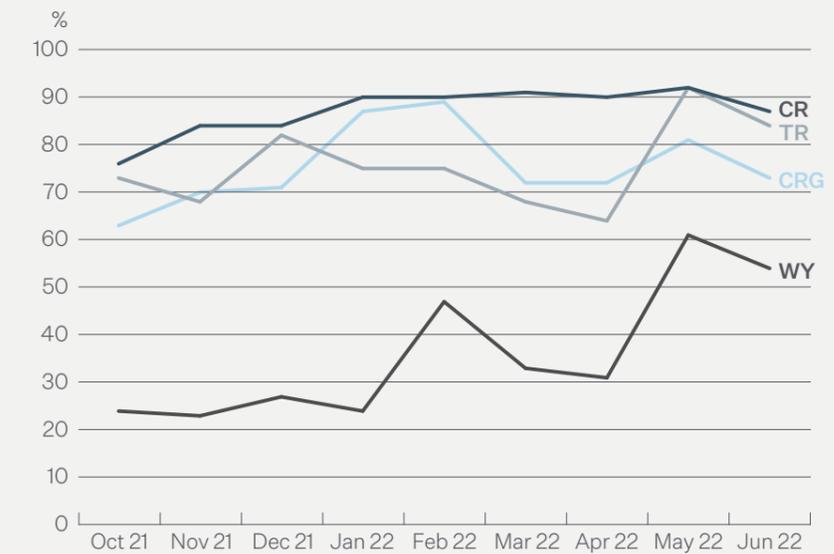
Politix product identification and ordering systems differ from those of other CRG brands, and prevents Politix suppliers from being included in the top 19 traceability project. Hence Politix traceability data is not included in the statistics or chart on this page.

As a separate traceability exercise, detailed product technical specifications were obtained for core fabrications. In addition to identifying production facilities beyond Tier 1 factories, the sheet includes detailed fabric, yarn & fibre specifications.

Beyond Tier 1 factories

Ethical compliance audits have traditionally been conducted only on Tier 1 factories (i.e. those factories that cut/sew finished garments). Tier 1 suppliers are very familiar with participating in such audits and in addressing any non-compliances that arise through the audit. Beyond Tier 1 (factories such as fabric mills, spinners and commission dyehouses) there has been little exposure to such audits. To understand whether the traditional Tier 1 audit methodology would be applicable and relevant to upstream factories, we partnered with our largest supplier to have social/ethical audits conducted on one key fabric mill and one yarn spinner. What are the key findings/observations? This is still being evaluated, with the lessons from this mini trial to be realised through FY23 and reported on in our next modern slavery statement.

Fully Traceable % for top 19 Apparel supplier



CR = Country Road, TR = Trenergy, CRG = Country Road Group brands, WY = Witchery

CRG - FABRIC TECHNICAL SPECIFICATION SHEET

FABRIC PRODUCTION DRIVERS

CRG Brand: Politix
 Fabric Mill: LANGYI TEX
 Fabric/Yarn No: LY200074 (DJ03 DP03 DV03)
 Fabric Composition: 84% Polyester 15% Viscose 1% Elastane
 Fibre Supplier: zhengda co.ltd
 Spinning Factory: ZHENGDA
 Dyeing Method: Piece dyed
 Printer - If applicable: Not applicable
 Sustainability: Dyeing OEKO-TEX, OEKO-100
 Claims and certificates: Dyeing OEKO-TEX, OEKO-100

Agent - If applicable: N/A
 Country of Origin - Fabric: CHINA
 Fabric Description: twill
 Country of Origin - Fibre: CHINA
 Spinning details: NORMAL
 Dyehouse (if not mill): ZHEJIANG HANGMIN CO.LTD

Date: 19 March 2022



Further to our work to identify sites and entities involved deeper in our supply chain, we additionally take actions to partner with multi-stakeholder initiatives to use raw materials grown or certified under globally recognised schemes. Programs with which we align include those that encompass additional forms of human rights due diligence assessments, or robust traceability through chain-of-custody arrangements, or sometimes both. In FY22, 84% of “cotton products”²¹ across the Country Road Group were sourced as “responsible fibres” meaning they were captured by one of these responsible-fibre programs or were traceable back to origins of fibres or both.

As an extended measure of assurance, we partner with forensic science organisation, Oritain, to conduct “forensic finger-print” testing to scientifically match selected wool and cotton fibres to the country-of-origin

being Australia. Oritain testing is used to confirm that fibres used in our products are actually from our designated sourcing regions (and not, for example, from higher risk regions). Country Road Group is currently in discussions with Oritain and other analytical laboratories to explore how expanded use of forensic-testing technologies could be used to reduce the risks of unauthorised subcontracting in the supply chain and of raw materials being substituted for those that have been grown or made using modern slavery or forced labour. It is anticipated that these discussions will continue during the year ahead, and testing protocols and pilots will subsequently be introduced.

In FY22, over 3.3 million units were made using or containing Australian raw materials or were manufactured in Australia. One-quarter of products containing Australian cotton or Australian wool were also verified by Oritain.



²¹ “Cotton products” is defined as those products for which the main fabrication contains 10% or greater cotton.



Worker Sentiment; Worker Voice

To continue “Making Progress” in assessing and addressing modern slavery risks, we must engage with and promote the voices of the most vulnerable workers who may be at risk of modern slavery.

In FY22, we continued to investigate and adopt new ways to listen to the workers in the factories producing our merchandise. We are in the planning stages for moving ‘beyond compliance’ to empower workers to raise concerns and to educate our business about current and emerging issues related to modern slavery. We anticipate this gaining traction during FY23.

How are we making progress?



CASE STUDY 13

Arche Advisors

As mentioned in our FY21 Statement, in the last reporting period Country Road Group (CRG) deployed a worker sentiment survey in one of our Pakistan factories to further assess any potential risks or issues, noting that Pakistan is considered a high-risk location for modern slavery²². A key finding of the worker survey was “...that potentially, child labour was used in the factory - specifically 1 worker under 14 years identified”.

CRG engaged an independent agency, “Arche Advisors”, to conduct an unannounced investigation

Based on these findings and the associated potential risks for workers, CRG engaged an independent agency, “Arche Advisors”, to conduct an unannounced investigation to scrutinise worker identity documents to confirm (or otherwise) that young and vulnerable workers were all of-age. During a facility walkthrough, the assessor identified 40 workers from which 15 “visibly younger” consenting workers were selected for private interviews. After the 2-day deep-dive assessment, no workers below the age of 15 were identified. CRG was satisfied that the factory was not using underage labour.

Although issues of child-labour were dismissed, a number of additional human rights risks were identified throughout the process, so the Ethical Sourcing Team made recommendations back to the business in regard to remediation and training opportunities. The brand team advised that after internal review, the apparel program through this factory was no longer proceeding so no future orders would be placed.

How are we making progress?



CASE STUDY 14

Leverage through networking

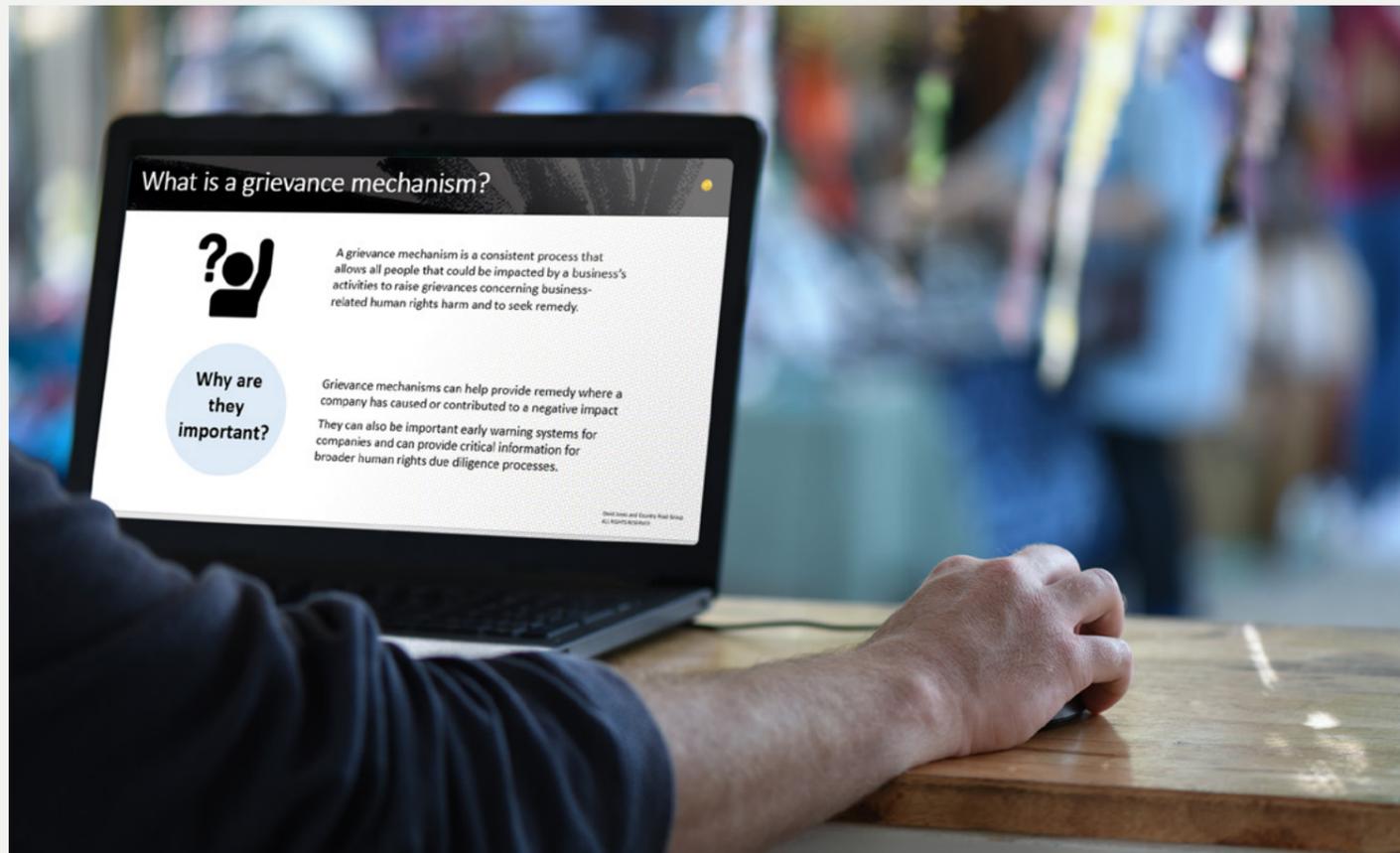
Suppliers may use self-owned factories to produce merchandise and/or assemble a portfolio of independent factories to produce merchandise. All factories are captured within the AFP meaning each factory is independently audited to ensure they operate in accordance with CRG Codes and standards.

“Excessive overtime” is the most frequently occurring non-compliance identified through audits. When identified, CRG expects the supplier to engage with factories to develop Corrective Action Plans (CAPs) that identify the root causes and commit to improvement actions. In the majority of cases, this is an effective and appropriate approach to addressing issues of concern. Remedy becomes more difficult though when suppliers have little leverage or influence over larger scale independent factories they partner with.

The Ethical Sourcing Team experienced such challenges in addressing audit non-compliances with a supplier and its denim factory based in China. The supplier was a small client for their factory, thereby having limited leverage over the factory to enforce corrective actions. The Ethical Sourcing Team identified that this factory was actually a major producer for high-profile international brands. The Ethical Sourcing Team was able to connect with one of these international brands and to then provide a detailed account of the excessive overtime audit findings. Though the international brand had not identified any analogous concerns through their own audit programs, they openly accepted the information provided and then took it upon themselves to engage directly with the factory.

It is often difficult to remedy human rights and other workplace non-compliance issues identified through factory audits. Typically, companies try to solve these on their own. This case demonstrates that there is real power in collaboration, especially if partnering with other companies with similar interests, risks and exposures who equally benefit from addressing the concerning practices. This approach aligns with UNGPs, that encourages businesses to use and build their leverage where possible to influence change.

²² www.globalslaveryindex.org



Understanding the importance of effective and robust grievance mechanisms for fostering positive worker experiences and reducing human rights risks, the Ethical Sourcing Team hosted a grievance mechanism webinar for Country Road Group suppliers and their associated factories.

How are we making progress?



CASE STUDY 15

Grievance Mechanism Webinar

“Grievance Mechanisms” in factories should be designed to allow workers to air grievances and report concerns about their treatment, as well as supporting businesses to understand where they may be involved in harmful practices like modern slavery. Such mechanisms should be trusted and accessible by workers without fear of retaliation. Country Road Group recognises the potential that there may be barriers to workers reporting concerns through their factory-based grievance mechanisms. For example, in many factories the current grievance channel is often a suggestion box which is placed in an open area, close to management offices and sometimes even under surveillance. It is a one-way form of communication, lacking transparency and equity in its process.

Understanding the importance of effective and robust grievance mechanisms for fostering positive worker experiences and reducing human rights risks, the Ethical Sourcing Team hosted a grievance mechanism webinar for Country Road Group suppliers and their associated factories. There were over 100 on-line supplier-attendees²³, with most suppliers assembling larger teams in board rooms to ensure wide participation. The session was recorded and shared with those unable to attend on the day.

The aim of the webinar was to help suppliers and factories understand:

- What is a considered or defined as a grievance
- The importance of effective grievance mechanisms
- How factories can build the process in their businesses
- Common myths about having a Grievance Mechanism.

In FY21 we piloted the “WorkerApp”, with the help of ELEVATE (an industry leader in on-location worker engagement focussing on human rights), with one of our key suppliers. Both ELEVATE and the supplier were guest speakers in this webinar and shared their experiences with the implementation, roll-out, continued use and ongoing performance of the WorkerApp. This stimulated a lot of questions and discussion amongst attendees.

A post-webinar survey was sent out to all suppliers for them to self-assess their current procedures against the best-practice principles shared during the webinar. It seems most suppliers and factories rate themselves highly. We did not expect such positive results through this survey, arranging independent assessments during FY23, using services such as those provided by ELEVATE, would seem an appropriate next step.

²³ Includes attendees from David Jones suppliers



“We maintain internal and external grievance channels for staff and workers in our supply chain and any of our operations to raise concerns”

Remediation Processes

In line with the UNGPs, we are committed to providing for or cooperating in remediation where we identify we have caused or contributed to human rights harm, such as modern slavery. We also understand we may play a role in remediation where we identify we are directly linked to human rights harm, including modern slavery.

We maintain internal and external grievance channels for staff and workers in our supply chain and any of our operations to raise concerns, which could include modern slavery related issues. Concerns relating to modern slavery or broader human rights risks such as the ‘physical conditions of work’ can be raised by Country Road Group staff directly with our Human Resources Team as outlined in our “Grievance and Dispute Resolution Policy”. This policy clearly outlines what issues constitute a grievance and additionally explains the process for a grievance to be assessed, verified and addressed. Concerns can also be raised

anonymously by staff or by employees of suppliers through an externally, third party run whistleblower hotline which is accessible by phone and ethics email. Grievances that are raised through this mechanism will be investigated confidentially.

All of these policies and processes are communicated to our staff at employee inductions, through our intranet and social workplace platforms and through communications at ‘Governance Week’.

As mentioned above, as part of our efforts to continue “Making Progress” with our actions throughout the reporting period, we developed and completed a “*Factory Grievance Remediation Procedure*”. This is a process and procedure guide for effective internal management of severe human rights issues in our supply chain including any suspected instances of modern slavery.

This procedure includes:

- How an issue or grievance is identified, captured, assessed, and escalated
- How issues may be investigated, including relevant and internal members forming a Cross Functional Team
- How remediation actions will be developed and agreed, which may include legal considerations
- How the procedure is designed to protect the complainant’s anonymity in order to prevent possible retaliation from employers or individual workers, and
- Any follow up training and monitoring required to ensure closure of the issue and to ensure no future harm to others.

The knowledge acquired through developing this remediation process has provided our Ethical Sourcing Team with added skills and understanding of issues, and increased awareness of the challenging processes that may be involved in identifying and managing precarious situations and providing remedy to victims.

²⁴ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

²⁵ The core members of the Cross Functional Team includes representatives from Ethical Sourcing, Legal, Risk, Corporate Communications and Brand Representatives (E.g. Buyer, Designer)

How are we making progress?



CASE STUDY 16

Grievance Remediation Policy

CRG recognises the importance of workers having “access to remedy” in line with the [UN Guiding Principles on Businesses and Human Rights](#)²⁴. The UNGPs expect businesses to establish or participate in effective operational level grievance mechanisms that enable the identification and remediation of any adverse human rights impacts.

During the reporting year CRG finalised revisions to the “Factory grievances – Remediation procedure”, a document that outlines steps suppliers should take to remediate worker grievances. This policy also provides guidance for the role that our business plays in supporting suppliers as they address factory level grievances. The remediation process outlined within provides a complete step-by-step guide for the Ethical Sourcing Team: Starting from when a grievance is first received, through to the completion of all subsequent stages (Stages include: The detailed internal investigation through the “CFT”²⁵, Handover to the supplier/factory management teams to provide “corrective action plans” and Monitoring of the grievance to ensure effective remediation.)

The development of this policy represents an important new module within the Ethical Sourcing Program. It promotes effective mechanisms for factory level grievances to be raised, investigated, and remediated, including grievances that represent or are indicators of modern slavery.



Training, capacity building and collaboration

We continue to identify new opportunities for training and awareness building within our operations and supply chains. As part of our actions to address modern slavery, we look to build the capacity of our employees and suppliers via training, collaboration with Industry Groups and supporting long-term relationships with our suppliers.

Actions in the reporting period included:

- Grievance Mechanism webinar for all suppliers hosted by CRG
- Modern Slavery training materials developed for the CRG Executive Team (Note: Training has been delivered in July 2022). Training modules for the next tier of management and e-learning modules for team members generally is currently being developed.
- Continuing our membership of the UN Global Compact Network Australia (UNGCNA), as well as participation as a sub-group member of the Modern Slavery Community of Practice (MSCoP).
- For the Modern Slavery Cross Functional Team, broadening the scope of participation and engagement to include additional representatives
- 3 Modern Slavery awareness training sessions during our annual ‘Governance Week’.
- Team members attending seminars and webinars on modern slavery and broader human rights issues.
- Continued consultation with peers, NGO’s, Multi Stakeholder Initiatives (MSI’s) and industry experts to understand further actions to assess and address modern slavery risks.
- Pillar Two, a business and human rights advisory firm, supported aspects of our modern slavery reporting.
- Participation in the IJM/KPMG Modern Slavery workgroup subsequent to the release of the *Paper Promises Report*
- Foundation member of the National Retail Association’s Modern Slavery workgroup
- Application for Ethical trade Initiative (ETI) membership commenced during FY22 (Note: foundation membership was granted in early FY23)

More details are provided in the following “Progress through collaboration” case study.



How are we making progress?

CASE STUDY 17

Progress through collaboration

Throughout the year, we continued to partner with like-minded companies to engage in discovery, strategic and in-practice improvement discussions on modern slavery, including through our continued UNGCNA membership, participation in the MSCoP sessions and being a foundation member of the National Retailer Association's modern slavery workgroup. All of these forums focus on sharing information to assist the building of robust processes and procedures to identify and address modern slavery risks.

Progress and further development were also achieved through frequent engagement with other human rights specialist and interest groups such as with:

ELEVATE

To help with in-field, at-source practical tools for exposing human rights and modern slavery risks (such as through worker engagement surveys and developing robust grievance mechanisms).

Pillar Two

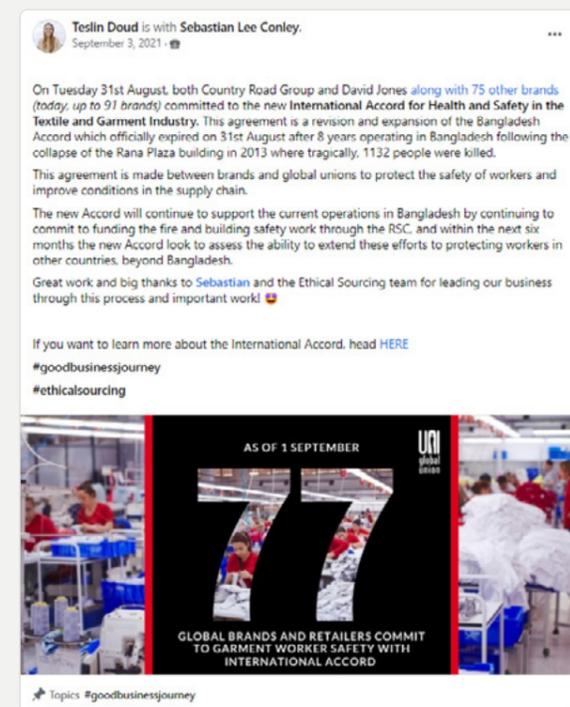
A specialist business and human rights advisory firm who developed modern slavery training to the CRG Executive Teams, with a commitment to develop face to face training for the next tier of management and e-learning awareness training for all CRG team members for roll out in FY23.

IJM (International Justice Mission)²⁷

Being a global organisation that "...partners with local authorities... in 14 countries to combat trafficking and slavery..." in conjunction with KPMG who arranged an "Expert Roundtable on Modern Slavery" in which CRG participated.

International Accord (Previously Bangladesh Accord)

The Accord was relaunched during FY22. CRG retained its membership to the Accord, stayed informed and aware of remediations being conducted within relevant factories, and remained connected through attending Accord Cluster and Brand Caucus meetings. The renewed membership was celebrated within the business through a workplace posting to all employees – as link/extract shown below.



Cotton Campaign's Uzbek Cotton Pledge

Involving signatories globally declaring an embargo on the use of Uzbek cotton in their products until state-imposed forced labour could be eliminated. In March 2022, Cotton Campaign announced that independent audits of the 2021 cotton harvest concluded that "Uzbekistan has successfully eliminated state-based forced labour..."²⁸ and lifted their call for an embargo on Uzbek cotton. This demonstrates the power of unity and a combined voice. Some caution though as the elimination of state-based forced labour does not mean modern slavery and human rights risks have been completely eliminated in Uzbekistan, so a watch & learn approach is still required.

Ethical Trade Initiative (ETI)

CRG²⁹ recently in early FY23 became foundation members of the Ethical Trading Initiative: An alliance of companies, trade unions, and NGOs that work together to collectively promote respect for workers' rights. The ETI tackles challenges related to ethical trade, such as living wages, modern slavery, workers' access to grievance mechanisms, and effective grievance remediation. We plan to work with the ETI to advance our progress towards the Ethical and Fair pillar goals that form part of our Good Business Journey commitments.

Through these associations and collaborations with internationally recognized human rights leaders and pioneers, we gain confidence that our approach to identifying and addressing modern slavery indicators is on the right track.

WE SUPPORT



Since 2020, CRG has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment and anti-corruption

STAKEHOLDERS AND PARTNERS



²⁷ <https://www.ijm.org/about-ijm>

²⁸ <https://www.cottoncampaign.org/uzbek-cotton-pledge>

²⁹ Under the membership of the parent company Woolworths Holding Limited



Monitoring and measuring our effectiveness

We strive for continuous improvement in our approach to assessing and addressing our modern slavery risks, which is informed by our work to assess the effectiveness of our actions across the Country Road Group.

We continually monitor our key programs and activities using a combination of both quantitative and qualitative measures. We understand these indicators need to be reviewed and adapted as our actions mature and as our understanding of modern slavery continues to develop and evolve.

This table sets out the measures and indicators we utilise to assess our effectiveness across all of our reporting entities and operating subsidiaries.

Area	Objectives	Effectiveness indicators
Policies & Contractual Controls	<ul style="list-style-type: none"> • Ensure policies and supplier contracts set clear expectations around preventing and addressing all forms of modern slavery across our operations and supply chains • Ensure policies are meaningfully implemented • Policies to provide modern slavery prevention and protection for workers 	<ul style="list-style-type: none"> ✓ Policies reviewed on regular basis (internal and external) ✓ Percentage of suppliers and staff covered by agreements/ contracts and our codes ✓ Percentage of factories audited against compliance with relevant policies ✓ Staff have ready access to policies related to modern slavery ✓ Suppliers have ready access to policies related to modern slavery
Risk assessments	<ul style="list-style-type: none"> • Understanding and monitoring our exposure to modern slavery risks 	<ul style="list-style-type: none"> ✓ Number of supply chain actors traced ✓ Number of risk assessments conducted ✓ Number of supplier sites in high and extreme risk ratings
Awareness raising and capacity building	<ul style="list-style-type: none"> • Modern slavery awareness training for internal staff and suppliers to ensure appropriate staff have knowledge of risks, prevention and remediation • Improve external awareness and transparency relating to modern slavery risks 	<ul style="list-style-type: none"> ✓ Number of staff trained on modern slavery and broader human rights risks ✓ Number of suppliers trained on modern slavery and broader human rights risks ✓ External public assessments of our public reporting through NGO's or multi stakeholder initiatives (MSI's)
Audits and Issue Monitoring	<ul style="list-style-type: none"> • Supply chain monitoring and assurance (AFP) • Ensure quality and effectiveness of audit types • Audit corrective actions undertaken, improved, or closed 	<ul style="list-style-type: none"> ✓ Percentage of factories approved in our auditing program ✓ Number of critical issues identified ✓ Number of modern slavery issues identified ✓ Number of Non-Trade Procurement (NTP) suppliers who publish modern slavery statements
Remediation processes	<ul style="list-style-type: none"> • Access to effective grievance mechanisms for workers in our operations and in our supply chains • Grievances effectively remediated • Required actions taken against actual modern slavery violations 	<ul style="list-style-type: none"> ✓ Number of audit issues remediated in line with (Approved Factory Program (AFP) criteria) ✓ Remediation of any actual modern slavery instances



Process of consultation

This statement has been prepared in consultation with each of the reporting entities listed in Appendix 1 and all owned and controlled entities of Country Road Group. This statement has been approved by the principal governing body of the highest reporting entity (Woolworths International (Australia) Pty Ltd) that owns and controls all subsidiary entities, including all reporting entities listed in Appendix 1.

Reporting entities in addition to owned and controlled entities share common directors, and all entities share a centralised management and executive team. Senior management, executives and the directors of the reporting entities, and owned and controlled entities, have been consulted and informed of the actions taken throughout this reporting period, and development of this statement has occurred through face-to-face meetings with directors, via email correspondence, through consultation on actions throughout the year, and via board meetings.

How are we making progress?



CASE STUDY 18

Benchmarking our Statements

Prior to this particular statement, CRG has only submitted two prior modern slavery statements under the Modern Slavery Act 2018 (the Act). CRG prepared these statements with due diligence and care, in compliance with the Act and in accordance with the Australian Government's "[Guidance for Reporting Entities](#)". But were our statements simply compliant or did they reach beyond compliance?

During the reporting period, two independent bodies, having conducted benchmarking assessments of statements from various companies and industries, released reports that compared and rated the content of statements.

The [Paper Promises Report](#), evaluated the early impact of the Act through assessing first year modern slavery statements. Analysis for the report assessed whether companies identified the most salient modern slavery risks within their business and supply chains, and whether meaningful and effective action to address such risks was stated within.

The Country Road Group's FY20 Statement was ranked amongst the top-15 reports assessed. Furthermore, a case study taken from the Country Road Group FY20 Statement was used as an example of best-practice.

The second report, released by International Justice Mission (IJM) Australia, entitled "[Spot Fires in Supply Chain](#)", conducted evaluations on FY21 Statements for companies that declared they either source from or have operations in India. Though the report did not identify specific companies, we received acknowledgement from IJM that the Country Road Group report was "best-in-class" for the apparel statements IJM assessed.

During the preparation of our statements to date, we have consulted with a specialist business and human rights advisory firm (Pillar Two) to pre-review our draft statements and support us to further refine our reporting.

Through independent evaluations of our previous statements and the use of expert consultants, we recognise that our reports are not just compliant, but that they also capture our improvement actions and overall commitment to doing better.



Looking forward

Country Road Group is committed to the people within our operations and supply chains and as a responsible business we aim for continuous improvement of our actions in our response to modern slavery risks.

As we look to improve our actions in tackling modern slavery we have broadly set out the below goals:

- Continue to strengthen our Approved Factory Program (AFP) through revisiting the current process, improved evaluation and risk assessment methods
- Develop a modern slavery based engagement process for higher-risk Non-Trade Procurement (NTP) supplier
- In continuation of our Grievance mechanism webinar, developing a roadmap to conduct workers sentiment survey for identified factories
- Review the findings from our digital factory-level grievance mechanism pilot and develop a roadmap for scalability
- Conduct modern slavery and human rights workshops with our merchandise and non-trade suppliers
- Continue to conduct the Modern slavery training using human rights specialist for our next tier of management and for our team members
- Continue to extend our traceability of factory sites deeper down our supply chain and across a wider set of materials
- Develop a roadmap with the support of ETI to advance CRG's progress towards the living wage commitment
- Ongoing review and improvement of policies

Statement Criteria Index

Australian Modern Slavery Act 2018 (Cth) mandatory reporting criteria	Location of response to mandatory criteria within this statement
(16.1.a) Identify each reporting entity covered by the joint statement	<ul style="list-style-type: none"> • Introduction & Executive Note • Appendix 1
(16.1.b) Describe the structure, operations and supply chains of each reporting entity covered by the joint statement	<ul style="list-style-type: none"> • Country Road Group's structure, operations and supply chains
(16.1.c) Describe the risks of modern slavery practices in the operations and supply chains of each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or controls	<ul style="list-style-type: none"> • Modern Slavery Risks in our supply chains and operations
(16.1.d) Describe the actions taken by each reporting entity covered by the joint statement and any entities that each of those reporting entities owns or controls to assess and address these risks, including due diligence and remediation processes	<ul style="list-style-type: none"> • Introduction & Executive Note • Assessing and Addressing risks of modern slavery • Worker Sentiment; Worker Voice • Training, capacity building and collaboration
(16.1.e) Describe how each reporting entity covered by the joint statement assesses the effectiveness of actions being taken to assess and address modern slavery risks	<ul style="list-style-type: none"> • Monitoring and Measuring our Effectiveness
(16.1.f) Describe the process of consultation with each reporting entity covered by the joint statement and with any entities that each of those reporting entities owns or controls	<ul style="list-style-type: none"> • Introduction & Executive Note • Assessing and Addressing risks of modern slavery • Process of Consultation
(16.1.g) Any other relevant information	<ul style="list-style-type: none"> • Looking Forward • Training, capacity building and collaboration



Appendices

Appendix 1.

All entities who are reporting entities and included in this joint statement:

Woolworths International (Australia) Pty Ltd	(Holding Company)
Country Road Group Pty Ltd	(Holding Company)
Country Road Clothing Pty Ltd	(Operates as COUNTRY ROAD and TREENERY)
Witchery Australia Holdings Pty Ltd	(Holding Company)
Witchery Holdings Pty Ltd	(Holding Company)
Witchery Fashions Pty Ltd	(Operates as WITCHERY)
Mimco Pty Ltd	(Operates as MIMCO)

Appendix 2.

Definitions of types of Modern Slavery³⁰

Type of Exploitation	Definition
Trafficking in Persons	Describes the recruitment, harbouring and movement of a person for exploitation through modern slavery.
Slavery	Describes situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way.
Servitude	Describes situations where the victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work.
Forced Marriage	Describes situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony.
Forced Labour	Describes situations where the victim is either not free to stop working or not free to leave their place of work.
Debt Bondage	Describes situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or the length and nature of the services are not limited and defined.
Deceptive Recruiting for Labour of Services	Describes situations where the victim is deceived about whether they will be exploited through a type of modern slavery.
The worst forms of child labour	Describes situations where children are: <ul style="list-style-type: none"> • Exploited through slavery or similar practices, including for sexual exploitation, or • Engaged in hazardous work which may harm their health, safety or morals, or • Used to produce or traffic drugs

³⁰ Definitions and descriptions based on the Australian Commonwealth's Guidance for Reporting entities <https://modernslaveryregister.gov.au/resources/>



COUNTRY ROAD GROUP

COUNTRY ROAD MIMCO POLITIX TRENERY WITCHERY