

# MODERN SLAVERY STATEMENT

## PURPOSE AND COMMITMENT

This statement reflects the actions of The Cotton On Group ('The Group') which is made up of COG Pty Ltd and its controlled entities. The Group takes a zero tolerance approach to any form of modern slavery including servitude, human trafficking and forced labour. We are committed to an ethical and transparent approach to business, ensuring effective systems and controls are in place to safeguard against any form of modern slavery within our business operations or our supply chain.

This statement sets out the steps The Group takes to address the risks of modern slavery and human trafficking in our operations and supply chains. This is in accordance with the Modern Slavery Act 2015 in the United Kingdom, the Transparency in Supply Chains Act of 2010 in California, the Modern Slavery Act 2018 (Cth) in Australia nationally, and the Modern Slavery Act 2018 (NSW) in New South Wales.

## OUR BUSINESS

Established in 1991, the privately owned Cotton On Group is one of Australia's largest fashion retailers. Our operations consist of over 1,500+ stores in 22 countries and a team of 18,000 people. Our support offices are located in Australia, New Zealand, Asia, Africa, Brazil, UK and the USA.

Our operations include distribution centres across Australia, New Zealand, United States, South Africa, Singapore, Malaysia, and the United Kingdom. We also distribute products through third parties in Brazil and Thailand. We have joint venture partners located in the Middle East, Philippines, Indonesia and Vietnam.

Over the last 30 years, the Group has grown to eight brands including Cotton On, Cotton On KIDS, Cotton On BODY, Rubi Shoes, Factorie, Typo, Supre, Ceres Life and its philanthropic arm, the Cotton On Foundation. The Group also owns and operates Southern Cross Shopfitting, employing people in retail store development and construction.

Since day one, our purpose has been to make a positive difference in people's lives. It sounds simple but it's something we take really seriously and it's embedded firmly in our culture. As a global fashion business, we know we have a responsibility to do the right thing, and this responsibility includes ensuring our supply chain is both ethical and sustainable.

We source our materials and products from many countries worldwide, with the majority of our suppliers located in China and Bangladesh. We're proud of the great working relationships we have with each of our suppliers and factories, and we continually work closely with them to ensure the environments in which our products are made are safe, fair, sustainable and responsible.

## RISKS IDENTIFIED

The Group recognises that it sources from high-risk countries and operates in high-risk sectors. Through our audit program, corrective action plans and NGO engagement, we have been able to determine the high-risk areas of our supply chain and implement steps to mitigate risk in these areas. Modern slavery risks exist in our product manufacturers, suppliers of inputs such as materials and components and subcontracted manufacturing processes such as printing, dyeing and finishing. Specific countries of risk include China and Bangladesh where the majority of The Group's goods are manufactured.

The Group has identified some specific product risks. One of these risks being the potential link to modern slavery through our supply chain because a high proportion of our products contain cotton.

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The Group has identified that it sources from factories in countries which may be considered to have high modern slavery risks because of manufacturing governance, and The Group is aware that it may be at risk of contributing to modern slavery if it doesn't enforce proper governance at these manufacturers.

## FRAMEWORK AND POLICIES

Our Ethical Sourcing Program, including our 14 Rules To Trade, was formalised in 2009 and governs the sourcing, manufacturing and supply of our products. This supplier code of conduct aims to protect workers' rights, the environment, and strengthen our supplier relationships through our commitment to traceability, transparency, and sustainability. Forced labour, child labour and minimum wage are all very serious matters that are addressed with a zero-tolerance stance in our 14 Rules To Trade.

As part of this program, all suppliers who manufacture goods for the Group undergo periodic audit assessments, and based on the findings of these audits may be required to undertake corrective actions.

We identify opportunities to maximise our positive impact. We therefore concentrate our efforts on identifying and remediating modern slavery risks related to our operations and the supply chains supplying products for our customers. We recognise that other business relationships may also contribute or be linked to modern slavery risks and endeavor to expand the scope of our program in the future.

Over the last 10 years, we have continued to build our Ethical Sourcing Program through the addition of new resources and initiatives, working closely with suppliers, industry leaders, government and NGOs to ensure our practices are reflective of industry standard.

## ACTIONS TAKEN

Under our Ethical Sourcing Program, we have implemented stringent policies including the biannual re-signing by each supplier of our 14 Rules to Trade, to ensure suppliers have a clear understanding of the Group's expectations and our zero tolerance approach to breaches.

We have a number of internal policies to ensure we are conducting business in an ethical and transparent manner, these include:

- **Supplier Agreements:** These are signed biannually by our suppliers and outline the expectations for suppliers who work with us. All suppliers including any subcontractors engaged by our suppliers must agree to and abide by our code of conduct.
  - **Traceability:** The Group has traced 100 percent of its Tier 1, 2 and 3 suppliers and is working towards mapping its entire supply chain, including Tier 4 raw materials by 2025.
  - **Auditing:** Our suppliers and factories are audited regularly by our audit teams on the ground, or accredited third parties in our sourcing regions, to ensure they're adhering to our 14 Rules to Trade. Our Ethical Sourcing Audit consists of 168 criteria, on topics across Management Controls, Facility Standards, Safety and the Environment. It is a requirement that all suppliers disclose the details of their subcontractors and inputs.
  - **Child Labour and Forced Labour Policy:** This policy sets out our stance on modern slavery, human trafficking, child labour and forced labour and explains the response and actions in the event that instances are identified.
  - **Whistleblower Policy:** We operate a whistleblower policy so that all team members know that they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals.
  - **Confidential Hotline:** We operate in-country, confidential hotlines and website platforms for workers to report any misconduct or concerns about human rights breaches, illegal actions, workers' rights, fair wages, health and safety, unauthorised subcontracting or bribery and corruption. Posters are displayed in all production facilities manufacturing items for The Group.
  - **SEDEX Platform:** In 2018 we joined the SEDEX platform for the secure exchange of ethical sourcing data with suppliers. Tier 1 suppliers are required to complete the SEDEX registration process and share external ethical sourcing audits, non-conformances and corrective action plans. When needed, we also work with third party auditors to ensure our factories remain within their 12-month audit cycle.
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- **High Risk Materials:** We have introduced our policy against the use of cotton from high-risk regions and have implemented traceability studies through our supply chain to attempt to identify the potential use of such materials.
- **Industry Collaboration:** The Group collaborates globally with industry wide initiatives such as Action, Collaboration, Transformation (ACT) on Living Wages; Accord on Fire and Building Safety in Bangladesh and the Better Cotton Initiative; to inform and support the management of modern slavery risks.

To ensure a strong two-way dialogue with our production partners, we hold bi-annual supplier conferences in our sourcing regions. These conferences are an opportunity to talk openly with suppliers on matters relating to ethical sourcing, while providing them with an opportunity to update us on the challenges they face and the steps they are making to bring about positive change.

In addition, The Group holds face-to-face training and education sessions on all areas of human rights with owners, managers and factory workers to ensure they understand the expectations to comply with our Code of Conduct and 14 Rules To Trade. Training and capacity building for team members, third party auditors and suppliers is carried out on a regular basis to maintain proactive dialogue across all stakeholders.

## **DUE DILLIGENCE AND MONITORING**

Before engaging with a new supplier, The Group conducts due diligence checks on the supplier. In doing so, the Group maintains an approved supplier list and only these suppliers may be used for any stage of production. These due diligence checks include a factory assessment and an audit assessment which include a review of working conditions and building safety. In addition to the above, and as outlined in our code of conduct, we require all existing suppliers to confirm to us that:

- There is no inconsistency with the Cotton On Group code of conduct in any area of a supplier's operations, including subcontractors.
- All employees are paid at least the national minimum wage in line with local labour law/regulations applicable within their country of operation.
- We may terminate the contract at any time should any instances of modern slavery or any other zero tolerance breach of any human rights issues come to light.

We conduct internal training of our buying and sourcing teams to ensure they have a clear understanding of the Group's expectations for purchasing practices and ethical sourcing. This includes training on understanding the signs of modern slavery and what to do if they suspect any form of modern slavery is taking place within our supply chain.

## **GOVERNANCE**

Our framework of risk assessment, policies, internal controls, and due diligence are central to our approach to managing the risks of modern slavery in our supply chains. We review our policies and practices annually to ensure that we learn from our experiences and adapt to our evolving supply chain. A robust governance structure has been developed including the formation of our Sustainability Steering Committee which supports the development of strategic frameworks and objectives on how we govern our ethical sourcing and sustainability programs in accordance with the business values. The committee is made up of senior leaders from across the business and is further supported by our advisory Board. Ethical sourcing status is reported to the Board monthly and any significant matters are reported accordingly. This ensures that risks and issues identified in our audit program or confidential hotlines are escalated and mitigating actions are taken.

We monitor the effectiveness of our Ethical Sourcing Program to ensure that slavery and/or human trafficking is not taking place within our business or supply chain, through:

- Reviewing any reports received from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified.
  - Remediation and management reporting of breaches identified by our audit program or confidential hotlines.
  - Annual review of our risk assessment process and audit programs to ensure they are relevant and up to date.
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- Our Group Sustainability Steering committee oversees the ethical sourcing strategy and framework in strict accordance with the businesses values and ethical framework.
- Regular training and capacity building for team members, third party auditors and suppliers.
- Engagement with stakeholders to maintain a proactive dialogue on our performance.

## **COVID SUPPORT**

Like many businesses around the world, 2020 and 2021 have challenged us, but with our Ethical Framework guiding our every move, it's been our priority to stand side by side with our suppliers.

Our people come first in every decision The Group makes. It's no different for our suppliers and their factory workers who are an extension of our global family.

- At the beginning of COVID-19, we immediately communicated our plan to our suppliers, detailing the ways in which we were able to support them with all existing orders.
- We committed to all orders in our supply chain that were already in production pre-Covid-19, honouring existing payment terms and pricing, redirecting excess stock to other markets where seasonally relevant and repurposing fabrics into ranges landing later in the year.
- We expanded our Supplier Finance Program, enabling our partners in China and Bangladesh to access payment within days of an invoice being issued.
- We worked closely with our partners to support them to create safer work environment in their factories.
- In all that we do, the Group's Ethical Sourcing Program is our baseline; it's how we do business and aims to protect workers' rights and strengthen supplier relationships and commitments.

### Approval for this statement

This statement was approved by the Board of Directors for COG Pty Ltd in its capacity as principal governing body of the Cotton On Group on 23 December 2021.



Peter Johnson  
Chief Executive Officer - Cotton On Group

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