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# MODERN SLAVERY STATEMENT 2021

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ALLY FASHION



**Ally.**

2021

ALLY FASHION

Unit 10/1 Hordern Place, Camperdown NSW Australia 2050

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# POL – MODERN SLAVERY STATEMENT

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## 1. Scope

This statement applies to all **Ally Fashion** team members, suppliers, and contractors. This statement is made in accordance with the Australia Commonwealth Modern Slavery Act. It describes how Ally Fashion works to prevent and mitigate the risk of forced labour, child labour, modern slavery and human trafficking in its business and supply chains.

## 2. Notice to Team Members

This Policy is published on Ally Fashion’s website. Team members, suppliers, and contractors will be notified via email of changes.

## 3. Principles

Ally Fashion rejects modern slavery in all its forms.

At Ally Fashion, we want to make fashion and design sustainable and sustainably fashionable. Modern slavery is unlawful within Australia, and, at Ally Fashion, we are committed to protecting the health, safety, and wellbeing of our people, and to implementing and enforcing effective systems and controls to reduce the risk of modern slavery in our business and in our supply chains.

Globally, modern slavery affects approximately 40 million people and we at Ally Fashion understand that that eliminating modern slavery is our responsibility to eliminate at every level of our supply chain, and it is not only the responsibility of those countries where the abuse of such human rights is prevalent. Modern slavery, which includes slavery, servitude, forced labour, child labour and exploitation, debt bondage, forced marriage, deceptive recruiting for labour and human trafficking, is often a hidden problem and we recognise we have a responsibility to ensure that we do our part to address these systemic issues. Ally Fashion is committed to working with suppliers that actively reduce the risk of human rights abuses in their businesses, and in turn, our business. We actively ensure that all parts of our business and supply chains fully understand and strictly adhere to our expectations of conduct. As a leading fashion retailer, we are often privileged to be the employer that kickstarts the employment of many young individuals, whilst being fully aware that millions of youngsters around the world enter the workforce through tragic, abusive, and inhumane means. Ally Fashion takes a continuous improvement approach to reducing the risks of modern slavery within its supply chain, aiming to reduce these complex risks over time.

## 4. Personal and Professional Behaviour

Ally Fashion’s Code of Conduct provides our team members, suppliers, and contractors with a framework to guide them through Ally Fashion’s core values. The Code covers topics such as duty of care, workplace culture, human rights, fraud detection, and loss prevention. We work to

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ensure a culture of honest and ethical conduct and Ally Fashion requires all individuals within the business to adhere to the Code and all underlying applicable policies, standards, and procedures. We also expect those who we conduct business with to share and observe these same values. Team members are encouraged to report any concerns of Code breaches to their direct manager and/or a member of the Human Resources team.

### **5. Ally Fashion Structure, Operations, and Supply Chain**

The Board of Ally Fashion is responsible for the overall governance, management and strategic direction of Ally Fashion in accordance with all duties and obligations imposed by law. Founded in 2001, we opened our first Ally Fashion (ABN 196 240 351 32) retail store in Sydney. Ally Fashion manufactures and provides clothing apparel, footwear, accessories, and a wide range of products to customers through our retail store network and eCommerce platform. Ally Fashion's business comprises the sale of women's apparel and related accessories under its brands, 'Ally Fashion' and 'You+All'.

Our mission was to provide quality, affordable women's clothing that reflected the biggest global fashion trends. Since then, Ally Fashion has expanded to over 180 stores across Australia, a global online fashion destination delivering to over 70 countries worldwide, and a successful employer providing fulfilling careers to over 1,000 staff.

Our operations consist of design, fabrication, manufacturing, retail, corporate, customer service and warehouse functions. Ally Fashion's in-house design team designs product ranges which are manufactured in-house at our factories in China. Our head office comprises support functions including finance, marketing, IT, buying, design, quality assurance, store development and management, visual merchandising, operations, supply chain and logistics, legal, human resources, and planning. Merchandise is distributed to our store networks and online orders received via our websites are fulfilled via Ally Fashion's warehouses located in Australia.

Ally Fashion's stores are stocked with products that are sourced internationally by both our brand partners as well as our own in-house designed brands with supply chains located in China. In this reporting period, we have chosen to focus on the present risks with our current suppliers and contractors, since we possess the strongest relationships with these businesses, and have the greatest influence within these groups. In the future, this will be addressed by assessing and understanding risks that exist within our suppliers' supply chains.

#### **Our Supply Chain**

Our product design team is based in our Sydney head office, with all our products manufactured by our manufacturing team in China. Our main sourcing country is China, which accounts for over 90% of our products. We have held solid relationships with some of our suppliers, the majority of whom we have dealt with over the last 15 years.

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### 6. Identifying the risks of Modern Slavery

At Ally Fashion, we fully understand that the apparel industry carries several inherent and complex risks of modern slavery throughout all tiers of the supply chain at a global scale. Operational functions of the apparel and retail industry carry their own varied and distinct risks, and require additional consideration and assessment of risks to ensure that there modern slavery is minimised to a reasonably practical extent at each level of the supply chain.

Our current checklist for ensuring we do not work with suppliers or contractors that engage in any form of Modern Slavery provides us with full visibility across all steps and levels of our supply chain, from the businesses we source our fabrics from, to the suppliers we use for shipping our products to customers worldwide.

In Australia, we have determined the risks of modern slavery associated with our operations to be **low**. A preliminary assessment of our operations in China has identified that our network of lower-level and infrequently used suppliers as necessitating further scrutiny and due diligence to understand any potential risks of vulnerable worker groups including temporary and migrant workers. These activities have already commenced but are not yet at the level where results can be reported on. The use of recruitment agencies in our China operations is low.

We also recognise the following risk factors in the apparel sector as indicators of the potential of modern slavery to occur:

- unauthorised subcontracting;
- sham contracting;
- underpayment of wages;
- consistent and excessive overtime;
- the use of migrant, low-skilled workers;
- temporary labour contracts; and/or
- lack of access to effective grievance mechanisms.

We acknowledge that the subject of a lot of these vulnerabilities are:

- female workers;
- migrant labour;
- subcontracted labour;
- agency and temporary/contract labour; and
- underage children.

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### 7. Actions Taken to Address Modern Slavery Risks and Next Steps

Our approach is embedded into our policy frameworks and processes, resourcing practices, supplier and contractor engagement, and industry partnerships.

Our Leadership team shares responsibility for overseeing Ally Fashion’s risk management and compliance framework, and ensuring its implementation and delivery. A cross-functional and regional modern slavery working group will be established in 2021, and these members will collectively be tasked with developing a standardised operational and supply chain due diligence approach across Ally Fashion.

Our current policy framework establishes the standards by which we operate as well as outlining responsibilities and expectations regarding workplace behaviour, compliance with relevant laws and regulations, bribery and corruption, harassment, and conflicts of interest.

Across the regions in which we operate, our suite of policies and employee handbooks contain the following policies:

- Code of Conduct
- Background Checking
- Communication Guidelines
- COVID-19 Policy
- Customer Service Standards Policy
- Environmental Statement
- Equality and Diversity Policy
- Ethical Sourcing Policy
- Fair and Equitable Workplace
- Gifts and Gratuities Policy
- Grievance Handling Policy
- HR Privacy Policy
- ICT System Usage Policy
- Leave Policy
- Drug and Alcohol Policy
- Manual Handling Policy
- Mental Health Policy
- Our Way of Working
- Police Records Checking Policy
- Recruitment and Selection Policy
- Recruitment Referral Policy
- Remuneration Policy
- Smoke Free Workplace Policy
- Social Media Policy
- Team Member Purchases Policy
- Workplace Health and Safety Policy

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Existing governance in our international regions includes independent grievance mechanisms and risk monitoring in our China operations. Our work going forward is to gain further understanding of their effectiveness and explore how they are responding to the nature of risks specific to their region.

Our internal policies and checklists are continuously reviewed for improvement to tighten our due diligence around preventing the above forms of modern slavery. Suppliers found to not be compliant with our internal checklist and policies are prevented from engaging with Ally Fashion until these issues are confirmed as remedied. Industries which make use of short-term contract, migrant labour and labour hire agencies such as cleaning, third party warehousing, freight and logistics pose greater risks and as such will be a focus of our efforts. Over the course of the next reporting period, Ally Fashion will engage in internal and third-party audits to verify the continuous compliance of suppliers and contractors with our internal policies and Code of Conduct. Whilst audits in some regions will be hampered by the current pandemic, audit assessments will attempt to be conducted virtually, such that business operations can continue with minimal risks.

Our Code of Conduct for Team Members, Suppliers, and Contractors addresses forced labour risks including child labour and debt bondage. The Code of Conduct, coupled with our Ethical Sourcing Policy, governs the minimum requirements of our trading relationships. To assist with compliance and understanding, our Supplier Code of Conduct will also be translated into Mandarin for our China-based factories.

We recognise that modern slavery risks exist beyond level-one into further levels of the supply chain. We have visibility of a portion of our level-one fabric mills and, whilst mapping of this level continues, further due diligence of our most strategic suppliers will allow us to identify whether these facilities have undergone social assessments and audits. Our sourcing strategy will continue to explore further due diligence measures to mitigate risks in this area of our supply chain.

As this is our first Modern Slavery Statement, we have not yet had the opportunity to assess the effectiveness of the above executed actions. We have established a process to review the completion and outcomes of assigned actions throughout the year and to review the overall effectiveness each year.

### **8. Future Priorities**

Looking ahead, our focus will be on our governance structures to strengthen existing systems and processes, whilst investing further effort towards capacity-building both internally and with our suppliers. We at Ally Fashion strongly support fundamental human rights and the prevention of modern slavery and human trafficking. One of the key learnings from us during this assessment and preparation of this Statement is the relatively low level of actual transparency

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that we have into the practices engaged in by our level-one suppliers, let alone our entire supply chain network. This has greatly enhanced our perspective, understanding, and necessity of increasing visibility into such an important aspect of our supply chain, and stimulated a desire to continue this journey and worthy goal to do our part to try to eradicate modern slavery in our supply chain, in the retail and apparel industry, and hopefully, the world.

Ally Fashion acknowledges that the actions taken are just the first steps in a journey towards ensuring there is no modern slavery in our supply chain. We are committed to making continuous ongoing improvement in our assessment and management of risk in this area.

Our main future priorities include, but are not limited to:

1. Execute and assess the effectiveness of the actions noted in this Statement;
2. Broaden our level of interaction with all of our suppliers and contractors at every level to eradicate any degree of exposure or involvement in modern slavery beyond reasonable doubt. This includes conducting internal and supplier/contractor audits on a scheduled and randomized basis;
3. Establish and continuously improve our internal modern slavery working group;
4. Continue the development of our Supplier Selection Criteria Checklist in order to prioritise due diligence efforts and map against audit findings; and
5. Provide Modern Slavery training and awareness to team members during the induction process.

### 9. Forms

Not applicable

### 10. Annexes

Not applicable

### 11. Requests for change

Requests for changes or improvements to this procedure shall be forwarded to the Process Owner identified in the footer of this document. Changes to this procedure must be approved by the Head of People, Culture, and Development (Head of HR).

### 12. Approval

This document is approved by the Ally Fashion Board.



**Nitya Raghavan**  
**Head of People, Culture, and Development**