

# STEP ONE™

## Modern Slavery Statement

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Step One Clothing Limited

Adopted by the Board on 16 November 2022

# Modern Slavery Statement

## 1 Reporting Entities

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This statement is made pursuant to the Modern Slavery Act 2018 (Cth) and sets out the actions of the reporting entities of the Step One group (collectively “Step One Joint Reporting Entities”) have taken in FY22 and continue to take to address modern slavery and human trafficking risks in our business and in our supply chains. The Step One Group has chosen to voluntarily early adopt.

## 2 Structure, Operations and Supply Chains

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Step One Clothing Limited is an Australian publicly listed company and controls the following entities, jointly submitting this Modern Slavery Statement:

- Step One Clothing Limited – ABN 34 616 696 318
- Step One Clothing Australia Pty Ltd – ABN 51 640 837 181
- Step One Clothing Production Pty Ltd – ABN 85 648 571 662
- Step One Clothing UK Limited (incorporated in the United Kingdom Coy No. 125 71359)
- Step One Clothing USA Inc. (incorporated in the United States of America File No 5879649)

### **Operations**

Step One is a leading direct-to-consumer pure online retailer mainly known for its men’s underwear via its website [www.stepone.life](http://www.stepone.life). The Company offers a range of high quality, organically grown and certified bamboo fabric, and ethically produced underwear that suit a range of body types. Step One has recently released and women’s range and has started expanding into adjacent product lines like Sports and Thermals.

Step One currently operates in Australia, the United Kingdom, and the United States with products sourced from production and manufacturing facilities in China and Vietnam.

Step One’s Head Office is located in Australia and uses services from individuals and companies both in Australia and internationally.

### **Supply Chain**

The Group’s supply chains include the procurement of:

- manufactured products;
- warehousing & logistic services;

- marketing & advertisement services;
- goods needed for the group's everyday corporate operations, including office supplies;
- services needed for the group's everyday operations, including professional services such as legal and tax, and non-professional services such as IT, telecommunications, and cleaning.

### 3 Risks of Modern Slavery Practices in Supply Chains of Step One Jointly Reporting Entities and Any Entities Under Their Control

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The Step One Group continues to review its operations and supply chains, and those of the entities under its control, to assess the risk of modern slavery practices in those supply chains.

The consultation process involves representatives from Legal, Finance, and Operations in Australia and internationally.

In reviewing supply chains, material, active suppliers were considered against the risk factors set out below:

- Sector and industry risks;
- Product and services risks;
- Geographic risks, including the countries in which our suppliers operate; and
- Entity risks.

### 4 Actions Taken to Assess and Address the Above Risks, Including Due Diligence and Remediation Processes

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In the reporting period, various improvements to assess and address risks of modern slavery practices in supply chains, in relation to risk, process and awareness were undertaken.

#### **Assessing the Risk**

Step One continues to assess the risk of modern slavery practices in our operations and supply chains as set out in section 3 above.

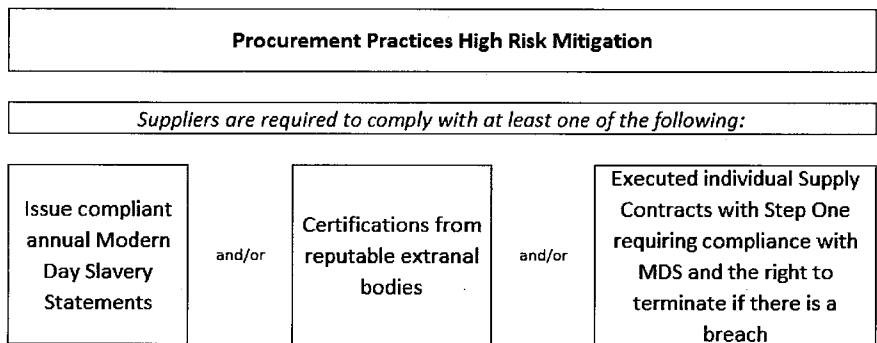
## Addressing the Risk

To address the risk of modern slavery in our supply chains, we have segmented our supply chain into higher, moderate and lower risk of MDS as depicted below. The risk assessment in part, maps against the manufacturing and distribution stage. Policies and procedures to address the inherent risk to each activity in the supply chain are then implemented.

| Risk Assessment                | Higher risk of MDS   | Moderate risk of MDS  | Lower risk of MDS  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|--------------------------------|--|---|--|-------------|--|---------|--|--------------------|--|-------------------|--|--------------------|--|--|--------------------|--|------------------|--|-------------------------|---|----------|--------|----------|------------------|--|-------------|--|---------------------|--|-------------------|--------------|--|--|----------|---|----------|--------|--|-----------|-------------------|-----------------|--|-------------|--|----------|-----------------|-------|
| Supply Chain and relationships | <table border="1"> <thead> <tr> <th>Indirect</th> <th>Direct</th> </tr> </thead> <tbody> <tr> <td>Cultivation</td> <td></td> </tr> <tr> <td>Pulping</td> <td></td> </tr> <tr> <td>Viscose Production</td> <td></td> </tr> <tr> <td>Yarning &amp; Weaving</td> <td></td> </tr> <tr> <td>Dyeing &amp; Finishing</td> <td></td> </tr> <tr> <td></td> <td>Packaging Supplier</td> </tr> <tr> <td></td> <td>Cutting &amp; Sewing</td> </tr> <tr> <td></td> <td>Export finished product</td> </tr> </tbody> </table> | Indirect  | Direct   | Cultivation |  | Pulping |  | Viscose Production |  | Yarning & Weaving |  | Dyeing & Finishing |  |  | Packaging Supplier |  | Cutting & Sewing |  | Export finished product | <table border="1"> <thead> <tr> <th>Indirect</th> <th>Direct</th> </tr> </thead> <tbody> <tr> <td>Shipping</td> <td>Export Logistics</td> </tr> <tr> <td></td> <td>Warehousing</td> </tr> <tr> <td></td> <td>Marketing &amp; Selling</td> </tr> <tr> <td></td> <td>Picking &amp; Packing</td> </tr> <tr> <td>Distribution</td> <td></td> </tr> <tr> <td></td> <td>Customer</td> </tr> </tbody> </table> | Indirect | Direct | Shipping | Export Logistics |  | Warehousing |  | Marketing & Selling |  | Picking & Packing | Distribution |  |  | Customer | <table border="1"> <thead> <tr> <th>Indirect</th> <th>Direct</th> </tr> </thead> <tbody> <tr> <td></td> <td>Employees</td> </tr> <tr> <td>Indirect services</td> <td>Direct services</td> </tr> <tr> <td></td> <td>Ambassadors</td> </tr> <tr> <td></td> <td>Advisors</td> </tr> <tr> <td>Other providers</td> <td>Admin</td> </tr> </tbody> </table> | Indirect | Direct |  | Employees | Indirect services | Direct services |  | Ambassadors |  | Advisors | Other providers | Admin |
| Indirect                       | Direct   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Cultivation                    |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Pulping                        |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Viscose Production             |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Yarning & Weaving              |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Dyeing & Finishing             |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Packaging Supplier   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Cutting & Sewing   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Export finished product  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Indirect                       | Direct   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Shipping                       | Export Logistics   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Warehousing  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Marketing & Selling  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Picking & Packing  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Distribution                   |  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Customer   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Indirect                       | Direct   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Employees  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Indirect services              | Direct services  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Ambassadors  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
|                                | Advisors   |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Other providers                | Admin  |   |  |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |
| Approach to MDS monitoring     | Entire supply chain is certified BSCI, FSC and Contractual termination for breach of MDS obligations throughout the supply chain imposed on the final manufacturers  | Review published MDS statements (where Annual confirmation of MDS compliance from material direct relationships | Publish policies, provide training Contractual obligations |             |  |         |  |                    |  |                   |  |                    |  |  |                    |  |                  |  |                         |   |          |        |          |                  |  |             |  |                     |  |                   |              |  |  |          |   |          |        |  |           |                   |                 |  |             |  |          |                 |       |

## MDS Higher-Risk Supply Chain Elements

Step One has always been conscious of its impact on the environment and human rights. These considerations were critical to supplier selection. To mitigate the ongoing risk of MDS, higher-risk supply chain elements, Step One has implemented a combination of the following procurement practices for all material higher risk suppliers.



*External Certifications*

Step One's suppliers hold a range of certifications from reputable external bodies such as the Forest Stewardship Council (FSC) and the Business Social Compliance Initiative (BSCI) which incorporate the protection of human rights and good governance. These certifications strengthen the good governance practices of Step One's supply chain.



*Supply Contracts*

Step One holds executed supply contracts for all material manufacturing suppliers. The contracts incorporate the following contractual clauses which require suppliers to ensure:

- compliance with the intent of the Modern Slavery Act 2018 (Cth)
- compliance with all local, national and other applicable laws and regulations of the jurisdictions in which they operate in;
- business to be conducted in a manner that respects and supports human rights consistent with the Universal Declaration of Human Rights, and comply with applicable human rights obligations;
- prohibition of child and forced labour;
- minimum wages, benefits and working conditions are provided respective of operation jurisdictions;
- freedom of associations to be respected;
- ethical business practices;
- anti-discrimination & harassment; and

Most importantly, Step One has the right to terminate a contract where the supplier has breached any of the above obligations

**MDS Moderate Risk Supply Chain Elements**

Where Step One has identified that there is a moderate MDS risk in engaging with a supplier the following actions will be taken in relation to all material suppliers:

**Procurement Practices Moderate Risk Mitigation**

*Suppliers are required to comply with at least one of the following:*

Issue compliant annual Modern Day Slavery Statements

and/or

Certifications from reputable extranational bodies

and/or

Complete Step One Supplier Checklist

### *Step One Supplier Checklist*

Step One has developed a Supplier Checklist which will apply to material suppliers in the Moderate Risk category, who do not hold a Step One executed supply contract or issue their own published annual Modern Day Slavery Statements in FY23. This assists suppliers in understanding Modern Day Slavery and their obligations.

### **MDS incorporated in the Code of Conduct**

Whilst there are different levels of MDS risk throughout Step One's Supply Chain, MDS is included in Step One's Code of Conduct. This is an overarching safeguard where responsibility is upon all employees/subcontractors to uphold and manage the prevention of MDS in Step One's operations and supply chain. The Code of Conduct requires staff to practice ethical business standards and take steps such as conducting due diligence checks with respect to prospective material suppliers.

Should Step One become aware that any of its suppliers are engaging in Modern Day Slavery it will cease any business arrangements with the supplier as soon as legally able to do so.

## **5 How Step One Assess the Effectiveness of Such Actions**

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Ethical manufacturing was built into the Step One supply chain as it was established, rather than retrospectively improved. Step One has not had cause to suspect any supplier has been in breach of MDS standards. Nonetheless, there is always more to be done to improve standards, and as such, this Modern Slavery Statement is only the beginning. Step One approaches modern slavery compliance with a continuous improvement mindset.

Step One intends to review its policies, training, and risk assessment procedures annually to determine their effectiveness.

## 6 The Process of Consultation with any Entities that the Reporting Entity Owns or Controls

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This joint Modern Slavery Statement has been prepared in consultation with each of the Step One Jointly Reporting Entities covered by the Statement.

This statement was prepared with the assistance of Step One's Legal, Finance, and Operations representatives in Australia and internationally.

### **Approval by Board of Directors**

This Modern Slavery Statement has been approved by the Board of Directors of Step One Clothing Limited

Signed

A handwritten signature in black ink, appearing to be 'Greg Taylor', with a long horizontal line extending to the right.

Greg Taylor

**Founder and Chief Executive Officer**

Dated: