



**MODERN
SLAVERY
STATEMENT**

Best & Less Group Holdings Ltd

FINANCIAL YEAR 2022

Best&Less **Postie**

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Registered Office

657-673 Parramatta Road
Leichhardt NSW 2040

Acknowledgement

Best & Less Group acknowledges the Traditional Custodians of Country throughout Australia and New Zealand and recognises their continuing connection to land, waters, and community. We pay our respects to their Elders past, present, and emerging.



STATEMENT ON THE REPORTING ENTITIES

Best & Less Group Holdings Ltd is an Australian public company listed on the Australian Securities Exchange (ASX: BST).

This statement has been published in accordance with the Modern Slavery Act 2018 (Cth). It identifies the steps taken by Best & Less Group to prevent modern slavery in its business and supply chains during the period 1 July 2021 to 30 June 2022.

The following Best & Less Group subsidiaries are considered reporting entities:

- Best & Less Pty Ltd ABN 29 003 724 696 (Australia); and
- Postie Plus Group Ltd NZBN 9429041282472 (New Zealand).

Best & Less Group also has the following two other subsidiaries however they do not participate in trade:

- Best & Less Group Pty Ltd (ACN 081 408 791) is the holding company of the various Group subsidiaries; and
- Best & Less IP Pty Ltd (ACN 642 843 089) is the owner of various IP belonging to Best & Less Group.

This Modern Slavery Statement has been made on behalf of the above entities and has been reviewed and was approved by the Best & Less Group Board on 22 November 2022.



CHIEF EXECUTIVE OFFICER'S MESSAGE

Best & Less Group (the Group) has continued to take significant actions to improve our systems, processes and interventions to mitigate risks of and prevent modern slavery in our operations and supply chain. We have a zero tolerance for slavery and vigorously support an individual's right to live and work freely. A transparent approach to ethical sourcing, with a particular focus on worker's rights, was established in 2014 and has continuously progressed every year since.

This year we continued to deliver against our rigorous factory audit program, despite the challenges that COVID-19 continued to present. Our audit program, inspections and corrective action plans are delivered through third parties to minimise any opportunity for corruption.

We became a member of SEDEX in financial year 2022 which has allowed us to further map our Merchandise and Trade Suppliers, gaining a greater insight into the sustainability credentials of our suppliers to inform our procurement decisions.

The implementation of our Product Lifecycle Management (PLM) system has also enabled us to separate the labour cost components of our Own Brand product suppliers, helping us make progress on our Living Wage Commitment. We are pleased to confirm that our Own Brand Merchandise Suppliers in China, which make up 68% of our Own Brand Merchandise Suppliers, are all paying a living wage. Other markets pay above the local minimum wage, and we are working with suppliers, and through our PLM system, to improve efficiency in production including better buying practices and purchasing cycles to enable suppliers to pay higher wages to their workers.

Proudly, we have developed an association with Cotton Australia, and will produce over 6 million garments using Australian sourced cotton in calendar year 2022. Locally sourced cotton delivers a higher quality fibre and also reduces Modern Slavery risk in our supply chain due to more robust protections afforded to Australian workers.

We have continued our investment in our team and with our suppliers, building their capacity to understand the risks of modern slavery and identify labour risk practices that can potentially lead to modern slavery. We have implemented internally and shared with our Merchandise Suppliers our Child and Forced Labour Remediation policy which outlines the expectations that we have in terms of corrective action and remediation should child or forced labour be found.

Addressing modern slavery is complex and we know there is much more work to do. Our focus is on keeping people at the forefront of our decision making, and that includes those who work directly or indirectly with us to produce the products we sell in our stores and online. We are developing greater visibility across our whole supply chain and with that comes the ability to engage and work at a deeper level with each tier. As a responsible business, with family at its heart, we know this is the only way to do business.



Rodney Orrock
Group CEO

A MULTI-YEAR FOCUS ON ETHICAL SOURCING

2014

Best & Less launches its Ethical Sourcing Code, Ethical Sourcing Policy and supplier manual. These set out the Group's expectations for how our suppliers procure and deliver goods and services to us.

2016

Best & Less Sustainability Committee meets for the first time.

2018

Group introduces compulsory audits of all Own Brand merchandise factories.

Supplier workshops established to drive awareness and understanding of the Ethical Sourcing Code.

2019

China Compliance office opens in Shanghai with a dedicated compliance team member.

Ethical Sourcing Code translated into Mandarin and Bengali, with all Own Brand merchandise factories displaying the Code on the factory floor.

Merchandise manufacturers transparency list published on Best & Less and Postie websites.

Commitment is made to ensure a living wage for workers employed by our Own Brand merchandise factories by 2025.

2020

Our Merchandise Supplier Agreement is revised to include clauses addressing modern slavery risks.

217 Merchandise Suppliers complete compulsory third-party audits.

Dedicated Workers Grievance Hotline launches and promoted to Own Brand merchandise manufacturers' workers.

2021

Best & Less Group launches management and staff training: Modern Slavery and how it could present in our business.

Trade supply chain mapping commences and consultation with high-risk suppliers launches.

2022

Product Lifecycle Management system implemented, which introduces the ability to measure the gap between current wages paid and a living wage.

The Group joins SEDEX in order to provide the tools to enhance traceability throughout the Group's supply chain.

Compulsory biennial third-party audits of Tier 1 Own Brand merchandise suppliers continue. Third-Party audits commence with higher volume Tier 2 Own Brand Merchandise Suppliers.

CELEBRATING INTERNATIONAL WOMEN'S DAY

On 8 March 2022, MAF Clothing, a major supplier to Best & Less Group, celebrated International Women's Day with a message of appreciation to all the female staff working in Indian factories producing merchandise for the Group. The women were greeted at work with a rose before putting their creative skills to work with rangoli drawings, enjoying a variety of games and activities, and celebrating their various cultures by singing traditional songs.

This activity is part of a larger effort to celebrate women in the fashion industry more generally. MAF Clothing also works with women empowerment organisations like *HERproject* to unlock the full potential of women working in global supply chains. They support workplace-based interventions on health, financial inclusion, and gender equality.



ABOUT US

Best & Less Group is an iconic and leading retailer of value apparel, footwear, homewares and accessories for the family and includes the brands Best & Less in Australia and Postie in New Zealand.

Our mission is to offer great quality products at everyday low prices without ever compromising on the human rights of the people who make it all happen. Our multi-year focus allows us to make big strides towards minimising the impact our industry leaves on the planet.

We employ over 4,400 team members serving around 19.5 million customers in 244 stores and online each year. Our supply chain is global, working with more than 900 direct suppliers of goods and services, comprising both Merchandise Suppliers and Trade Suppliers.

Our Merchandise Suppliers

Merchandise Suppliers produce the diverse range of products that we sell in our stores and online and are classified into two categories:

- Own Brands and directly licensed products that are designed and sourced by Best & Less Group. This category includes apparel, footwear, homewares and accessories.
- Third Party Brands which are well known brands such as Bonds, Tradie and Underworks that are stocked in our stores. Third Party Brands also provide accessories and impulse products sold in our stores, including from lesser-known suppliers. These products are not designed by or manufactured on behalf of Best & Less Group.

All of our Own Brand products are developed by the Group and sourced or manufactured in China, Bangladesh, India, Pakistan, Sri Lanka, Vietnam and Cambodia, produced by 153 manufacturers in 200 audited factories. Our Merchandise Manufacturers Transparency List including factory locations is published on our websites and is updated regularly.

These manufacturers source fabrics mostly local to their region including cotton, cotton-blend, Merino wool, viscose and synthetic polyester.



4,400 +
team members



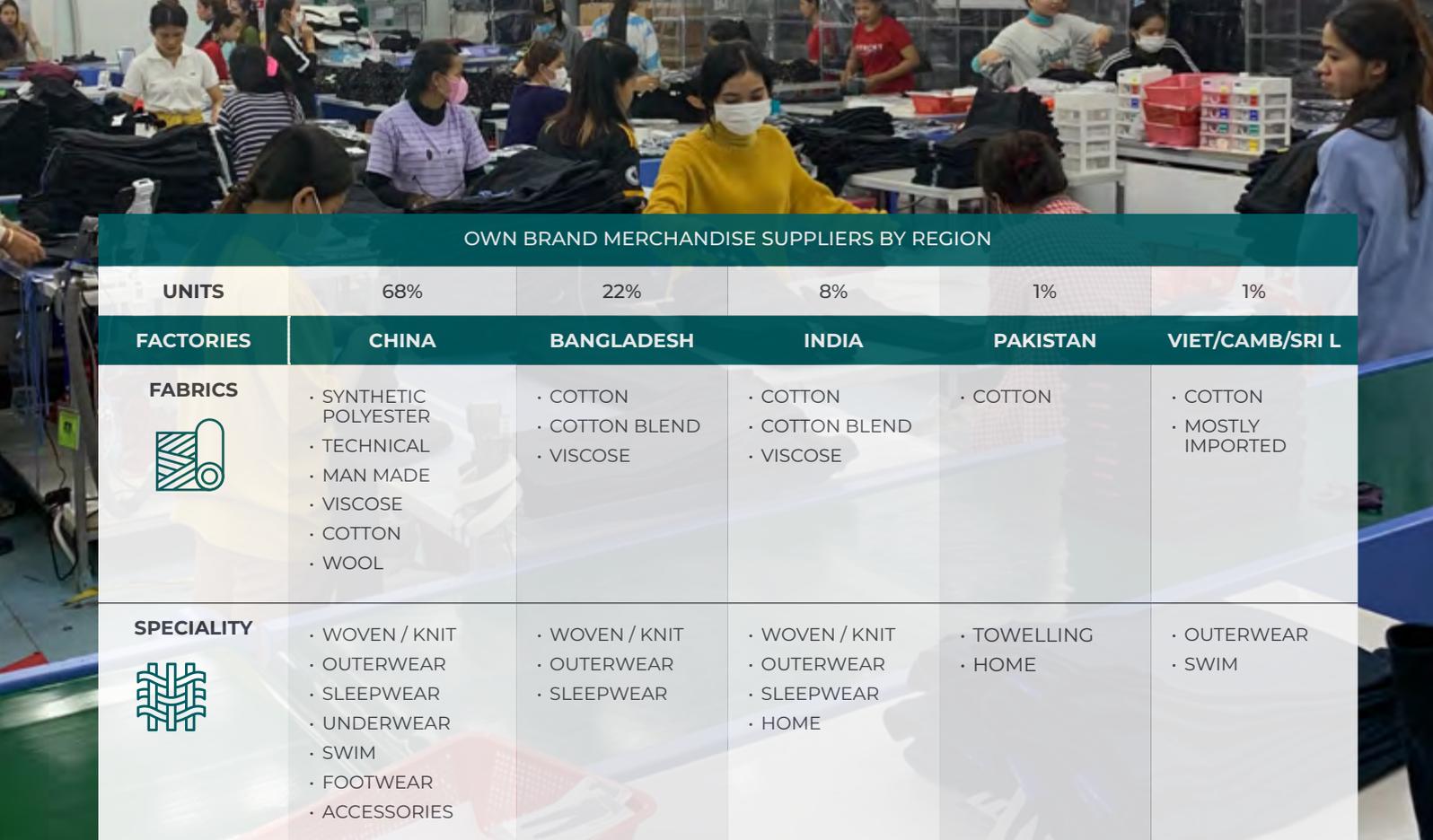
19.5 million
customers



244
stores + online



over 900
direct suppliers

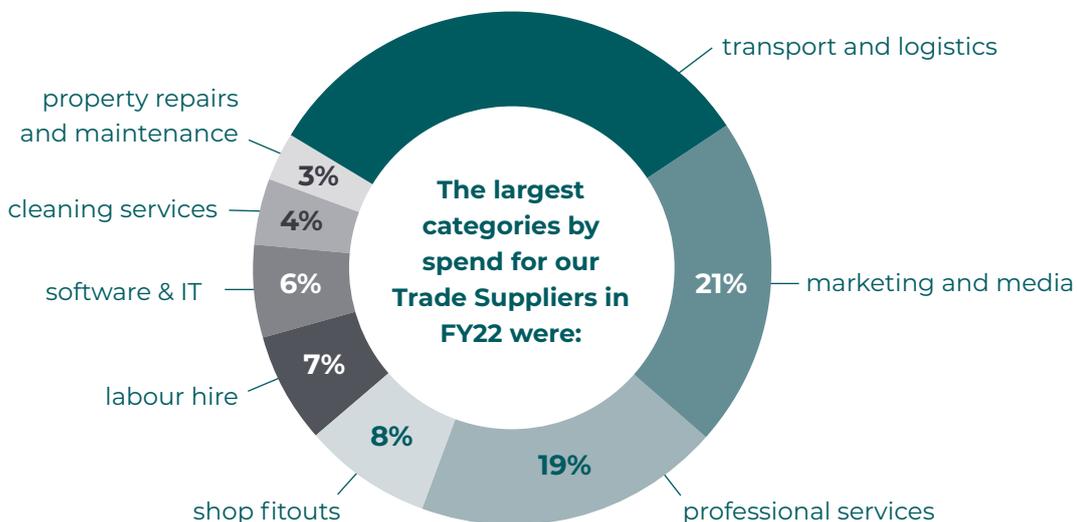


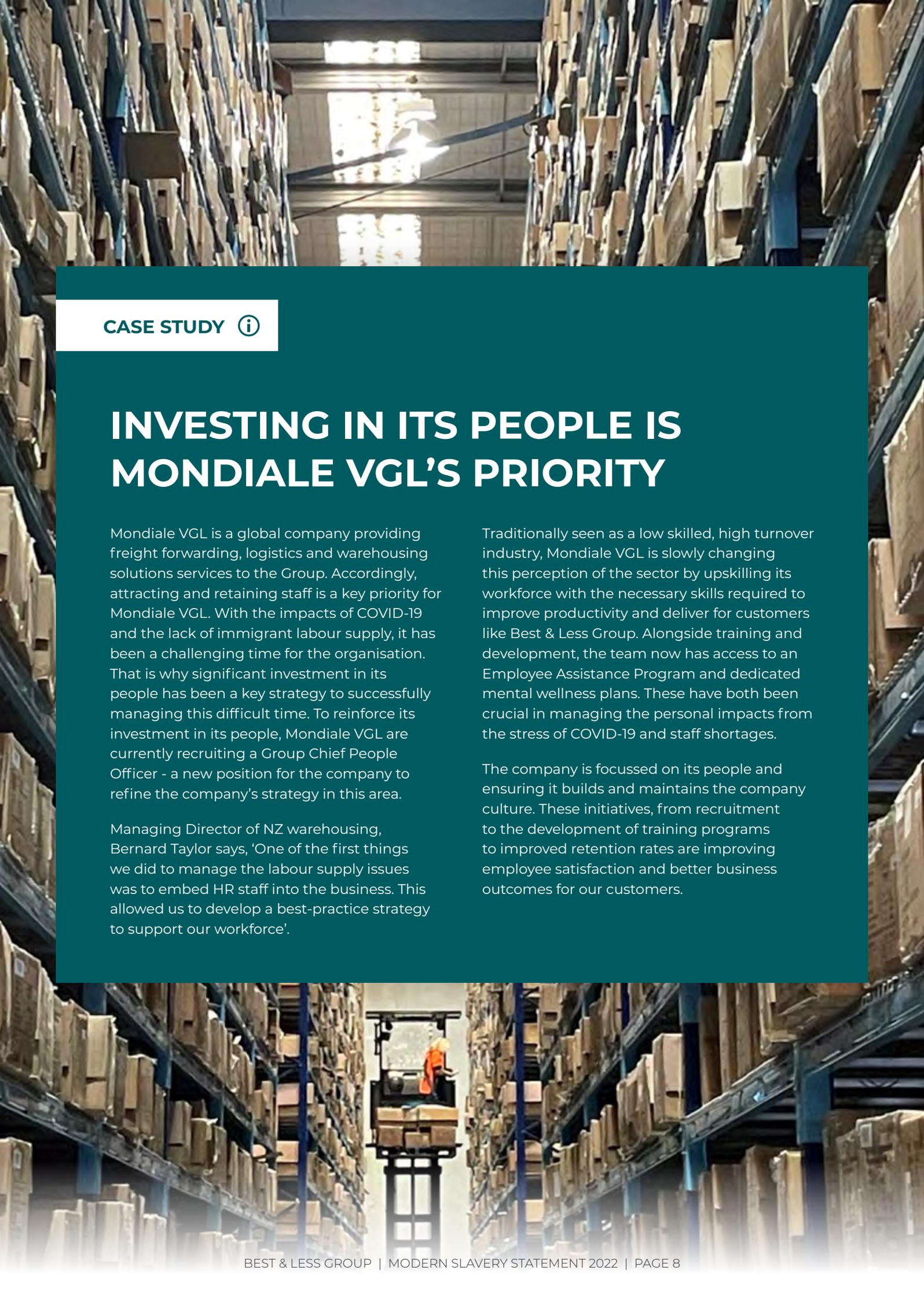
Our Ethical Sourcing Code is our key document which guides our decisions regarding which suppliers we will work with. We do not source materials or work with factories from regions we believe do not meet the requirements of this Code.

All new Merchandise Suppliers undergo an extensive onboarding program and our Tier 1 Own Brand Merchandise Suppliers are audited biennially to ensure compliance to our Ethical Sourcing Code and contractual obligations. This year, we extended our program and started to request audits from selected higher volume Tier 2 Own Brand Merchandise Suppliers including freight forwarders, hangers and labelling suppliers, and the mills which produce our fabrics.

Our Trade Suppliers

Our Trade Suppliers provide the goods and services other than merchandise to support our business. This category does not include landlords of premises which we occupy or rent or providers of utilities.





CASE STUDY 

INVESTING IN ITS PEOPLE IS MONDIALE VGL'S PRIORITY

Mondiale VGL is a global company providing freight forwarding, logistics and warehousing solutions services to the Group. Accordingly, attracting and retaining staff is a key priority for Mondiale VGL. With the impacts of COVID-19 and the lack of immigrant labour supply, it has been a challenging time for the organisation. That is why significant investment in its people has been a key strategy to successfully managing this difficult time. To reinforce its investment in its people, Mondiale VGL are currently recruiting a Group Chief People Officer - a new position for the company to refine the company's strategy in this area.

Managing Director of NZ warehousing, Bernard Taylor says, 'One of the first things we did to manage the labour supply issues was to embed HR staff into the business. This allowed us to develop a best-practice strategy to support our workforce'.

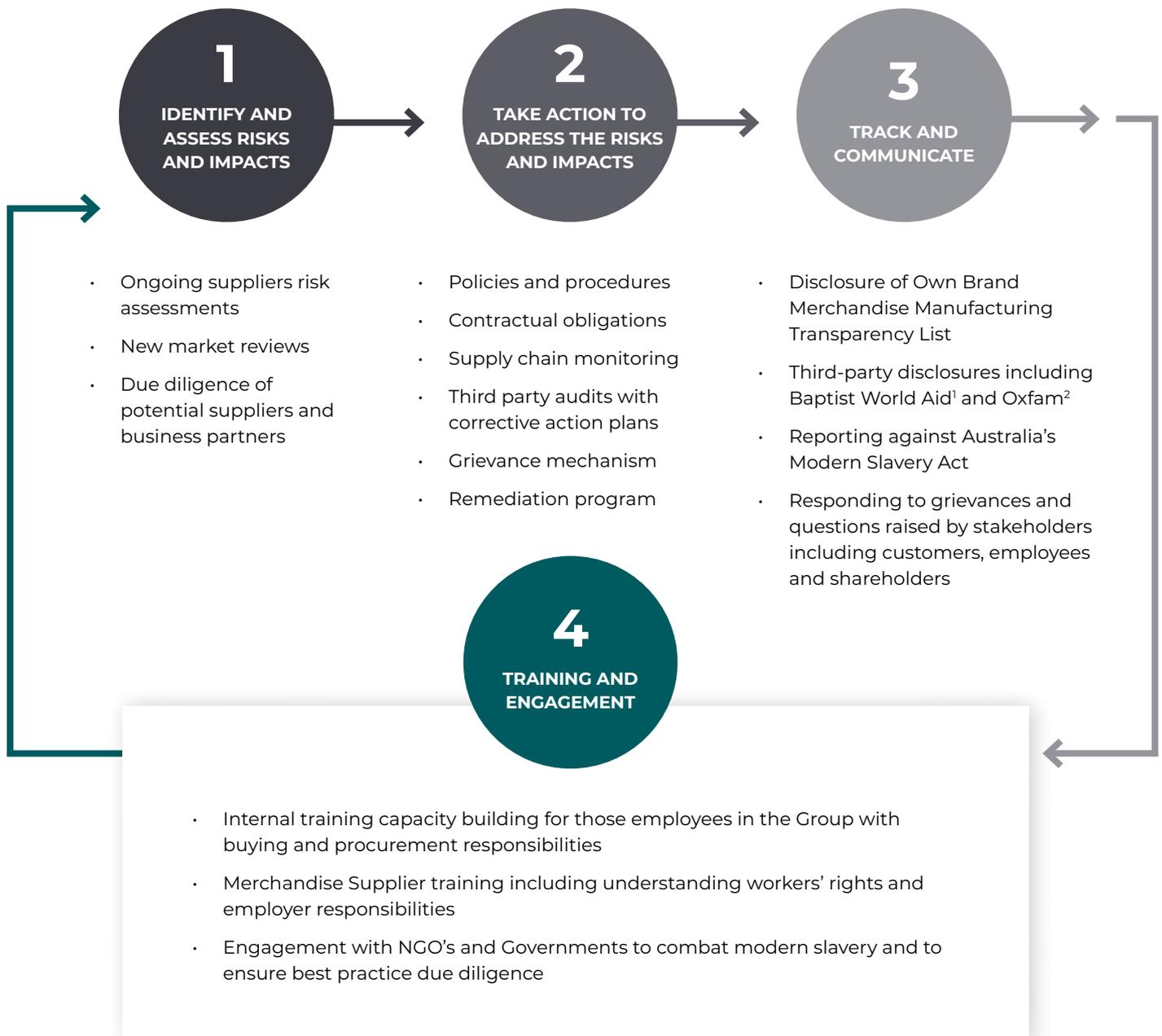
Traditionally seen as a low skilled, high turnover industry, Mondiale VGL is slowly changing this perception of the sector by upskilling its workforce with the necessary skills required to improve productivity and deliver for customers like Best & Less Group. Alongside training and development, the team now has access to an Employee Assistance Program and dedicated mental wellness plans. These have both been crucial in managing the personal impacts from the stress of COVID-19 and staff shortages.

The company is focussed on its people and ensuring it builds and maintains the company culture. These initiatives, from recruitment to the development of training programs to improved retention rates are improving employee satisfaction and better business outcomes for our customers.

MODERN SLAVERY RISK MANAGEMENT OUR APPROACH

Our approach to modern slavery risk management is guided by our policies and commitments. Our aim is to undertake due diligence in a systematic and consistent manner, and as an integral part of our business-as-usual processes.

Our due diligence is an ongoing process of identifying risks and impacts to people, taking action to address these risks and impacts – meaningful prevention, mitigation and remediation - and accounting for how we respect human rights in practice.



¹ Ethical Fashion Report 2022

² Behind the Barcodes Report 2022 and [What She Makes](#)



SPOTLIGHT ON OUR WORKERS HOTLINE

In December 2021 Best & Less Group implemented a Workers Hotline in all factories producing Own Brand products for the Group. As a result of establishing this hotline the workers in the factories we use to produce our merchandise are able to contact Best & Less Group directly should they have issues with pay and/or conditions.

Workers were handed cards with the details of the hotline and posters were placed in prominent locations around the factories.

Since the introduction of the hotline, the Group has received two complaints. Both complaints were in relation to workers being let go without being paid entitlements owed. The Group contacted the factories immediately and within a few days, the workers were paid their full entitlements and the issue was resolved. This is an example of the effectiveness of the hotline system put in place to ensure worker's voices are heard.



ASSESSMENT OF RISK OF MODERN SLAVERY

The Group regularly analyses modern slavery risks across our operations and supply chains addressing salient issues including the risk of forced labour and child labour. Our analysis reviews factors such as:

- Country risk indicators from sources such as Global Slavery Index;
- Product sector taking into account manufacturing or sourcing risk indicators from sources such as SEDEX reporting; and
- The presence of vulnerable groups within a specific country or region.

We involve our internal teams in the process for qualitative input (including factory inspections) and engage with external experts, incorporating learnings from these sources into our analysis.

Our Merchandise Labour Rights risk register records the inherent and residual risks across the supply chain including risks at the manufacturing, fabric mills and raw material levels and assesses as well as those most impacted and actions to mitigate the risk. This is regularly reviewed to ensure any changes to the risk profile is managed.

Our assessment of our operations is that the Group and our subsidiaries are not directly linked to modern slavery. Through our various policies and controls we believe the Group does not cause modern slavery. However we acknowledge that there is an inherent risk within the textile sector and our buying practices may unknowingly contribute to modern slavery. With this in mind, we are continuously seeking to improve our understanding of our suppliers' business practices in order to minimise this risk.



Risks in our operations

As reported in our previous Modern Slavery Statements, the risk of modern slavery in our Group's operations is low.

BUSINESS AREA	RISK PROFILE
Operations ³	Remains Low: predominantly Australian and NZ workers directly engaged

The Group employs almost all of our team members directly on full time, permanent or casual contracts. Over 70% of the Best & Less Group's workforce is covered by Enterprise Bargaining Agreements with the remaining employed via individual agreements. All agreements confer minimum pay, hours of work, break entitlements, deductions and leave entitlements, health and safety, termination of employment and grievances. Best & Less Group recognises the rights of team members to negotiate collectively, with or without the involvement of third parties including unions.

Labour hire contractors are employed in our Australian distribution centre and online fulfilment centres. These contractors are directly managed by Best & Less on our premises and paid by Australian-based labour hire firms who must comply with Australian laws including payment of award wages and the rights of workers to collectively negotiate.

Best & Less Group's Employee Code of Conduct outlines the expectations of employees and contractors including zero tolerance for workplace harassment, bullying, bribery, corruption discrimination and serious misconduct including worker exploitation. All team members are required to undertake induction training which includes the organisation's expectations outlined within the Employee Code of Conduct. Our Worker Grievance Hotline provides workers with the opportunity to report grievances through an independent process should this be required.

Best & Less Group undertakes regular internal audits of our systems and processes to ensure compliance to Australian and New Zealand legislation and employment contract obligations. Any findings from these audits are rectified promptly and improvements to the system and processes are made to ensure any risks are mitigated in the future.

Risks within our merchandise supply chain

Best & Less Group has zero-tolerance for any form of modern slavery including the use of child labour, forced labour, or prison labour in the manufacturing or sale of our garments. However, we recognise that all products and services carry some risk of modern slavery in the supply chain.

BUSINESS AREA	RISK PROFILE
Own Brand Merchandise Suppliers	Moderate: our Tier 1 suppliers are routinely audited but located in higher risk countries
Third party Merchandise Suppliers	High: we have limited information about these supply chains

³ Refer Appendix 1

Best & Less Group has identified its Tier 1 Own Brand Merchandise Suppliers as carrying a moderate risk. Whilst these suppliers operate in high-risk countries including China, Bangladesh, Pakistan, India, Sri Lanka and Cambodia, Best & Less Group has a direct relationship with all Tier 1 Own Brand Merchandise Suppliers, and this allows for active management and mitigation of these risks.

We have built long term and lasting relationships with these suppliers, with an average length of 10 years and our buying and sourcing teams are in regular contact with them to ensure fair pricing and realistic production volumes and delivery expectations. We do not allow subcontracting unless approved by the Group's Head of Merchandise Operations after completion of a satisfactory third-party audit.

We recognise however that unauthorised subcontracting remains a risk. To ameliorate this risk we have processes in place, such as pre-shipment inspections, which help us identify unauthorised subcontracting. Where unauthorised subcontracting is identified we escalate the issue to factory management in accordance with our remediation process and resolve this breach of our agreements with the manufacturer. A list of all Own Brand Merchandise Suppliers is published on our websites⁴ and updated regularly.

The highest risk of modern slavery exists further down the supply chain (Tier 2 – Fabric Mills and Tier 3 – Raw Materials suppliers) where visibility of workers' conditions is not as clear given the lack of direct relationships.

To help address these higher risk categories, in FY22 Best & Less Group became a member of SEDEX (Supplier Ethical Data Exchange). SEDEX is a global membership organisation that provides an online platform and tools for companies to improve the visibility and management of their supply chain. The Group is currently undertaking a review of suppliers who are members of SEDEX, enabling the Group to undertake a more thorough mapping of our Own Brand merchandise supply chain.

There is also a heightened parallel risk of modern slavery within the supply chain of our Third Party Brands who also manufacture in the locations in which Best & Less Group manufacture. Like the Group's operations, the modern slavery risk of individual Third Party Brand's operations (a Tier 1 supplier to Best & Less) is relatively low. This is because the operations of most of these suppliers are based in Australia or New Zealand, or in lower risk countries, where there is a strong rule of law.

However, the risk is significantly higher further down the chain due to a lack of visibility. Best & Less Group engages with its major Third Party Brands to ensure they have similar processes in place to manage modern slavery risk in their supply chains, including obtaining audit reports for their Tier 1 factories.



⁴ www.bestandless.com.au and www.postie.co.nz

Risks within our trade supply chain

In FY22, Best & Less Group undertook a deeper review of its Trade Suppliers, developed a risk profile for each supplier category and commenced work on action plans to address risks associated with the highest risk profile suppliers.

BUSINESS AREA	RISK PROFILE
Fabrication of materials for fit outs	Moderate: our Tier 1 suppliers are mostly domestic suppliers however we have limited information about their greater supply chain
Labour hire companies	
Cleaning and security services	
Construction	
Transport and logistics	
Electronic goods	
Offshore call centre	
Media and marketing services	

These risk assessments were based on the type of business model the supplier had in place, with those engaging subcontractors rated at a higher risk. Factors assessed included whether those suppliers had a high proportion of migrant workers, whether low skilled work was involved, whether there was significant chance of excessive overtime or whether goods were produced from high-risk geographies or related to high-risk products.

For Tier 1 Trade suppliers that are based in Australia or New Zealand, the assessed risk is lower as these suppliers must comply with Australian or New Zealand laws and Best & Less Group is able to engage regularly with these suppliers.

In Australia and New Zealand our landlords' Tier 2 and Tier 3 Trade suppliers may involve modern slavery risks such as, in construction, or cleaning and security services. However, our influence in this sector over modern slavery risks is limited due to the control and information imbalance between landlords and tenants.

A similar imbalance exists with international freight, although the freight forwarders currently used by the Group are members of SEDEX. In FY22 we undertook discussions to better understand the steps taken by our freight partners to address modern slavery risks.

SPOTLIGHT ON SEDEX

To make a greater impact and deliver more positive change for workers within our global supply chain, we needed to move beyond our internal framework for managing risk, to a broader framework for better managing risk and increasing visibility of workers' conditions in the supply chain. This year Best & Less Group joined SEDEX which has enabled the Group to move to a common set of tools and standards that enables collaboration with suppliers and to streamline the sharing of data.

Since joining we have been able to delve deeper into the risk areas for supplier sites, helping to monitor specific risks in the supply chain. Many of the Group's suppliers were already SEDEX members, enabling the Group to map over 100 suppliers within the current supply chain. The next step will be to use the Self-Assessment Questionnaire (SAQ) to improve policy responses and guideline development.

ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

Further to the activities undertaken as part of our ongoing Ethical Sourcing Program and as reported in our previous statements⁵, this financial year has seen a strengthening of existing programs and the introduction of several new systems and initiatives, including as set out below, to further prevent and mitigate the risks of modern slavery.

Our Policies

We have a zero tolerance of any form of forced labour in our operations or supply chain. We have several policies and mechanisms that outline our position including our:

- Employee Code of Conduct⁵;
- Ethical Sourcing Code⁵; and
- Whistleblower Protection Policy⁵.

In FY22 we developed a Child and Forced Labour Remediation Policy. This policy outlines our expectations for responses for corrective action and remediation should we find forced or child labour. This policy outlines our supplier's responsibility as well as the responsibility of the Group and has been put in place across all Tier 1 Own Brand Merchandise Suppliers.

Key mechanisms for reporting issues include through our external audit program and through our Workers Grievance Hotline. Any grievance that is reported is investigated, and if it requires action to be taken, we work with our suppliers to put in place a Corrective Action Plan (CAP) including any remediation that needs to be provided to the worker. If the supplier is in non-compliance with the CAP and with the remediation policy the supplier is terminated.

This year, we also continued our biennial audit program of our Tier 1 Own Brand Merchandise Suppliers and have been requesting compliance and audit certification from our Tier 2 Own Brand Merchandise Suppliers through SEDEX.

As noted earlier, in FY22 we undertook a deeper analysis of our Trade Suppliers which included further mapping and risk assessment. Actions resulting from this deep dive included undertaking a review of our Ethical Sourcing Code, to determine if the code was fit for purpose for our Trade Suppliers. This Code was designed for, and has been signed by, all of our Tier 1 Own Brand Merchandise Suppliers. This review was completed in June 2022 and work is being undertaken to implement a Trade Supplier Code of Conduct (TSCC). This new policy will be implemented across new trade suppliers by June 2023, and we will work to engage with and transition high risk trade suppliers over the next 12 months.



⁵ bestandlessgroup.com.au/investor-centre/?page=corporate-governance



Systems

In FY21, we reported that we were investigating a new Product Lifecycle Management (PLM) system which would enhance transparency and visibility of our buying processes for our Own Brand merchandise manufacturers. This new system has now been implemented and enables 'open costings' of supplied products. This means there is a separation of wage costs against other costs and provides buyers with the ability to negotiate fair pricing with our manufacturers that will not impact wage costs. The PLM also easily identifies the results of our QIMA audit outcomes, and allows better management of Corrective Action Plans (CAPS).

All merchandise buyers have been provided training on the new PLM system and the Head of Merchandise Operations conducts regular reviews to ensure correct implementation.

As a result of becoming a member of SEDEX this year, Best & Less Group will have increased visibility of the whole supply chain. This will enable us to better identify mitigate and prevent risks of labour, human and environmental risks.

Raw materials

Cotton is the predominant fibre used in our Own Brand merchandise, making up approximately 80% of product materials. In FY22, the Group commenced its transition to Australian cotton sourcing and we are now procuring approximately 50% of our cotton from Australian Cotton⁶ producers. This significantly reduces the risk of modern slavery and increases supply chain transparency for this critical raw material.

Living Wage commitment

We have made significant inroads to our Living Wage commitment. Using the Anker Living Wage Benchmark, we have confirmed, via our QIMA audits, that many of our suppliers in China are paying employees a Living Wage. Currently 68% of our Own Brand merchandise is produced in China. Other markets pay above minimum wage, and we are working with suppliers, and through our PLM system, to improve efficiency in production including better buying practices and purchasing cycles to enable payment of higher wages.

⁶ cottonaustralia.com.au

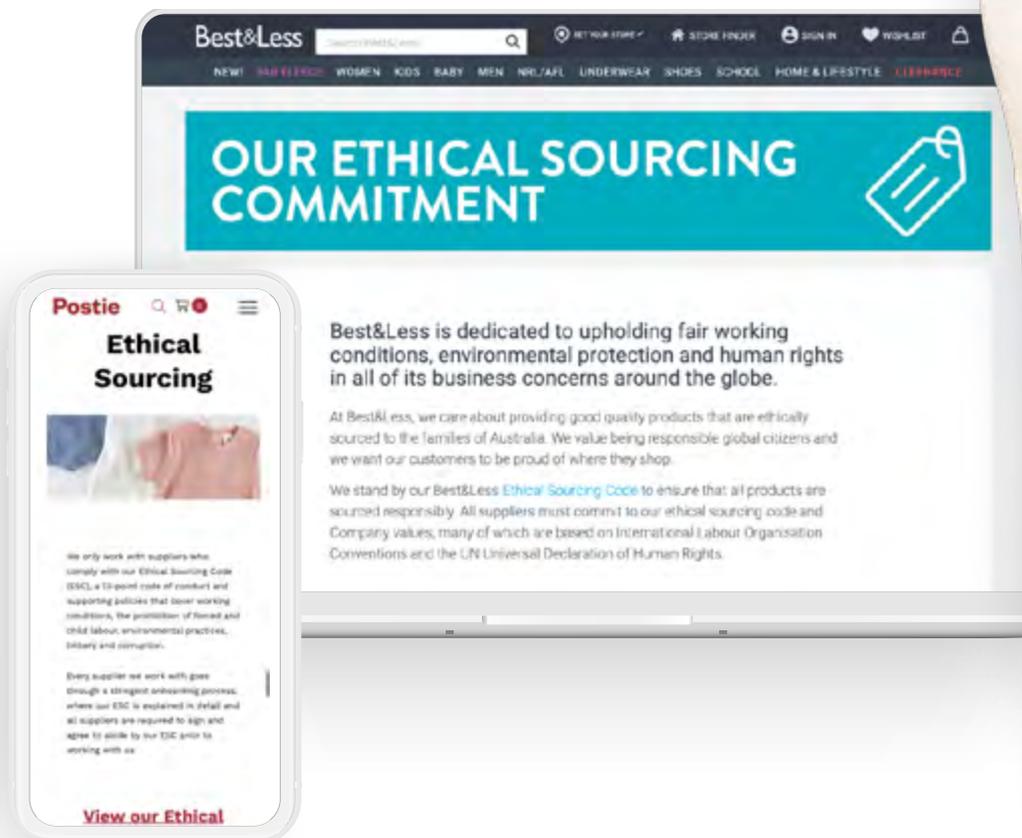
Capacity building

In FY22 we continued to build the capacity to understand modern slavery risks within our internal teams and with our suppliers. This included:

- internal training with teams working with Trade Suppliers to understand the risks of modern slavery, indicators of labour rights issues, and actions that can be taken;
- Product Lifecycle Management system training with all Buyers, covering open costings, living wage and audit Correct Action Plans;
- QIMA training with all audited suppliers; and
- participation in Modern Slavery webinars and seminars hosted by Border Force.

Communicating our actions

Our commitment to ethical sourcing is outlined on both [Best & Less](#) and [Postie](#) websites and our actions taken to mitigate risks in these areas are outlined in our annual report and within this statement. We have published our Ethical Sourcing Code and other relevant on our website. Our Own Brand Merchandise Manufacturers Transparency List is also published and updated regularly. We also communicate to various stakeholders, including our investors, on steps taken to mitigate risks of modern slavery.



THE WAY FORWARD

Best & Less Group has developed a roadmap to further advance its approach to modern slavery in its operations and supply chain. In addition to the existing program of work our roadmap includes the following activities:

- developing a Trade Supplier Code of Conduct (TSCC) and adjust to contract clauses to require TSCC to be signed;
- mapping our extended merchandise supply chain from raw material to customer by 2025;
- extending our audit program to Tier 2 Own Brand Merchandise Suppliers;
- continuing to build the capability of our buying team to identify and mitigate any risks of modern slavery as well as ethical purchasing practices to ensure fair compensation for suppliers;
- continuing to roll out changes to supplier contracts to improve obligations and transparency around modern slavery;
- continuing to close the Living Wage gap and meet our 2025 commitment;
- continuing to promote awareness of our Ethical Sourcing Code amongst our Merchandise Suppliers; and
- building on our relationships with our Trade Suppliers to increase transparency and accountability for their supply chains.

Visit our websites⁶ for information about our Social Responsibility Program, Ethical Sourcing Code, Worker Grievance Hotline, and current suppliers lists.



⁶ www.bestandless.com.au and www.postie.co.nz

APPENDIX 1: BUSINESS STRUCTURE

Key functions of our operations include:

- Product design, planning and sourcing
- Retail and e-commerce
- Supply chain logistics
- Marketing and Media
- Property and Procurement
- People & Culture and Safety
- Finance, IT, Data and Administration

— OUR NETWORK AND OPERATIONS —

as at 30 June 2022

244 physical stores



2 e-commerce stores
in AU and NZ

1

Distribution centre in Sydney
(Postie uses 3rd party
logistics in Auckland)

2

online fulfilment
centres in Sydney and in
Auckland

2

Office locations in
Sydney and Auckland,
with a dedicated team
member in Shanghai

> 25,000

factory orders with over 8,000
styles and approx. 78 million
individual items

> 1.1 million

online orders shipped

> 2,600 TEU

shipping containers from
Asia per year

— OUR TEAM —

4,422

total team members



2

Enterprise Bargaining
Agreements covering 72% of staff

4,362

directly employed

60

contractors

5.8%

team members are members
of a trade union

— OUR SUPPLY PARTNERS —

979

total suppliers



28

Third Party brands

153

Own Brand merchandise manufacturers
from 200 audited factories across
6 countries

826

suppliers of non-trade
goods and services

- OUR ETHICAL SOURCING PROGRAM -



100%

of Own Brand merchandise
manufacturers signed
Supplier Code of Conduct

44

merchandise
manufacturer audits
conducted in FY22

8.9/10

our average auditing score
(industry average is 7.5/10)



APPENDIX 2: GOVERNANCE AND CONSULTATION

Core to our approach to mitigating risks of modern slavery is a robust governance structure which is led by the Best & Less Group Board.

BEST & LESS GROUP BOARD

Responsible for approving the Ethical Sourcing Strategy, Ethical Sourcing Code and the Modern Slavery Statement. It receives and reviews quarterly reports on the status of the program.

BEST & LESS AUDIT AND RISK COMMITTEE

Is a committee with delegated responsibilities by the Best & Less Group Board and is responsible for evaluating the Group's ethical sourcing performance and the effectiveness of the ethical sourcing risk management systems and processes.

BEST & LESS GROUP CEO

Is accountable for managing human rights and modern slavery risks across the Group.

BEST & LESS EXECUTIVES

Accountable for managing human rights and modern slavery risks within Best & Less. The CFO is responsible for ensuring compliance to the Ethical Sourcing Program.

POSTIE EXECUTIVES

Accountable for managing human rights and modern slavery risks within Postie. The CFO is responsible for ensuring compliance to the Ethical Sourcing Program.

BEST & LESS HEAD OF MERCHANDISE OPERATIONS

Manages the implementation of the Ethical Sourcing Program for the Group.

SUSTAINABILITY COMMITTEE

A cross functional committee for developing and implementing environmental and social sustainability programs across the Group organisation including human rights awareness and training.

The Board are responsible for approving the Ethical Sourcing Strategy and holding management to account for its implementation. The Ethical Sourcing Strategy includes the Group's response to the challenges of modern slavery in its supply chain.

Each financial year, the Group's Board approves each of the relevant Group policies outlined below and conducts a review of the progress of the Group's actions to assess and mitigate risks of modern slavery throughout the operation and supply chain.

The Board appointed Audit and Risk Committee has been delegated responsibility for evaluating the Group's ethical sourcing performance and effectiveness of the ethical sourcing risk management systems and processes, with the Group's CEO accountable and responsible for implementing the strategy with assistance from the Executives of Best & Less and Postie, the Head of Merchandise Operations and the Sustainability Committee.

The policies and processes that support the Group's day-to-day operations require that universally recognised human rights are respected and safeguarded. Policies which support our modern slavery program include:

- Employee Code of Conduct
- Ethical Sourcing Code
- Whistle-blower policy
- Equal Employment Opportunity Statement
- Employee Assistance Program
- Anti-bribery and Corruption Policy
- Child and Forced Labour Remediation policy

Best & Less Group is committed to complying with the laws and regulations of the countries in which our business operates. Our policies prohibit any activities involving modern slavery and are committed to the safe and healthy working conditions for workers, including the right to freedom of association and collective bargaining. A comprehensive policy review was initiated in FY21 as part of the listing of BLG on the ASX and regular reviews will continue thereafter so that necessary changes are made to achieve best practice.

We undertake regular consultation across the Group on the actions required to address the risks of modern slavery. Staff consultation is delivered through the Sustainability Committee with representation of both at the Group level and at the Brand level (Best & Less and Postie employees). This committee meets monthly and is led by the Head of Merchandise Operations. Board consultation is undertaken through the Audit and Risk Committee and are provided with regular updates on the Ethical Sourcing Strategy.



APPENDIX 3: ASSESSING THE EFFECTIVENESS OF ACTIONS

Best & Less Group currently track performance through several internal and external mechanisms. We are continually working to understand the effectiveness and impact of our Ethical Sourcing Strategy. These insights are used to inform our immediate and longer-term risk management approach.

	ACTIVITY	MEASURE
GOVERNANCE	<ul style="list-style-type: none"> Board oversight (via ARC) Policy reviews Team Member training 	Quarterly presentation Ongoing policy review Number of training sessions held and number of participants
RISK MANAGEMENT	<ul style="list-style-type: none"> Regular Risk Assessments Supplier onboarding Regular review of risk matrix 	Annually All new stock suppliers Quarterly
MONITORING	<ul style="list-style-type: none"> Third party audits Supplier Corrective Action plans Worker engagement Site visits 	Audits conducted per tier; quantum of non-compliance No. of plans in place and time to implement Number of worker engagements Number of Site visits
GRIEVANCE MECHANISMS	<ul style="list-style-type: none"> Mechanism for grievances to be raised Cases remediated Trend analysis 	Total number of issues raised and resolved Number of cases remediated Annual assessment to identify trends



With international borders opening in 2022, our team back on the ground in India at one of our supplier factories.

APPENDIX 4: GLOSSARY

Our Statement uses the Act's definition of Modern Slavery: conduct which would constitute a criminal offence under Australian law⁷ or international law including trafficking in persons⁸ and the worst forms of child labour⁹. The worst forms of child labour mean extreme forms of child labour that involve the serious exploitation of children, including through enslavement or exposure to dangerous work.

Best & Less Group, BLGH, the Group	The reporting entities covered by this Statement being Best & Less Group Holdings Ltd and/or controlled subsidiaries and managed joint venture operations that meet the definition of reporting entity under the Act. References to 'our' and 'we' in this Statement are references to the reporting entities above.
Ethical Sourcing Code (ESC)	Our ESC outlines the code of conduct and policies in relation to social, environmental and standards of compliance that we require from our business partners (suppliers) and is available on our websites: Best & Less: www.bestandless.com.au/ethical/sourcing Postie: www.postie.co.nz/ethical-sourcing
Ethical Sourcing Strategy (ESS)	Our ESS is how we measure and ensure compliance with the ESC. For example making sure all suppliers sign up to it and running biennial audits.
Own Brands and Third Party Brands	See page 6 of this MSS.
Product Lifecycle Management system (PLM)	PLM is a software program for product development to manage design, quality approvals, compliance, costings, sourcing and supplier information.
QIMA	The provider of our independent audit services to audit our supplier partners.
Living Wage	We define a living wage as remuneration earned in a standard work week (no more than 48 hours) by a worker being sufficient to afford a decent standard of living for the worker and her or his family. We have adopted the benchmarks set by the Anker Living Wage Methodology to establish the living wage in regions where our suppliers are located.
Merchandise Manufacturers Transparency List	See Best & Less website: www.bestandless.com.au/factories See Postie website: www.postie.co.nz/ethical-sourcing
Merchandise Suppliers	Suppliers of goods and services we sell to our customers. See page 6 of this MSS.
Sustainability Committee	An internal committee that meets regularly to report on and progress sustainability initiatives being pursued by the Group.
Trade Suppliers	Suppliers of goods and services to the Group, other than merchandise suppliers. See page 7 of this MSS.
Tier 1 Suppliers	Those suppliers we contract directly with to supply goods and services.
Tier 2 Suppliers	Those suppliers that our Tier 1 suppliers' contract with to supply goods and services.
Tier 3 Suppliers	Those suppliers that our Tier 2 suppliers' contract with to supply goods and services.

⁷ An offence under Division 270 or 271 of the Criminal Code.

⁸ Trafficking in persons as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27).

⁹ Child Labour as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, done at Geneva on 17 June 1999 ([2007] ATS 38).

APPENDIX 5: INDEX

MODERN SLAVERY ACT (2018) REQUIREMENT			P	
1.0	Identify reporting entity	Name of reporting entity	2	
2.0	Describe structure, operations and supply chain	Describe Structure - legal and organisational form	Legal Classification and ACN/ ABN	2
			Provide the details of the reporting entity's registered office	2
			Indicate the approximate number of workers employed by the entity and any entities it owns or controls	6
			Explain the general structure of the entity	19-20
			If the entity is part of a larger group, explain the general structure of the overall group (both upstream and downstream from the entity)	NA
			Whether it owns or controls other entities	2
			If the entity does own or control other entities, explain what these entities do and where they are located	2
			Identify any trading names or brand names associated with the reporting entity and entities it owns or controls	2
		Describe Operations	Explain the nature and types of activities undertaken by the entity and any entities it owns or controls	6
			If the entity's activities involve investments or financial lending, explain the type and nature of the entity's investments or lending	NA
			Identify the countries or regions where the entity's operations are located or take place	19
			Provide facts and figures about the entity's operations, such as the total number of employees, factories, and/or stores	19-20
			Explain in general terms the type of arrangements the entity has with its suppliers and the way these are structured (are they often short-term and changeable or stable longer-term relationships)	6-7
			Explain the types of business relationships the entity has in addition to suppliers, such as joint venture partners	NA

MODERN SLAVERY ACT (2018) REQUIREMENT				P
2.0		Describe supply chain	Identify the countries or regions where the entity's suppliers are located	6-7
			Explain the main types of goods and services the entity procures	
			To the extent possible, identify the source countries for these goods and services	
			Link to any disclosures by the entity about the identity of their suppliers (such as a public supplier list)	
3.0	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Caused, contributed or directly linked to	Describe risks that the entity, and entities it owns or controls, causes, contributes to and/or is directly linked to modern slavery	12-14
			Should identify the general types of modern slavery risks that may be present in the operations and supply chains	
			Include sector/ industry risks; product and services risks; geographic risks; entity risks	
			Must include sufficient detail to clearly show the types of products and services in the entity's operations and supply chains that may involve risks of modern slavery	
4.0	Describe what actions over the past 12 months, the reporting entity, and entities it owns or controls, is taking to assess and address the risks of modern slavery	Due diligence	How the entity has identified and assessed actual and potential human rights impacts : eg <ul style="list-style-type: none"> Reviewed existing information such as Human Rights Impact Assessments; WH&S inspections, Social Impact Assessments Mapped key parts of your operations and supply chains Assessed the risk through risk matrix 	15-17
			What tools, systems, policies and personnel does the entity have in place to monitor high risk suppliers and mitigate associated risks eg supplier and employee codes of conduct, Human Rights policy, complaints mechanism available.	13-17
			Are these tools, systems, policies available publicly, if so where	15-16
			How is the entity taking appropriate action to address impacts eg staff and supplier training, incident reporting, working directly with high risk suppliers	17
			How is the entity is tracking performance eg credible audits, using existing traceability processes	12, 15-17
			How the entity is publicly communicating what you are doing	17
4.0		Remediation processes	What is in place for the entity to respond to complaints of modern slavery	10
			What is the process for remediation	15

MODERN SLAVERY ACT (2018) REQUIREMENT				P
5.0	Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks		Explain what the reporting entity is doing to check whether its actions to assess its modern slavery risks are working. How will it know whether it is appropriately identifying and evaluating its modern slavery risks?	23
			<p>Explain what the reporting entity is doing to check whether its actions to address modern slavery risks are working. How will it know if its actions are making a difference?</p> <p>Could include:</p> <ul style="list-style-type: none"> • Establishing a regular review process • Regularly checking your risk assessment processes • Setting up a process to provide for regular engagement and feedback between key departments • Conducting internal and external audits • Tracking actions you have taken and measuring impact • Working with suppliers to check their progress • Looking at trends reported through the complaint's mechanism • Partnering with an industry group, or trusted NGO to undertake an independent review 	23
6.0	Describe the process of consultation with any entities the reporting entity owns or controls	Not needed if no other entities owned or controlled	The level of consultation you undertake should reflect your relationship with the other entity and the risk profile of that entity. Your consultation should be sufficient to ensure that the modern slavery risks relating to the other entity have been appropriately identified, assessed and addressed and that other entity is aware of what actions they need to take	22
7.0	Any other relevant information	Only if relevant	<p>May include:</p> <ul style="list-style-type: none"> • How the reporting entity has supported the development of legislation on modern slavery in another country • Whether the reporting entity has participated in external forums on modern slavery to help improve awareness • How the reporting entity has partnered with a civil society organisation or industry body • How the reporting entity has contributed to addressing the root causes or structural factors that contribute to modern slavery, such as poverty, forced migration, and education • If you reported on a situation of modern slavery in a previous statement, any updates on how the situation has been addressed 	
	Approved by principal governing body		The statement must say that it has been approved by the principal governing body for the reporting entity; name that governing body; and specify the date that governing body approved the statement	2
	Signed by a responsible member of the reporting body		Usually a Director or the Board	3



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