



TAROCASH

yd.

CONNOR

Johnny  
BIGG

ROCKWEAR

# JOINT MODERN SLAVERY STATEMENT

**FINANCIAL YEAR ENDED 31 MARCH 2021**

*This Statement sets out how Retail Apparel Group Pty Ltd (RAG) has identified, addressed and remediated against modern slavery pursuant to the Modern Slavery Act 2018 (Cth) ("The Act") during the second reporting period and our plans to address modern slavery going forward.*

*RAG refers to TFG Retailers Pty Ltd (TFG Aust), Retail Apparel Group Pty Ltd and its brands, Tarocash Pty Ltd (Tarocash), Connor Clothing Pty Ltd (Connor), Rockwear International Pty Ltd (Rockwear), yd. Pty Ltd (yd) and Johnny Bigg Pty Ltd (Johnny Bigg). In line with the Act, TFG Aust, RAG, Connor are the reporting entities for the reporting period.*

*All RAG entities report into a single Board and a shared services team is responsible for the implementation and day-to-day management of RAG policies and communication back to the Board.*

# MODERN SLAVERY

Retail Apparel Group Pty Ltd and its brands (RAG) acknowledge the risk of Modern Slavery in global supply chains.

We are committed to achieving an ethical, legal and responsible approach to business, and ensuring effective processes and controls are in place to safeguard against Modern Slavery within our business operations and our supply chain. We will continue to work with suppliers to achieve this goal.







# OUR BUSINESS

RAG is 100% owned by The Foschini Group Ltd, a South African retailer listed on the Johannesburg stock exchange.

RAG is an Australian menswear and women's activewear retailer and has the following brands: Tarocash, yd., Connor, Johnny Bigg and Rockwear. We have more than 550 stores across Australia and New Zealand where we distribute and sell a range of products. We sell products through physical stores and digital channels.

RAG and all of our brands operate out of our head office in Waterloo in Sydney. We are managed through one head office Executive team with the same values shared across the Group. As such, our governance framework, which is underpinned by various policies, procedures and standards is applicable across the entire RAG Group including all of our brands.

RAG's warehouse operations are spread across New South Wales and Queensland, one is managed directly by RAG and the other by third party providers. For this reporting period, Connor is the reporting entity under the Act.

# OUR PROGRESS

This is our second reporting period under the Act and we are proud of the advancements we have made in the last twelve months and recognise there is still a long way to go:

## **Risk analysis and controls:**

We continue to assess and review Modern Slavery risks within our supply chain, periodically reviewing our relevant procedures and controls we have in place to detect, mitigate and respond to these risks. We monitor these through our monthly sourcing meeting and KPI Dashboard and identify areas of potential risk or opportunities to explore further.

We have made amendments to these procedures where opportunities to enhance them have been identified, including updating our Code of Conduct for improved wage guidelines or to further support our traceability investigations; and identifying high risk suppliers to monitor or inspect more closely.

We have extended the scope of our foundation controls, our Supplier Code of Conduct and our independent social and ethical audit, to now apply to our key non-stock item suppliers.

## **Remediation Strategy:**

We have developed our remediation strategy for child and forced labour. Whilst we have not identified any such instances over the past year, we have a strategy in place should any concern arise.

## **Traceability & Transparency:**

We have traced our supply chain beyond our second tier. We now know that over 50% of our raw linen is sourced from Western Europe. We continue to make tracing our supply chain a priority and look forward to continuing the substantial progress we have made in the last few years to further map our supply chain.

# OUR OPERATIONS AND SUPPLY CHAIN

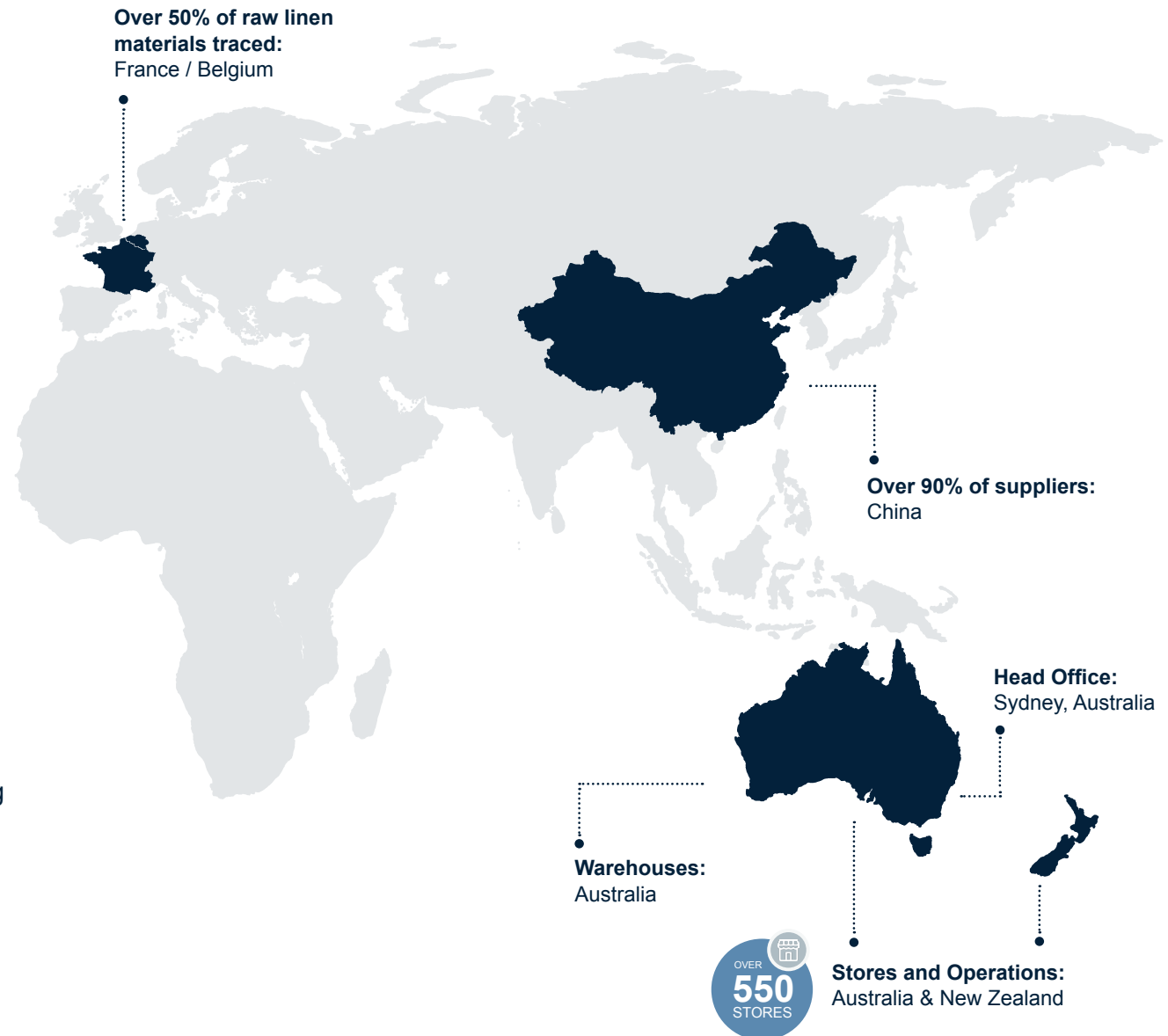
RAG's high-quality products are produced in numerous countries across the world.

Whilst we do not own or operate factories, we have developed considerable long-term relationships with our valued suppliers and are proud of the working relationships we share.

We collaborate with these suppliers to ensure the working environments in which our products are made are compliant with and align to RAG's Responsible Sourcing Principles which specifically address modern slavery.

We acknowledge that our supply chains are complex and include various stages, geographies and skill sets to bring our products from raw materials through to finished products. These include the factories where garments are completed; the locations where materials are developed and made into fabric such as in various mills and dye houses; and further down the line, our raw materials which come from farms and various wholesaling relationships.

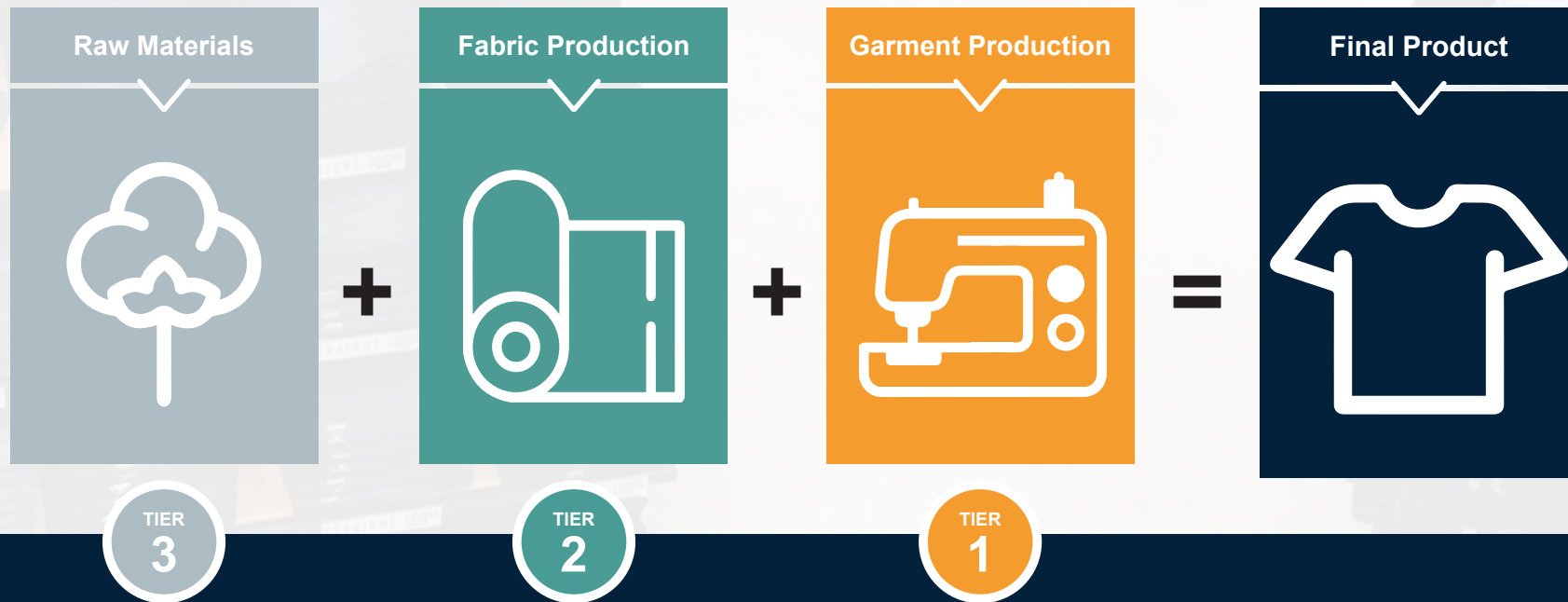
At present, RAG's strongest relationships are with the suppliers who are at the final stage of our manufacturing process. As a result, our current procedures focus on addressing modern slavery risks in this labour-intensive process. We recognize that there is a need to continue expanding these procedures further down our supply chain.





# OUR SUPPLY CHAIN

At RAG we have identified our supply chain to have three tiers as outlined in the following chart:



# IDENTIFIED MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN

	DEFINITION	DESCRIPTION	TRACEABILITY STATUS	MODERN SLAVERY RISKS IDENTIFIED	Inherent Risk Level:	
<b>TIER 0</b>	<b>RAG Brands and Operations</b>	Warehouses Stores Head Office	Fully mapped	Forced labour and debt bondage in our third-party warehouses		<b>LOW</b>
<b>TIER 1</b>	<b>Final Stage Production</b>	A factory which cuts, trims and/or sews RAG products	Fully mapped	Child labour; debt bondage, and forced and migrant labour in the manufacturing and finishing of our products		<b>HIGH</b>
<b>TIER 2</b>	<b>Inputs</b>	Fabric mills, dye houses, wash houses, labelling, hanger suppliers, cartons etc.	Almost fully mapped	Child labour; debt bondage, and forced labour and migrant labour in the production and manufacture of leather		<b>MEDIUM</b>
<b>TIER 3</b>	<b>Raw Materials</b>	RAG's top 3 raw materials are: Cotton, Polyester and Linen	Mapping project initiated (We have traced over 50% of our linen raw material to the farm in which it was picked. These have all been in Europe)	Child labour; debt bondage, human trafficking, slavery, and forced labour and migrant labour in the farming/growing/picking of our raw materials  The key risk for RAG is a current lack of transparency, a risk we are currently working towards reducing		<b>HIGH</b>

# ADDRESSING MODERN SLAVERY RISK: OUR APPROACH



**1.** Understanding, Analysing and Educating ourselves on Modern Slavery, its potential presence within our supply chain and the related risks to our business.

**2.** Adopting Responsible Sourcing Principles which address these risks.

**3.** Implementing Procedures and Monitoring of Compliance to help monitor compliance with our Responsible Sourcing Principles.

**4.** Developing Remediation Plans for best addressing any issues of Modern Slavery if suspected or identified.

**5.** Re-Understanding, Re-Analysing and Re-Educating ourselves over time and as our experiences and our environment evolves.





# 1. UNDERSTANDING, ANALYSING AND EDUCATING

We acknowledge that Modern Slavery is a risk in our operations and supply chain and are committed to analysing the risk; addressing the risk and educating our business. This is an ongoing analysis and education process which we will continue to question and investigate as our experience, environment and industry evolves. For example, the COVID-19 crisis has required us to revisit the Modern Slavery risks within our supply chain and consider the impact of our actions on those risks, such as our supplier payment terms.

All of our head office teams have engaged in training to understand Modern Slavery, the Modern Slavery Act and what this means for RAG and their teams specifically. Tailored training has also been provided to specific teams such as our product and our logistics teams. We have collaborated externally with Non-Government Organisations (NGO's), other organisations and universities to ensure we are kept up to date with the requirements of the Act, global risks and changing environments so that our approach flexes and evolves.

We know that true change takes time and that signing this statement is just another positive step towards reaching our ultimate goals.

In the area of product manufacture from tier 1 to tier 3 suppliers we acknowledge that child labour, debt bondage, forced labour and migrant labour present the key inherent risks of Modern Slavery within our supply chain. Our procedures, which check for occupational health & safety standards, fair pay & working conditions, and subcontracting, act as warning indicators for these key Modern Slavery risks.



## 2. ADOPTING RAG'S RESPONSIBLE SOURCING PRINCIPLES

The foundation of RAG's approach to Modern Slavery is built on our Responsible Sourcing Principles. These principles define our core sourcing values:

- 1 NO CHILD LABOUR
- 2 NO FORCED LABOUR
- 3 NO HARASSMENT OR ABUSE
- 4 NO DISCRIMINATION
- 5 NO EXCESSIVE OVERTIME
- 6 APPROPRIATE COMPENSATION
- 7 COMPLIANCE WITH LAWS
- 8 HEALTHY & SAFE WORKPLACE
- 9 FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING
- 10 ENVIRONMENTAL AWARENESS & PROTECTION
- 11 NO BRIBERY OR CORRUPTION
- 12 TRANSPARENCY IN ALL BUSINESS RELATIONSHIPS
- 13 RESPONSIBLE RAW MATERIAL SOURCING
- 14 UPHOLDING RAG'S RESPONSIBLE SOURCING PRINCIPLES

## 3. IMPLEMENTING PROCEDURES AND MONITORING OF COMPLIANCE

To monitor compliance with these principles and local laws across our supply chain, all of our tier 1 suppliers must adopt these principles, evidenced through signing our Supplier Code of Conduct (the "Code"). We regularly monitor compliance through conducting at least bi-annual independent third-party social and ethical audits of all our tier 1 suppliers in line with the Code, a procedure we have had in place for several years. Re-audits and unannounced inspections are conducted more frequently when issues of non-compliance are identified. The manufacturing and transportation of our products, along with our audit procedures, were put on hold during the height of the COVID-19 crisis but have since recommenced as the social restrictions have lifted.

As we learn more about Modern Slavery and the risks faced within our supply chain and operations, we recognise the need for additional measures to improve and complement the scope of our supplier audits.

In recent months, through further investigations into our supply chain and educating ourselves on Modern Slavery risks, we have updated existing and implemented new policies and procedures to enhance the depth and breadth of our compliance. We monitor and analyse completion and measure the effectiveness of our procedures through our monthly brand compliance dashboard. These procedures and relevant KPI's include but are not limited to:

PROCEDURE	DETAIL OF PROCEDURE	KPI MEASURED
Due diligence and onboarding procedures	Updated supplier due diligence and onboarding procedures. All suppliers are required to sign up to our Code as part of our onboarding procedures. In recent months we have updated our onboarding procedures to include traceability disclosure.	<ul style="list-style-type: none"> <li>• Percentage of factories signed up to our Code</li> </ul>
Social & Ethical Audit in line with our Code	We conduct at least bi-annual independent third-party social and ethical audits of all our tier 1 suppliers in line with the Code.	<ul style="list-style-type: none"> <li>• Social &amp; Ethical audit results</li> <li>• Number of factories whose audit has expired or expires within 30 days</li> <li>• Number of audits failed</li> </ul>
Transparency and Traceability	We worked with our independent third-party auditor to collect information from our suppliers to map our tier 1 and tier 2 factories which we can monitor through a tailored dashboard.	<ul style="list-style-type: none"> <li>• Current percentage of Tiers 1, 2, &amp; 3 which have been traced</li> <li>• Percentage of Tier 2 Fabric Mills with social and ethical accreditation</li> <li>• Percentage of raw materials from sustainable sources (e.g.; Better Cotton, Recycled polyester etc.)</li> </ul>
Whistle-blower and Grievance Policies:	Improved worker grievance mechanisms including an anonymous grievance hotline for our tier 1 workers. All factories receive hotline instructions which they must display in specified factory locations around their factory which are easily accessible by workers. Workers are able to contact our hotline by free phone, WeChat or email. Our hotline service is operated by an independent third party who then report findings to RAG to develop corrective action plans where necessary.	<ul style="list-style-type: none"> <li>• Total number of communications received</li> <li>• Total number of communications which required investigation by RAG</li> <li>• Total number of outstanding corrective action plans in place</li> </ul>
Unannounced inspections	Increased unannounced inspections with a greater focus on their inherent modern slavery risk of child labour. The other key risks investigated include subcontracting, and occupational health & safety.	<ul style="list-style-type: none"> <li>• Monthly number of physical inspections completed and the pass rate</li> <li>• Subcontracting incidents identified and related supplier Corrective Action Plans Status/Results</li> </ul>
Sanitation audits	Sanitation investigations as a direct response to COVID-19 risks.	<ul style="list-style-type: none"> <li>• Number of sanitation audits completed and the pass rate</li> </ul>
Group sourcing meetings	Recurrent group sourcing meetings across all our brands to discuss our Modern Slavery risks and procedures and other collaborative opportunities.	<ul style="list-style-type: none"> <li>• Brands attendance at meetings</li> </ul>
Internal team training	Internal training opportunities for head office employees on ethical sourcing and Modern Slavery.	<ul style="list-style-type: none"> <li>• Number of head office team members trained on Modern Slavery</li> </ul>

In addition to our ongoing ethical sourcing approach, the COVID-19 pandemic required an immediate response. In support of our suppliers and the valued people who manufacture our garments, RAG continued to pay in full for finished product from our global suppliers. We honoured agreed payment terms as reasonably as possible, providing ongoing communication across our supplier network.



## 4. DEVELOPING REMEDIATION PLANS

Any failure of our social and ethical audit requires a corrective action plan to be put in place and implemented. The supplier must be re-audited and achieve a pass before new orders can be placed.

We have also developed remediation response plans to address any issues or concerns which may arise as a result of our procedures in relation to any potential for child and forced labour. We continue to educate ourselves on the best remediation processes and are taking time to collaborate with others, including memberships with local NGO's. This is a work in progress but one we are committed to investing time and effort into.

## 5. RE-UNDERSTANDING, RE-ANALYSING AND RE-EDUCATING

RAG appreciates that the breadth of our supply chain inherently means that there are risks in managing compliance and that the journey towards full transparency will be an ongoing effort. Therefore, our approach so far has been to concentrate our efforts on educating ourselves on Modern Slavery and the risks to our current supply chain and implementing strong foundations and fundamental procedures to address these key risk areas.



# NEXT STEPS

Our aims for the next year are:

1

## Develop our compliance procedures deeper into our supply chain:

We aim to work with our Fabric Mills to monitor social, ethical and environmental accreditation and practises. We will develop our strategy for monitoring compliance.

2

## Develop our strategy for our top 3 raw materials:

To continue the substantial progress, we have made in the last 12 months to further map our supply chain into tier 3.

We also aim to further develop our strategy to source more sustainable materials.

3

## Develop our training programs:

Develop training programs for our internal and external team members and suppliers on sustainable purchasing/production.

# GOVERNANCE

The CEO and Executive team are responsible for ensuring RAG meets its responsibilities under the Act and were consulted for the development of our Modern Slavery Statement. They are supported by the RAG team members responsible for sourcing, production and sustainability.

This Modern Slavery Statement was prepared by the Retail Apparel Group shared sourcing, sustainability and risk teams with inputs from all of our brands and reported back to and approved by our Board.



**Gary Novis**, Chief Executive Officer

*On behalf of the Retail Apparel Group Board of Directors*

