

A woman with long dark hair, wearing a vibrant green sleeveless dress and large orange floral earrings, stands on a balcony with a black metal railing. She is holding a light-colored woven handbag in her right hand. The background is a clear blue sky.

SHEIKE

VOLUNTARY
MODERN
SLAVERY
STATEMENT

2022/2023

This voluntary statement demonstrates SHEIKE's (22001784283) commitment to eliminating modern slavery within the fashion and textile industry. Published in accordance with the Modern Slavery Act 2018, this statement outlines the actions that we have taken to identify and mitigate risks within our business operations, and supply chain for the fiscal year that commenced 1st July 2022 and ended 30 June 2023.

Registered office:
60 Mary Street, St Peters NSW 2044

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A WORD FROM SHEIKE FOUNDER AND MANAGING DIRECTOR

Starting SHEIKE has been one of my proudest moments. The Australian fashion industry is rich and diverse, reflecting our great nation's expansive culture. Our local talent and unique designs have been recognised Internationally and we continue to draw influence from our global counterparts. There has been significant growth and transformation within our industry since the inception of SHEIKE.

Off shoring the manufacturing and production process in Australia significantly reshaped the landscape. Supply chains have become fragmented, and brands and retailers are left with limited visibility and traceability. This amongst many others, is a contributing factor to the risk of modern slavery as a material issue within our industry.

The Global Slavery Index, published by the Walk Free Foundation reveals the number of people living in modern slavery has grown since 2018¹. Globalization, Covid-19, poverty, corruption, and production deadlines are a handful of circumstances that continue to affect the most vulnerable people working across all tiers of the value-chain.

Over the last year, members of our team have designed and implemented a dedicated program including stringent policies, to mitigate the risk of modern slavery. Transparency and traceability are at the forefront of this program and our focus for this fiscal year has been on mapping, educating, and transforming tier 1. Our ethical sourcing program, developed in line with local fair labour practices, International Labour Standards², and the United Nations Guiding Principles on Business Human Rights (UNGP's)³ will cascade throughout the remaining tiers year on year. Whilst we are currently focused on ensuring compliance by implementing audits, we are conscious that we must take a multi-faceted approach to realise sustainable improvements and address the root causes of exploitation in human rights and working conditions.

We have been working with external partners to develop our social and environmental impact strategy, as well as a sound governance framework which we expect to share next fiscal year. This program forms the foundation of the work we will undertake in order to create change.

This voluntary and inaugural statement acknowledges the risk of modern slavery within our business as well as identifies our current actions in order to minimise this risk. We are encouraged by our industry peers and proud to be joining them in tackling such a complex and pertinent issue.

Yours truly,



George Lazaridis, **Founder and Managing Director**

This statement was approved and signed by George Lazaridis, as the Sole Director and principal, governing body of SHEIKE PTY LTD.

¹<https://www.walkfree.org/news/2023/new-report-links-compounding-global-crises-to-modern-slavery/>; ²<https://www.ilo.org/global/standards/lang--en/index.htm>; ³https://www.undp.org/india/publications/united-nations-guiding-principles-business-and-human-rights?gad_source=1&gclid=Cj0KCQiA7OqrBhD9ARIsAK3UXh2UI5W8cP5Xtr2qTCkv_0n1bJbuFhSHPdZn71n8-WxM04lvZPTWroD8aAkZ0EALw_wcB



ACKNOWLEDGEMENT
OF COUNTRY

ACKNOWLEDGEMENT OF COUNTRY

In the spirit of reconciliation, SHEIKE acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea, and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

A woman with long dark hair, wearing a light pink, one-shoulder, floor-length dress with a large bow on the shoulder, stands in front of a green wall with floral wallpaper. She has her right arm raised behind her head. The text is overlaid in the center of the image.

INTRODUCTION /
STRUCTURE AND
OPERATIONS /
SUPPLY CHAIN

INTRODUCTION / STRUCTURE AND OPERATIONS / SUPPLY CHAIN

The Modern Slavery Act 2018 (Cth), launched in 2018, requires Australian organisations with a consolidated revenue of at least \$100million to report annually (fiscal year) on their efforts to identify and combat modern slavery and human trafficking within their business operations and supply chains. There are many forms of modern slavery including debt bondage, sexual exploitation, forced marriage, trafficking and child exploitation; to name a few. Women, children and migrants are most vulnerable to coercion, deception and threats utilised to diminish personal freedoms through these acts of exploitation for financial gain. There are up to 15,000 victims of modern slavery in Australia, so this Act is a step in the right direction to create further accountability.

According to the Global Slavery Index⁴ there are 49.6 million people in modern slavery. The same report revealed that Textiles is in the top five products that are produced with modern slavery. In Australia, it is estimated that US\$6.4 billion worth of garments are produced using modern slavery, which highlights the prevalence of modern slavery within the fashion and textiles industry.

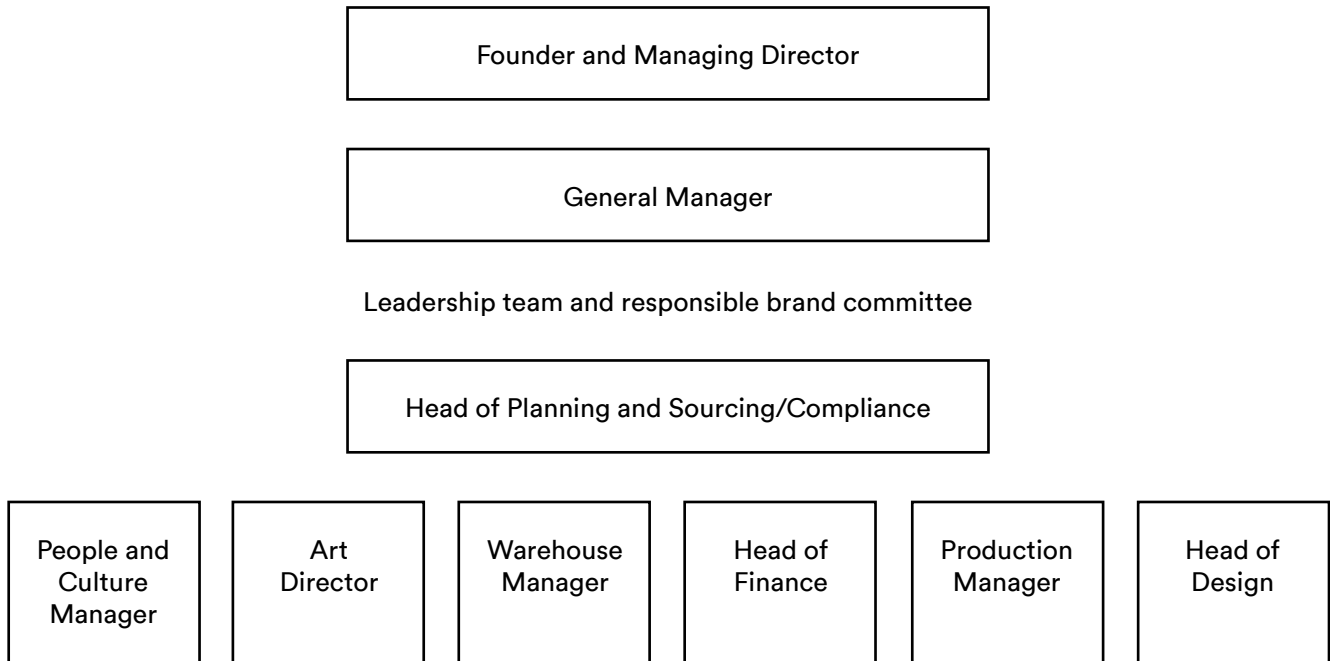
SHEIKE Founder and Managing Director George Lazaridis was seventeen years old working as a well-travelled sailor on his next voyage to America, when he happened to pass through Australia. With just a pocket full of money and an English vocabulary of two words, George abandoned ship in Australia to begin his new life. Starting as a stand at Sydney Markets, SHEIKE was born with a vision to empower customers through bold, feminine designs, and a promise to deliver exceptional quality. With a belief that style is the way you show who you are without saying a word, George Lazaridis officially launched the brand in 1979 by opening the first women's apparel store under Sydney's Iconic Centrepoint Tower. Creating a space for customers to experience the joy, excitement, glamour, and empowerment that comes from fashion. Over the last forty years, SHEIKE has remained a family-owned Australian business, and has significantly expanded its retail footprint, with over 50 stores nationally and a dedicated online presence.

Our fully owned headquarters and distribution center is based in St Peters, Sydney and houses our full-time team. During this reporting period, our team (headquarters, distribution center and retail stores) consisted of 176 permanent and 250 casual staff members, and we produced 1 million units of apparel and accessories. Given our distribution center is on-site we manage most down-stream activities, and our products are carefully sorted, packed, and distributed to retail stores and directly to customers.

Earlier on in the year, we formally embarked on our journey to design our social, environmental impact and governance strategy as part of our evolution towards becoming a more responsible brand. Working with external specialists, our program involves a multi-year roadmap assigning key governance and impact drivers to relevant function heads within our leadership team – making up our responsible brand committee, who are encouraged and expected to work cross-functionally in order to meet their goals. Our Founder and Managing Director and General Manager have final sign off on governance, social and environmental impact activities, whilst our Head of Planning and Sourcing/Compliance manages the general coordination of the team and tracking of KPI's.

⁴<https://www.walkfree.org/global-slavery-index/>

OUR ORGANISATIONAL STRUCTURE



Our supply chain is generally categorised into upstream and downstream / commercial and non-commercial goods.

<p>UPSTREAM / COMMERCIAL GOODS</p> <p>The sourcing and procurement of raw materials and inputs found in the end product. Production and manufacturing of goods.</p>	<p>DOWNSTREAM / NON-COMMERCIAL GOODS</p> <p>The distribution, logistics and warehousing of finished products. Services including cleaning, professional services, transport and retail, sales, and customer support.</p>
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UPSTREAM / COMMERCIAL GOODS

SHEIKE’s apparel, footwear and accessories supply-chain is broken down into five Tiers⁵:

- Tier 0: Office, Retail, Distribution. i.e. business operations not involved in the production process.
- Tier 1: Product/Garment Making (Agents, Cut, Make, and Trim (CMT)). i.e. suppliers that manufacture the final products.
- Tier 2: Fabric Producers. i.e. suppliers that process cotton yarn into fabric.
- Tier 3: Yarn Producers. i.e. suppliers that process (by spinning) fibers into yarn.
- Tier 4: Raw Material Producers and Processors of primary or secondary (reclaimed) raw materials.

⁵<https://textileexchange.org/app/uploads/2022/08/ Materials-Terminology-Guide.pdf>

INTRODUCTION / STRUCTURE AND OPERATIONS / SUPPLY CHAIN, CONT'D

SCOPE 3				SCOPE 1 & 2
TIER 4	TIER 3	TIER 2	TIER 1	TIER 0
Raw Material Extraction	Raw Material Processing	Material Production	Finished Product Assembly	Office, Retail, Distribution
Cultivation and extraction of raw material from sources such as the earth, plants and animals.	The processing of raw materials to turn into yarns and other products.	The production and finishing materials (fabric/ trims) that go directly into the finished product.	Assembly and manufacturing of products.	Business operations not involved in the production process.

We have long-standing relationships with agents and factories, and our aim is to strengthen them through our ethical sourcing efforts. Through our traceability efforts, we have been able to identify 100% of our tier 1 apparel suppliers. This is broken down into 13 suppliers/agents of which 95% are responsible for sourcing and manufacturing our apparel goods. 17 factories have been declared, and 12 have provided audits.

During the reporting period, two of our tier 1 suppliers were based in Australia, with the remaining based in China. 89% of total spend was allocated to suppliers in China.

DOWNSTREAM / NON-COMMERCIAL GOODS

Our warehousing and distribution are managed in-house on-site at our Sydney headquarters by our team. We contract a range of commercial suppliers and services including:

- Cleaners
- Utilities
- Professional services (consultants, marketing / communications)
- Property leasing
- Freight and logistics
- Waste services
- IT assistance

Our non-commercial goods include:

- Packaging
- Office consumables
- Store fitout

During the reporting period, SHIEKE contracted 412 down-stream / non-commercial providers.

A woman with long brown hair, wearing a vibrant blue ruffled dress and large gold earrings, is looking back over her right shoulder. She is standing on a stone ledge with a cityscape and mountains in the background. The text 'IDENTIFYING RISKS, ACTIONS, DUE DILIGENCE AND REMEDIATION' is overlaid in white serif font across the middle of the image.

IDENTIFYING RISKS,
ACTIONS, DUE
DILIGENCE AND
REMEDICATION

IDENTIFYING RISKS, ACTIONS, DUE DILIGENCE AND REMEDIATION

Given the clandestine nature of modern slavery within the textile industry, we have designed a risk assessment categorised into three specific areas:

- Entity risk: related to the general management of the business operations itself.
- Geographical risk: based on country and location.
- Sector risk: related to the business operations itself, including supply chain.

The assessment is currently based on our tier 1 suppliers due to our limited visibility of tiers 2, 3 & 4, however we acknowledge the magnitude of risk, particularly at the raw materials level of the supply chain. We have undertaken thorough desktop research to identify risk factors within the three specific categories above and cross-referenced them with SHEIKE's level of influence which gives us an indication of how feasible change will be and develop an action plan accordingly. Further to this, our traffic light system indicates the urgency and direction of remediation which allows our team to prioritise effectively.

RED: Urgent, high priority to remediate immediately with suppliers or find alternatives.

AMBER: Critical, address with careful consideration and analysis and remediate closely with suppliers.

GREEN: In flow, no current risk.

ENTITY RISK – AMBER

Entity risk applies directly to risk associated with the general management of SHEIKE's business operations, including non-commercial goods suppliers.

Our business operations risk is deemed as low, based on geography and sphere of influence. Our labour recruitment policies, remuneration and entitlement policy and practices are in-line with local labour laws and regulations. Health, safety and wellbeing are a priority, and our mission is to ensure that we are empowering and supporting people to be their best. Our level of influence is high, which allows us the ability to demonstrate quick and effective change when necessary. All employees and contractors have access to our People and Culture Manager.

All non-commercial goods suppliers are expected to sign our suite of policies, which clearly stipulate SHEIKE's strict zero-tolerance of modern slavery and forced labour. Our sphere of influence on local suppliers is high, however we do acknowledge our sphere of influence with offshore service providers such as freight forwarding and logistics, to be low. Risk within these areas includes human-trafficking, working hours, low wages and forced labour.

IDENTIFYING RISKS, ACTIONS, DUE DILIGENCE AND REMEDIATION, CONT'D

GEOGRAPHICAL – RED + GREEN

The geographic locations of suppliers and production facilities can significantly impact entity risk. Sourcing from regions or countries that have weaker labour protections and enforcement, those that are engaged in global conflict, demonstrate gender inequality, and are more susceptible to impact of climate change, are at a higher risk of modern slavery. Through our current efforts, we have currently identified our tier 1 suppliers to be located in Australia and China.

China

The latest Global Slavery Index report⁶ revealed that China is one of six G20 nation countries with the largest number of people in modern slavery – 5.8 million people. China is one of the world's largest producers of textiles and garments. Its vast and diverse garment industry includes numerous factories, subcontractors, and informal labour practices, which can make it challenging to monitor and regulate.

Also known for its low labour costs and high volumes, it has been recognised that manufacturers can cut corners on labour standards to reduce production costs, particularly if there is pressure from the buyer. China's internal migration⁷ system has led to the presence of a significant number of rural-to-urban migrant workers who are often vulnerable to labour exploitation due to their lack of legal protections, precarious living conditions, and limited access to social services⁸. Further to this, the Xinjiang Uyghur Autonomous Region⁹ in China has gained significant international attention¹⁰ due to concerns about modern slavery and human rights abuses, particularly in the context of its cotton and textile industry. We hold strong relationships with our suppliers and our buying capacity is quite reasonable, which elevates our sphere of influence with these partners. Geographical location substantially increases our risk.

Australia

We have held long-standing relationships with two agents/suppliers in Australia, and one local Australian factory. Given the local labour laws and legislation^{11,12}, the scope of work and our sphere of influence, we deem our Australian suppliers' low risk to modern slavery. However, the deep dive we have taken through our ethical sourcing program uncovered other risks with a manufacturer we have been working with since 2001. Due to an ageing local manufacturing workforce, and the absence of vocational / skills training in Australia, this small local manufacturing factory is closing its operations. This has meant that this factory has had to source new manufacturing partners to produce our apparel. The factory will begin manufacturing in Sedex approved factories in both China and Vietnam in 2024.

SECTOR RELATED RISKS - RED

The fashion industry, including the production of textiles, accessories, footwear and clothing is widely known for its labour rights abuses. Complex and opaque supply chains that involve multiple tiers of suppliers across various countries, it is challenging to trace and identify each factory involved in producing one garment alone.

Given the exponential growth of the industry itself¹³, there are a range of risks to navigate from sub-contracting, production timelines, gender inequality to migrant workers.

Given the depth of risk associated with the development, production, and manufacturing of our goods, we have taken a strategic approach to address and remediate through our internal governance practices and ethical sourcing program. Our risk profile and sphere of influence is deemed as red given geography and buying capacity.

⁶<https://www.walkfree.org/news/2023/new-report-links-compounding-global-crises-to-modern-slavery/>; ⁷<https://www.somo.nl/wp-content/uploads/2016/02/FactsheetMigrantLabour.pdf>; ⁸<https://cleanclothes.org/fashions-problems/exploitation-of-migrants/>; ⁹<https://www.walkfree.org/global-slavery-index/country-studies/china/>; ¹⁰<https://theconversation.com/un-report-on-xinjiang-abuses-leaves-no-room-for-plausible-deniability-189795>; ¹¹<https://www.legislation.gov.au/Series/C2009A00028>; ¹²<https://ethicalclothingaustralia.org.au/>; ¹³<https://ellenmacarthurfoundation.org/a-new-textiles-economy>

IDENTIFYING RISKS, ACTIONS, DUE DILIGENCE AND REMEDIATION, CONT'D

KEY ACHIEVEMENTS

- Modern Slavery training from the Mekong Club.
- Responsible Brand Committee Developed.
- Transparency and Traceability training provided by external specialists.
- Ethical sourcing supply chain training provided by external specialists.
- Ethical sourcing steering committee developed.
- Ethical Sourcing Policy and Code of Conduct developed and implemented.
- One on one meetings with suppliers to onboard them on our journey.
- Joined Sedex and onboarded 87% of supply chain, complete with audits.

Implementing the first stage of our ethical sourcing program – with a focus on governance, transparency and compliance across our tier 1 suppliers, has given us greater ability to identify and address risks. We have modified our onboarding process and all suppliers must sign our Ethical Sourcing Policy annually, and join the Sedex platform, as well as adhere to terms including no un-authorized sub-contracting, full disclosure of all factories through purchase order transparency, no modern slavery, and the like.

We work with external and independent auditors, QIMA who performed announced audits, with a plan to review this in year 2 and publish them on the Sedex platform. Any critical and major non-compliances are addressed within 24 hours from our team receiving the audit and remediated based on the outcome with the supplier.

Our intention is to work closely with our suppliers to remediate, by co-creating solutions such as production timelines and/or training. Factories that are unable to remediate non-compliances are deemed RED, in which case we are unable to find a solution and must terminate the working relationship.

Our immediate focus is to continue implementing our auditing program, to increase transparency with a focus of achieving 100% Tier 1, and moving beyond to Tiers 2, 3 & 4.

Given we are heavily reliant on China, and given the current risk profile, our team is working on a diversification strategy based on strategic factors including:

- Social and environmental risk
- Factory capability and capacity
- Country capability and expertise
- Supply chain logistics

This strategy is in development and will be launched once SHEIKE has confirmed that this meets the needs of the business.



ASSESSMENT AND
CONSULTATION

ASSESSMENT AND CONSULTATION

To assess the effectiveness of our program, our team are constantly monitoring to reduce risk and ensure positive transformation. Our key activities include:

RISK REGISTER

A comprehensive register that combines all risks including entity, sector, and geography against level of influence and risks specific to each.

AUDITS AND COMPLIANCE

Monitoring risk and working with our suppliers to over-turn non-compliances, and/or implement diversification strategies.

INDUSTRY CONSULTATION

Working with industry experts and consultants including The Mekong Club, Sedex and QIMA to upskill our internal team, and develop strategies to ensure we minimise and address risk effectively.

A woman with long dark hair is standing against a textured terracotta wall. She is wearing a white, sleeveless, form-fitting dress with large, vibrant floral prints in shades of pink, red, orange, and purple. She has her hand near her chin and is wearing a large, round, gold-colored earring with a sunburst design. The word "SUMMARY" is overlaid in white, serif, all-caps font across the middle of the image.

SUMMARY

SUMMARY

As a trusted Australian apparel brand in the Australian textile and apparel sector, we are proud to publish our first modern slavery statement, voluntarily. This proactive step reflects our company's commitment to ethical and responsible business practices. We acknowledge we have a lot more work to do on this journey to contribute to global efforts of combating modern slavery. Our aim is to move beyond compliance, as we understand the limitations of audits, particularly when it comes to developing effective social and environmental impact strategies. Transparency and traceability are the priorities of our current program as we recognise that strengthening relationships with individuals within our supply chain offers further opportunity to mitigate risk associated with modern slavery and move beyond compliance.

Sandra Kennedy, **General Manager**



APPENDIX

APPENDIX

MODERN SLAVERY REPORTING CRITERIA

- a. Identify the reporting entity. _____ PAGE 8
- b. Describe the reporting entity's structure operations and supply chain. _____ PAGE 9, 10
- c. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls. _____ PAGE 12
- d. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes. _____ PAGE 13, 14
- e. Describe how the reporting entity assesses the effectiveness of these actions. _____ PAGE 16
- f. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement). _____ PAGE 16
- g. Any other information that the reporting entity, or the entity giving the statement, considers relevant.



SHEIKE