

PRINCESS POLLY

**MODERN SLAVERY AND TRANSPARENCY
IN SUPPLY CHAINS STATEMENT**



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I.0 INTRODUCTION

Princess Polly is a global fashion industry leader and we're committed to doing our best in all aspects of business. As a company, we are actively engaged in creating lasting change in our industry to put people, the planet and the community first.

Cue Princess Polly Earth Club. Our Princess Polly Earth Club mission is led by four impact areas - Ethical Sourcing, Sustainable Products, Protect the Planet and Equality & Community. As part of our Earth Club initiative, we are proud to submit Princess Polly's first Modern Slavery statement issued under the California Transparency in Supply Chains Act 2010 and the Australia Modern Slavery Act 2018 (Cth).

Our Modern Slavery statement explores the measures in which Princess Polly established and continue to grow in order to identify, mitigate and remedy the risks of modern slavery in our operations and supply chain. We have focused on our efforts in the 2020 calendar year (our mandatory reporting criteria in Australia), and some activities from 2021 where relevant to California. Transparency is key to our accountability and at the heart of everything we do. We are committed to identifying and addressing Modern Slavery risks within our business.

Our close relationships with suppliers help us assess and improve our practices and protect those that work with us. We have aligned ourselves with suppliers and partnerships with respected organisations that embody our values and embrace our commitment to respect human rights in the countries and communities in which we operate.

Princess Polly is committed to operating ethically and respecting and promoting human rights. Rejection of forced labour, child labour and modern slavery in all its forms is singled out in our Human Rights Policy and Code of Conduct, applying to our team, supply chain and customers. We are participants of the United Nations Global Compact and have aligned ourselves and our Earth Club mission with the Ten Principles of the United Nations Global Compact and the United Nations Sustainable Development Goals (SDGs).

We are committed to collaborating and listening to our partners, suppliers, customers and others to evolve our approach to the best model possible. We are also committed to challenging and developing our effectiveness to create purposeful change and improve our actions to set an example for our peers.

The following are reporting entities for the purposes of this Statement under the Modern Slavery Act 2018 (Cth) and the California Transparency in Supply Chains Act 2010:

Princess Polly Online Pty Ltd - ABN 43 169 210 520

Princess Polly USA, Inc. - EIN 83-2450052

Princess Polly's corporate structure also includes four entities owned or controlled by Princess Polly Online Pty Limited. These entities are non operational entities.

This statement was approved by the Board of Princess Polly Online Pty Ltd on the 10th of Spetember, 2021.



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Board Director and Co-CEO Princess Polly Online Pty Ltd



1.1 OUR APPROACH

To understand and respond to any risks of Modern Slavery in our supply chain, Princess Polly has developed an internal Modern Slavery process:

1 IDENTIFYING AND ASSESSING

Understanding the risk of modern slavery

2 ADDRESSING

Undertaking due diligence to mitigate risks

3 AWARENESS

Engaging everyone on the journey

4 ACCOUNTABILITY

Determining the effectiveness of our actions

KEY ACHIEVEMENTS IN 2020:

- Tracing our Tier One Supply Chain
- Developing and implementing our Ethical Sourcing policies, and integrating these into Supplier Contracts
- Developing our risk and due diligence framework
- Auditing 62% of factories, and 100% by June 2021
- Enhancing our internal capabilities through training our Merchandise Team on Ethical Sourcing and Modern Slavery and creating a three-person dedicated Ethical Sourcing team
- Collaborating with our suppliers and industry peers

2.0 OUR BUSINESS AND OPERATIONS

Princess Polly (Princess Polly Online Pty Ltd and Princess Polly inc USA) is a fashion retailer on a mission to be the world's most innovative and customer-focused online retailer serving the fashion-obsessed 15-25-year-old consumer. Born on the Gold Coast, Australia in 2010, the Princess Polly team has grown to over 300 people in Australia and 75 people in the USA. Our team works across four sites; an office and distribution centre on the Gold Coast, Australia, plus an office in West Hollywood, Los Angeles, USA which is located a short distance from the US distribution centre. Princess Polly is owned by a.k.a. Brands based in San Francisco, USA.

Responsibility for human rights, including modern slavery, ultimately sits with the CEOs and the Global Merchandise Director. In 2020, a Social Responsibility Program Manager, reporting directly to the Global Merchandise Director, was engaged to work cross-functionally with all teams at Princess Polly. Since then, Princess Polly has defined its sustainability commitments and achievements implemented through our Earth Club strategy, including our Ethical Sourcing impact area and Modern Slavery initiatives. The Earth Club strategy has total commitment from Princess Polly's co-CEOs and the a.k.a. Board. The day-to-day responsibility for ethical sourcing sits with the Social Responsibility team, composed of the Program Manager, Coordinator and Assistant, with direct assistance from the entire Merchandise team.

380+
GLOBAL EMPLOYEES

4
**OFFICES &
DISTRIBUTION CENTRES**

2
WEBSITES

2M
INSTAGRAM FOLLOWERS

15,000+
PRODUCTS

32
BRANDS¹

2.1 SUPPLY CHAIN

There are three facets to Princess Polly's global supply chain:

MERCHANDISE

PRINCESS POLLY PRODUCTS

All products designed or sourced in house by Princess Polly

BRANDED PRODUCTS

All products purchased from 3rd party retailers

NON-MERCHANDISE

All non-saleable products, including packaging

¹ - In 2020, the following brands were sold by Princess Polly:

Abrand, Afends, Billini, Booby Tape, Dr Martens, Highrack, Ivy Park, Jagger & Stone, Jeffree Star Cosmetics, Jolie & Deen, Levi's, Lioness, Lipstik, Mermade Hair, Midsummer Star, Minc Collections, Minkpink, Motel, Nakedvice, New Balance, Peta and Jain, Ragged Priest, ROC Boots, Sol Sana, Somedays Lovin, Superga, Therapy, Thrills, TWIIN, Vans, Windsor Smith, ZYA the Label

2.1.1 MERCHANDISE

PRINCESS POLLY PRODUCTS

Customers worldwide can buy Princess Polly products, namely apparel, footwear and accessories, from our websites. Our products are primarily designed on the Gold Coast or in Sydney and entirely manufactured by our partner factories in China. Whilst we do not own or operate any of our factories, we pride ourselves on creating long-lasting, strong relationships with our suppliers.

HOW OUR SUPPLY CHAIN WORKS

ORDER IS PLACED

Princess Polly is a proudly demand-driven business, meaning that we only manufacture products in small quantities based on customer demand.

⋮

TIER 1

We send the order to one of our suppliers, who shares this with the factory responsible for manufacturing the product. We call this factory a 'Tier 1' supplier.

⋮

TIER 2

If necessary, a Tier 2 sub-contractor may be engaged to provide one or more processes that the Tier 1 supplier can't do. This can include things like printing, dyeing, laundry and embroidery.

⋮

TIER 3

The inputs that are needed for the item are sourced from Tier 3 suppliers - things like fabrics, hardware, trims and buttons.

⋮

TIER 4

The raw materials needed to create all the inputs are processed by Tier 4. For example, cotton ginning and spinning to create our cotton yarn.

⋮

TIER 5

The final level in the supply chain, Tier 5 consists of raw material production, including farms and forests which grow our cotton and viscose.

Princess Polly traced 100% of our Tier 1 supply chain, and our next goal is to trace and map our entire tier two supply chain by 2023, and extend where possible to our tier three and four.

BRANDED PRODUCTS

In 2020, we worked with 32 3rd party brand suppliers. Our direct relationship lies with the 3rd party brands themselves rather than their factories or suppliers. In this statement, we report on how we have assessed and addressed the risks of modern slavery in both aspects of our merchandise supply chain operations.

2.1.2 NON-MERCHANDISE

In addition to the manufacture of our merchandise, our supply chain includes goods purchased as part of Princess Polly's operations, including IT equipment, furnishings and packaging. Therefore, Princess Polly encompassed non-merchandise suppliers in our modern slavery risk assessment. However, we consider our greatest risks to exist in our merchandise supply chain.

3.0 ASSESSING

We confirm that we did not identify or become aware of any actual or suspected instances of modern slavery over the reporting period in our operations or supply chain.

To understand the risks of human rights abuses in our supply chain and to prioritise our due diligence approaches, Princess Polly conducted a multi-faceted risk assessment in partnership with external consultants and third-party organisations. Our risk assessment draws on desktop research from globally recognised indices and resources², consultant field experience, supply chain mapping, supplier surveys and audit reporting. Not only have we used this assessment to evaluate our existing supply chain, but we also incorporated it into our sourcing process for new suppliers. We are committed to reviewing our risk assessment approaches, remaining well informed on updated research and continuously evaluating our supply chain.

Through a bespoke methodology, we assessed the inherent risk of modern slavery in our supply chain operations, looking at the following indicators:

- Country risks ●
- Value chain stage risks ■
- Business relationship and our level of direct control ▲

A numerical score was applied to each of these indicators in order to provide an overall inherent risk score. A more comprehensive site specific risk assessment was also undertaken for our tier 1 suppliers of Polly Branded merchandise.


INHERENT RISK

SITE SPECIFIC RISK

COUNTRY RISK	VALUE CHAIN RISK	BUSINESS RELATIONSHIP SCORE	LABOUR STANDARDS RISK	HEALTH AND SAFETY RISK	AUDIT FINDINGS	MANAGEMENT CONTROL SCORE
Modern Slavery Index	Harsh treatment		Gender			
Worker Rights	Working Hours		Discrimination			
Governance	Freedom of Association		Working Hours			
Rule of Law	Wages		Wages			
	Forced Labour		Regular Employment			
	Child Labour		Children and Young Workers			
	H&S		Freedom of Association			
			Forced Labour			

² - Including the United States Department of Labour International Labour Organisation (ILO), Business for Social Responsibility (BSR), Human Rights Watch (HRW)

COUNTRY	RISK	MAIN RISK AREAS	BUSINESS RELATIONSHIP	LEVEL OF DIRECT CONTROL
China	High	Freedom of Association, Child labour, Forced labour, Pay and hours	Supplier	High
US	Medium	Forced labour, Discrimination, Living wages, Sexual harassment	Intermediary	High
Australia	Low	Forced labour, Discrimination, Underpayment	Service Provider	Medium
			Brand	Low

VALUE CHAIN STAGE	INHERENT RISK SCORE	RISK ASSESSMENT DETAILS, INCLUDING VALUE CHAIN RISK
PRINCESS POLLY PRODUCT ~ BRANDED PRODUCT ~ NON MERCH PRODUCTS	Raw materials production and processing	 <p>Inputs were captured in our risk assessment methodology as a single body. Areas of remote visibility, such as those within Tiers 3-5, will remain a priority focus area for improvement in subsequent reporting periods.</p> <p>We undertook a qualitative assessment of our key inputs, outlined in Input Risks in section 3.1. Princess Polly plans to expand our traceability and risk assessment to include raw materials production and processing to be progressively implemented over subsequent reporting periods].</p>
	Manufacturing	<p>The risks associated with the manufacturing stage of our supply chain are further explored in sections 3.1, 3.2 & 3.3 due to the complexities of our different goods and their own supply chains.</p> <p>As Princess Polly Branded Merchandise was found to have the greatest inherent risk score, we undertook further site specific risk assessments, detailed in section 3.1.</p>
	Logistics and Transport	<p>This includes global custom clearance and freight forwarding services. Our current visibility of these services covered China, Hong Kong, Australia and the United States, with potentially other countries involved. As a result, a high risk rating has been applied for the country indicator.</p> <p>Risks include human trafficking, forced labour, high working hours, weak collective bargaining, low wages, biggest risks concentrated in road transport (working hours)</p>

	VALUE CHAIN STAGE	INHERENT RISK SCORE	RISK ASSESSMENT DETAILS, INCLUDING VALUE CHAIN RISK
PRINCESS POLLY SITES	Fulfilment	○ □ △	<p>Princess Polly uses contract workers at our US Distribution Centre.</p> <p>Risks include temporary work, H&S, failure to earn minimum wage and overtime, no social protection contributions, high working hours, high business fees, and poor unionization.</p>
	Service providers	○ □ △	<p>Professional service providers include models, IT and cleaners at our Australia and US sites.</p> <p>Risks include high working hours and no or ineffective unions. For low, "unskilled" paid work, such as cleaning, the risk is slightly higher, while the risk drops for work which is skilled or specialized.</p>
	Employees	○ □ △	<p>Our staff consist of those directly employed in our offices and distribution centres in Australia and the US.</p> <p>The modern slavery risks are low as these are skills and specialised roles. Our staff play a critical role in our work against Modern Slavery, enhanced through awareness training (see section 5.0)</p>



3.1 PRINCESS POLLY BRANDED MERCHANDISE ○ □ ▲

Princess Polly has determined that our greatest opportunity to mitigate risk lies within the manufacture of our own brand merchandise. As a result, we have completed a detailed industry, country, factory, input and worker risk assessment:

INDUSTRY AND SECTOR RISK

The 2018 Global Slavery Index identified Apparel and Clothing Accessories at high risk of being produced by Modern Slavery. Short production deadlines, rapid style changes and poor payment terms in the apparel industry can result in excessive overtime, low salaries, working without breaks, and unpaid overtime. Managers and supervisors working under pressure can pass this onto workers in the form of harsh treatment and abuse. Additional revisions or mistakes in orders and failure to monitor the factory's capacity may lead to unauthorized subcontracting or homeworking, where similar issues continue unreported, as well as child labour. As most workers in the apparel industry are women, sexual harassment and violence against women and gender discrimination are the most prevalent issues to be reported.

COUNTRY RISKS

Our own branded products are manufactured in China, a country with identified forced labour risks and a highly vulnerable population, with 2.8 victims for every thousand people³. As the second-largest economy globally, China's domestic economy specialises in the production of labour-intensive, low-value goods for export, which can result in forced labour. One of China's key labour rights risks is freedom of association, as Independent unions are outlawed, and the law does not protect the right to strike. As a result, there is no protection for workers who request or participate in collective negotiations with their employers.

SITE SPECIFIC RISKS

Princess Polly has completed supply chain mapping for all Tier 1 unbranded suppliers, achieved through Transparency Surveys and our partnership with the Supplier Ethical Data Exchange (Sedex). Sedex allows us to improve working conditions in our supply chain from monitoring our relationship with our factories to participating in Sedex webinars. On Sedex, all sites are required to complete a Self-Assessment Questionnaire (SAQ) which supports us as a business to learn where our most significant risk of modern slavery is in our supply chain and help us act swiftly to remediate any issues raised.

We acknowledge the modern slavery risks associated with tiers further down our supply chain that are further removed from our direct suppliers from which we have less direct visibility. Princess Polly has clear targets in place to expand our due diligence to Tier 2 and beyond moving forward in subsequent reporting periods as part of our continuous improvement approach. In partnership with Sedex and Elevate, our Tier 1 sites were assessed against risks based on their site information, SAQ responses and audit findings. In addition to the inherent country and sector risks, we also assessed site-specific indicators through the Sedex platform:

Through our analysis of these sites on Sedex, the highest labour rights risks for our sites were found to be:

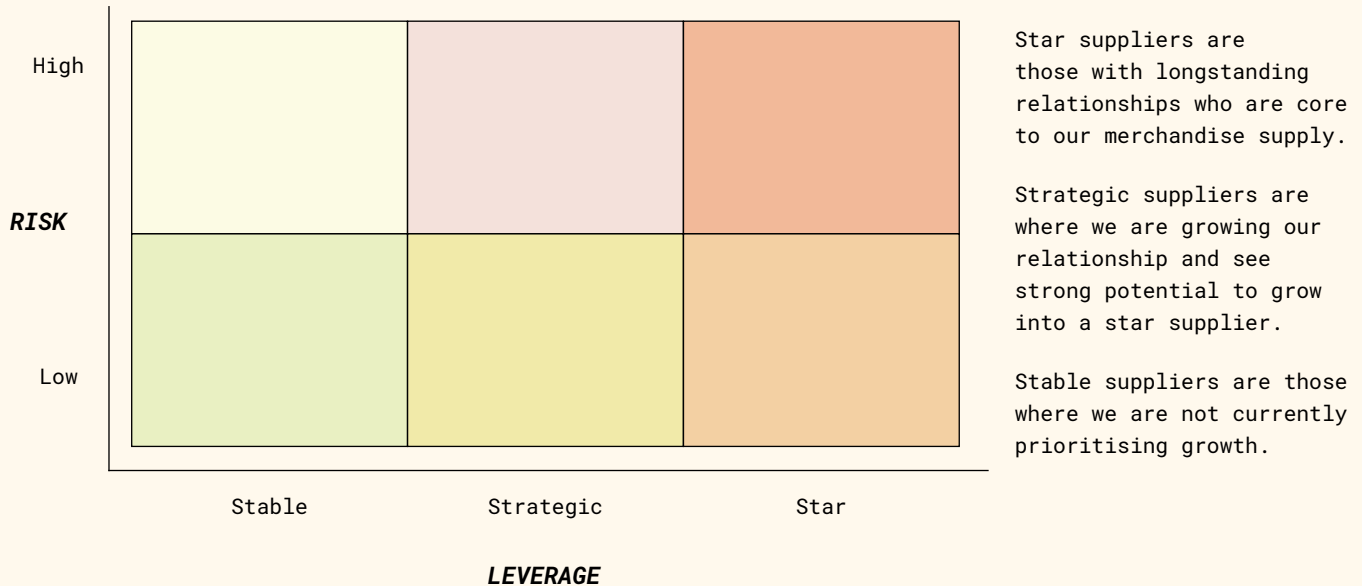
- Forced labour
- Working hours
- Discrimination
- Freedom of association
- Wages

In addition, Child Labour risks are taken very seriously at Princess Polly. We did not identify any risk indicators or actual or suspected cases of child labour, but if we do find a risk indicator it is investigated thoroughly.

While we value the insights provided through third-party social auditing, we acknowledge these capture just a snapshot in time and may not find all the actual risks or violations. As a result, we incorporate many factors into our remediation measures and have introduced control auditing processes (see section 4.3).

Princess Polly created a framework to categorise our sites according to risk and leverage. It uses a combination of select SAQ results and a leverage analysis based on spend, growth potential and length & significance of relationships. As a result, it assists us in identifying where to prioritise additional due diligence.

3 - <https://www.globalslaveryindex.org/2018/findings/country-studies/china/>



INPUT RISKS

While our Site Specific risk assessment currently considers our Tier 1 sites, we acknowledge that further along our supply chain, where we have less visibility, the risk of modern slavery increases. All inputs sourced for our manufacturing have their own complex supply chains. Princess Polly aims to keep informed about the risks of our main inputs; in 2020, our six primary materials were polyester, cotton, viscose, metals, nylon and acrylic.

According to the Global Slavery Index, cotton is the highest ranking product at risk of modern slavery, with the US Department listing 17 countries with potential forced or child labour, including China and other countries in central Asia such as Turmenistan and Uzbekistan. In 2021 Princess Polly is engaging in several due diligence activities focused on cotton supply chains. Conversely, the synthetic materials we use and viscose have very low risk of modern slavery. The process of manufacturing synthetic materials requires qualified technicians and is a highly capitalized industry.

We are also aware of the potential health and safety risks associated with processing and finishing apparel, for example health risks due to improper Personal Protective Equipment and long hours exposed to chemicals. In 2021, Princess Polly will adopt and enforce a restricted substances list, which bans the use of dangerous substances in the production of and finished products.

When it comes to accessories, according to World Vision, forced and child labour is prevalent in many stages of jewellery’s supply chain, including the mining of raw materials, with an estimated 1 million children working in the mining industry worldwide. In 2020, the most commonly used metals in our accessories were copper and iron, which according to Sedex’s commodity risk tool have no evidence of forced or child labour violations in China.

Princess Polly aims to strengthen our risk assessment by conducting more specific analysis on the raw materials and processes used in our products and the associated human rights violations that occur in their supply chains.

VULNERABLE WORKERS

The identified risks to our workers in our Tier 1 sites and further along the value chain disproportionately impact some workers more than others. The following workers are the most vulnerable to these risks in our supply chain:

Women - Women are considered at high risk of human rights violations, including discrimination, forced labour, trafficking, sexual abuse and exploitation. The Global Slavery Index revealed that 71% of people in modern slavery in 2016 were female. Since 60% of our Tier 1 supply chain consists of female workers, we take responsibility to protect our worker’s rights and to focus education programs on empowering women. By 2025 we plan to empower 3000 women in our supply chain communities by providing training on work and life skills.

Migrant workers - The extreme wealth disparities in different Chinese regions drive a large migration of workers from rural provinces, accounting for 67% of the urban workforces. Migrant workers can be exposed to vulnerability and forced labour as they have limited access to legal protection, benefits and services compared to local workers.

Child workers - In China, many children are left behind in poverty-stricken rural areas due to their parents working as migrants in urban provinces. Princess Polly has a zero-tolerance for child labour and has a Child and Forced Labour Policy to investigate and mitigate any instance of child labour that may occur.

Contract and Agency Workers - Workers who are hired indirectly through recruitment agencies are at greater risk of deceptive recruitment and bribery. These workers are more vulnerable to forced overtime and underpayment of wages.



3.2 BRANDED MERCHANDISE ○ ◻ ▲

We acknowledge that similar risks exist within our brand partners' supply chains. We worked with 32 3rd party brands in 2020, and have consolidated to 28 in June 2021. As our direct and immediate control lies with our unbranded suppliers, this is where Princess Polly prioritised our initial risk assessment.

3.3 NON-MERCHANDISE GOODS ○ ◻ ▲

We reviewed the risks in our supply chain of non-merchandise goods, including our packaging, equipment and furnishings. While these varied in risk score, we found that our primary packaging suppliers from China were high risk but we also have higher leverage considering our direct business relationship. Princess Polly is committed to addressing these packaging risks in our future Modern Slavery work.



4.0 ADDRESSING

Princess Polly recognises that we are responsible for responding to our specific risks by undertaking due diligence and remediation in line with the United Nations Guiding Principles. We prioritise our efforts by the most salient risks to human rights and where we have the greatest capacity to positively impact on the lives of our workers and communities where we and our partners operate.

4.1 ONBOARDING

In 2020 we expanded our onboarding process to ensure all suppliers are supported to understand and meet our ethical sourcing requirements, enabling us to identify and monitor human rights risks early on. Our onboarding process includes three phases and we only work with suppliers that satisfy all requirements:

1. **Transparency phase** - We ask suppliers to share the following as our initial introduction:
 - a. Transparency Survey - to provide visibility of where future orders would be manufactured, including all primary & subcontracted sites. The survey helps us gain insight into the factories' disclosure, capacity, and capabilities.
 - b. Ethical Audit Reports - to determine whether each site would meet our minimum requirements, and understand their engagement in remediation. We will support factories to prepare and pay for an audit if they can't provide one.
 - c. Sustainable Material Certifications - to demonstrate access to sustainable materials/products, to contribute to our Earth Club edit and gain visibility of part of our Tier 3 supply chain.
2. **Onboarding phase** - If Transparency requirements are satisfied, we share our Social Responsibility Onboarding Pack, including:
 - a. All social Responsibility standards and policies - provided in English and Mandarin
 - b. Our Supplier Trading Terms - our contract with suppliers, including direct agreement of all Social Responsibility standards and policies

No orders are placed until the supplier has understood all social responsibility documents, agreed to participate with our ethical sourcing requirements and returned our Trading Terms.

3. **Engagement phase** - After onboarding, we work with suppliers over three months on our ethical sourcing requirements, including:
 - a. Supporting each site to join Sedex, upload their audit to Sedex and complete their Self Assessment Questionnaire
 - b. Grading each factory, creating an Audit Scorecard and engaging the supplier on the required remediation to improve factory grades

This three step onboarding process was implemented with all existing suppliers, many of whom we have worked with for ten years.



STANDARDS AND POLICIES

Our approach to Social Responsibility, Earth Club, is underpinned by our social responsibility standards and policies which were established in 2020. Modern Slavery is central within our Human Rights Policy and our Code of Conduct; we emphasise zero-tolerance towards child & forced labour, discrimination and modern slavery. All policies and standards are provided to suppliers as an Onboarding Pack, in Mandarin and English, and include Guidelines on how to put our requirements into practice.

OUR ETHICAL SOURCING POLICIES

OUR HUMAN RIGHTS POLICY

Applies to the team, our supply chain, and our customers.

OUR CODE OF CONDUCT

These documents apply to our suppliers – including our factories and others in our supply chain – and outline our standards and expectations for the treatment of workers.

OUR ETHICAL SOURCING GUIDELINES

Our Code of Conduct includes strict requirements around forced and child labor, excessive overtime, compensation, and freedom of association. In the instance that child or forced labour is identified, our Child and Forced Labour Policy clearly identifies everyone's role in remediation.

OUR CHILD AND FORCED LABOUR POLICY

MANUFACTURING AND PACKAGING SPECIFICATIONS

These documents outline our standards and expectations for how our products are made, including the treatment of animals and use of harmful chemicals in production.

OUR ANIMAL WELFARE POLICY

ALL AUDITS MUST INCLUDE THE FOLLOWING:

- Labor Standards
- Health and Safety
- Management Systems
- Entitlement to Work
- Subcontracting & Homeworking
- Environmental Assessment

Our Ethical Sourcing Guidelines were rolled out in 2020 to assist suppliers by clearly outlining our expectations in engaging in our Ethical Sourcing program. This includes requirements on visibility, subcontracting, auditing and remediation, as well as joining Sedex. Our Guidelines also introduce our suppliers to our auditing partner, ELEVATE. ELEVATE not only audits our factories but offers professional tools and training to all our team, suppliers and factories for assessing and addressing modern slavery risks. ELEVATE is an industry leader in sustainability and supply chain risk identification and has extensive geographical reach to over 110 countries.

TRACEABILITY & CERTIFICATION OF MATERIALS

The first step to knowing "who made our clothes" and ensuring every person who contributes to creating Princess Polly products is respected, safe and healthy is to map out our supply chain. As a part of our onboarding process rolled out in 2020, we request suppliers to complete a Transparency Survey on each of their sites and for each site to complete a Supplier Assessment Questionnaire. These two processes allow us to:

- Gauge awareness of our suppliers and factory managers
- Explore indicators of human rights risk
- Explore indicators that we may only be gaining partial visibility to help us enforce our 'no subcontracting orders' policy, and
- Ensure we are respecting the abilities of a new supplier to inform how we practice responsible purchasing.

Within the Transparency Survey, suppliers are asked to disclose if they source subcontracting and describing the processes for Princess Polly to verify. They must also confirm that the materials they are sourcing comply with and uphold Princess Polly's Code of Conduct. In addition, our policies specifically require suppliers to comply with local laws relevant to their province and country, including those addressing forced labour, child labour and human trafficking.

While the emphasis is on our suppliers to proactively share all production updates, we continuously review the factories of all suppliers and invite them to update their Transparency Survey. Our SAQs are also renewed annually.



4.2 MONITORING

OUR AUDIT PROGRAM

An ethical audit is one way that Princess Polly can monitor how our factories implement our Code of Conduct. Starting in 2020, Princess Polly requires all suppliers to work with their tier 1 factories to undertake a valid ethical audit.

As of December 2020, we tightened our auditing requirements to accept only semi-announced audits (14 day window when the audit can occur) conducted by ELEVATE to the SMETA methodology. This includes all factories which do not currently have a valid audit and all factories when their next audit renewal is required.

We have partnered with ELEVATE since August 2020 as they represent our commitment to transparency. We see the value that a third-party service such as ELEVATE can bring to enhancing the objectivity and effectiveness of due diligence procedures with our suppliers whilst maintaining and fostering our strong supplier relationships.

HELD A VALID AUDIT DURING REPORTING PERIOD IN AUSTRALIA			HELD A VALID AUDIT BY JUNE 30 2021			
TIER 1 FACTORIES	Announced	Semi-Announced	Total	Announced	Semi-Announced	Total
		32%	27%	29%	50%	50%

The subsequent procedures are as follows for after an audit has occurred:

GRADING	GRADING REQUIREMENTS	PRODUCTION APPROVAL
Gold	No or only minor outstanding non-compliances	Approved for production
Silver	Two or less outstanding major non-compliances	Approved for production
Bronze	Three or more outstanding major non-compliances	Approved for production
Red	One or more outstanding critical non-compliances	Long term supplier relationship: Production can continue for 6 months. New supplier: Not approved for production.
Red: Production on Hold	One or more outstanding highly critical non-compliances	Not approved for production.

The factory, the supplier and Princess Polly all receive a copy of the audit report. We explore the root cause and potential risk for every finding in the report, applying one of four gradings based on the severity and immediacy of any threat to factory workers, the local community or the environment; minor, major, critical or highly critical. The table below explains how each non-compliance is viewed collectively to apply a grade to the factory from Gold, Silver, Bronze, or Red. Some of the examples of finding of non-compliances from our audit reports during the reporting period in Australia included overtime of up to 72 hours, a lack of social insurance and a lack of needle guards on sewing machines.

To support our suppliers during the pandemic, we postponed audits and extended time frames for those impacted. Through ongoing support and communication with our suppliers, we were able to secure valid audits for 100% of tier one suppliers by June 30 2021.



4.3 ENGAGING

REMEDIATION

After each audit that took place in 2020 or has taken place subsequently, Princess Polly prepares an Audit Scorecard, to support the factory to clearly understand:

- The severity of each non-compliance
- Recommended steps to address both the immediate threat and root cause of non-compliances
- The timeframe over which remediation is expected, based on reasonable periods to address every individual issue, and
- Instructions on how to formally close each issue with an auditor by desktop review, follow-up audit, or new audit

For all factories who have completed SMETA audits with Elevate, the factory is then invited by Elevate to participate in building a Corrective Action Plan, and to provide the right evidence within our timeframes. Both our Princess Polly Social Responsibility team and Elevate provide guidance through regular emails, WeChat, calls and virtual meetings.

Princess Polly has a zero-tolerance policy for any highly critical non-compliance (relating to the most serious issues including child labour, forced labour, precarious employment, threats, discrimination). In these instances, all new production is paused and the factory is provided weekly support, including digital training and support from Elevate, to aim to close all such issues with immediacy. To date, Princess Polly has never found a case of forced or child labour within our factories, but if this did occur, our Child and Forced Labour policy outlines our specific remediation process, with a focus on supporting the victim/s.

CONTROL AUDITS

Another way we engage in remediation is through control auditing. Princess Polly has developed a framework to assess the reliability and materiality of any historical audit that was not initiated by us through Elevate. Factors include:

- The auditing methodology and type (announced, semi-announced or unannounced)
- The auditing firm and use of an Association of Professional Social Compliance Auditors (APSCA) certified auditor
- The depth and regularity of non-compliance findings
- The completions of desktop review
- The presence of a Sedex membership and SAQ
- Number of vulnerable workers and type of grievance mechanism
- Payment method, standard worker wages and recorded overtime

For any audit failing to meet our threshold, Princess Polly worked with these suppliers to arrange and fund a new audit with Elevate. To maintain a robust audit program, we will continue to work with ELEVATE to perform control audits in our factories whenever necessary.

GRIEVANCE PROCEDURES

Princess Polly recognises the importance of providing a voice to all our workers. All the factories that we work with have a grievance procedure; in order of commonality, suggestion boxes, hotlines, worker representatives and anonymous email channels are all used. Over the next two years, Princess Polly will be working with ELEVATE to speak to workers to understand the effectiveness of the grievance mechanism they have access to within the factory. Where we find underperforming mechanisms, Princess Polly will work with the factory to establish safe and anonymous feedback channels and play a role in hearing and responding to worker submissions. By 2025, we are committed to ensuring all workers' voices are heard through access to an effective worker committee and grievance mechanism.

4.4 COVID-19

RESPONDING TO THE CHALLENGES OF COVID 19

Our priorities in responding to Covid-19 were to keep everyone connected to Princess Polly safe and healthy, from our operations through to our supply chain, to honour all of our commitments and to maintain our business operations as much as possible.

From the onset of the pandemic in Australia and the USA, we have swiftly and proactively adapted our ways of working to keep our team safe and healthy. We recognised that the COVID-19 Pandemic directly and disproportionately increased the risk of modern slavery in the global fashion supply chain, and heightened the vulnerability of many garment workers. Beyond the health risks to people employed in garment factories, factory closures led to high overtime to recover from production delays and the inconsistency of orders meant many suffered from underpayment of wages. Princess Polly took steps, and continues to take steps, to understand how these risks might present in our own supply chain and adapt our ways of working to protect everyone in our supply chain.

In addition to operating our Ethical Sourcing program throughout 2020, Princess Polly took additional measures to support our suppliers and factory workers:

- In March, our Buying Manager contacted every supplier to openly and transparently share how Princess Polly would be responding to the pandemic. We have a very strong bond with our suppliers, built over years of working together, and our team shared calls and Wechats with our suppliers every few days. Our suppliers' wins and barriers are our wins and barriers, and we always aim to work as one big team. Our journey starts with them, they are considered every step of the way, and we value them as friends and colleagues.
- We paid in full for all orders and honoured all previously agreed payment terms. We are proud to share that we did not cancel any completed or partially completed orders. For bulk orders which had not commenced, we reduced some units to account for changing delivery schedules. Princess Polly manages all freight, and therefore no suppliers were asked to pay air freight to avoid late deliveries.

While we were unable to visit sites in 2020, all auditing planned for 2020 could go ahead safely in the second half of the year. In 2021, when there has been an outbreak in the city where some of our factories operate, we have engaged ELEVATE to complete a virtual audit instead. We have also offered support to ensure all workers stay safe and re-negotiated lead times.

We recognise that the pandemic is far from over. As it continues to develop and unfold, we are committed to learning, acting and staying adaptable and proactive, and supporting everyone involved in Princess Polly, especially those most vulnerable in our supply chain.



5.0 AWARENESS

Raising awareness within our teams and supply chains, and engaging our customers on our journey, are all key to our Modern Slavery response.

5.1 TRAINING

Our Merchandise Team plays a crucial role in spotting potential human rights abuses in our supply chain which is why we empower and equip our team to proactively and consistently apply Responsible Purchasing practices. An understanding of Modern Slavery session was included in Princess Polly's annual Kick Off meeting, attended by all senior leaders and executives.

Princess Polly's Social Responsibility team regularly attends webinars/seminars and engages in training modules to keep up to date on issues and opportunities in responsible sourcing, human rights and modern slavery.

We regularly involve and educate our global Merchandise Team, including buying, designing, production, logistics and planning, on supply chain issues and challenges. We've launched an online training program with ELEVATE to provide an interactive approach to training that is readily available to our employees. After each digital module, our team undergoes a scored assessment, needing a 100% pass rate to be complete. Notable collaborations to date include:

- **Human Rights Policy and Code of Conduct Training:** Internally-led training on our key social responsibility policies and compliance processes, to prepare our teams to lead the rollout of our Ethical Sourcing policies to long-term supply chain partners.
- **Ethical Sourcing Training:** Targeted workshop on our Ethical Sourcing program, covering our partnerships, Ethical Sourcing Guidelines, and supplier assessments including questionnaires and auditing, for all employees that interact with the supply chain. This included a digital training module on creating a Corrective Action Plan after an audit and remediating common issues. The purpose of the training was to assist our teams to empathise and deeply engage with the experience of our supply chain and support conversations with our suppliers.
- **Modern Slavery Training:** Teams are trained on recognizing modern slavery and red flags in the supply chain, The Modern Slavery and the Transparency in Supply Chains Acts and awareness of risk factors. The modules included relevant statistics, examples of different forms of forced labour and real-life case studies while focusing on remediation and root cause assessment. These modules were intentionally picked for the team under the guidance of ELEVATE to better assist them in identifying and understanding how to respond to situations appropriately.
- **Responsible Purchasing Training:** All team members are trained on standard Responsible Purchasing Practices that assist in recognising and understanding how purchasing practices can cause problems at key stages of the product cycle and affect our supply chain workers while suggesting ways to responsibly purchase.

Modern Slavery training is included in the induction of all new Merchandise Team members and annually after that. In 2021, an introduction to Earth Club was added to the onboarding of all team members.

Training our suppliers and factories is also very important, with all suppliers having access to training and briefings via the Sedex platform. In the second half of 2021, Princess Polly will begin further supplier training and, in 2022, factory-level training. We are committed to developing training internally and offering training with external specialists to ensure we keep up to date with Modern Slavery identification, mitigation and remediation strategies.

5.2 PUBLIC DISCLOSURE

We believe the whole fashion industry needs to do better, so in 2020 Princess Polly created Earth Club, our social responsibility mission, to play a big part in the movement for lasting change in our industry to put people, the planet and community first.

In early 2021, our Earth Club webhub was published, announcing our long term commitments, timebound targets and details of the work we have done to date. We are devoted to making continual progress towards these commitments and ensuring transparency along the way. Our modern slavery statement is another way we invite our customers to engage with us on our ethical sourcing journey and stay accountable.

6.0 ACCOUNTABILITY

Princess Polly is proud of the actions we have taken to date to understand and respond to the risks of modern slavery in our supply chain. We employ several strategies to ensure that our measures are effective and are focused on reviewing and expanding our modern slavery work.

MONITORING KEY PERFORMANCE INDICATORS

We have developed Key Performance Indicators during 2020 to thoroughly and regularly measure our performance across all areas of our modern slavery approach while sharing these results across the business. Several indicators and tools are used to measure our approach. Consistent with our continuous improvement approach, we have set a timeline for our expected year for which these activities, if not already in place, will be introduced, and our progress monitored based on the relevant KPI identified.

PROCESS AND AREA	ACTIVITY	MEASUREMENT
Assessing: Risk assessment	<ul style="list-style-type: none"> Annual Supplier Assessment Questionnaires Monthly risk assessment of factories Risk assessment and segmentation of onboarded factories Annual qualitative risk review 	<ul style="list-style-type: none"> % of supply chain mapped % of Supplier Assessment Questionnaires completed within 3 months of initiation % of procurement from high, medium and low risk suppliers Number of risk factors analysed, including country, supply chain tier, people and inputs
Addressing: Onboarding	<ul style="list-style-type: none"> Policy development and review Sedex memberships 	<ul style="list-style-type: none"> % of suppliers signing Code of Conduct Number of visible factories at each Tier % of suppliers and factories with Sedex memberships
Addressing: Monitoring	<ul style="list-style-type: none"> Third-party audits Quality assessment of audits Worker Surveys 	<ul style="list-style-type: none"> % of factories with a valid audit and audit gradings Number of low quality audits repeated and outcome
Addressing: Engaging	<ul style="list-style-type: none"> Corrective Action Plans Supplier and factory visits Grievance mechanism effectiveness surveys Consistent communication and review of factory data 	<ul style="list-style-type: none"> % of audit non-compliances remediated within the allocated time frame Number of supplier and factory visits Effectiveness of Grievance mechanism Number of factories with democratically elected worker representatives
Awareness: Training	<ul style="list-style-type: none"> Team member training Supplier training 	<ul style="list-style-type: none"> Number of team members, suppliers and factories engaged in diverse training Number of high-risk workers engaged in training
Awareness: Governance and Communication	<ul style="list-style-type: none"> Weekly Ethical Sourcing report and monthly Ethical Sourcing merch team review Quarterly Executive summary and annual board update Annual Earth Club Snapshot Report 	<ul style="list-style-type: none"> Number of team members with KPIs related to Ethical Sourcing Number of Earth Club targets related to Ethical Sourcing published and met

SUPPLIER ENGAGEMENT

Princess Polly prides itself on creating a holistic and personable approach to engaging with our suppliers. Our genuine friendships and deep, long-term relationships help us understand the issues our suppliers face, build trust, improve our transparency, and cultivate a collaborative approach to ethical sourcing.

We currently assess our effectiveness through:

- **Our supplier responsiveness:** How they respond to our ethical sourcing requirements and any questions or resistance received. We create pathways and timeframes to best suit the individual supplier and their circumstance.
- **Our monitoring:** We regularly engage in open discussions on the findings and root causes of potential risks with our suppliers to communicate effectively back to their tier 1 factories. We offer support to develop clear corrective action plans and update them on their progress. We also acknowledge the importance of best practices and lean on our industry partners to provide our suppliers with the best support and guidance.
- **Supplier Feedback:** In all our communication, we always ask suppliers to inform us and provide feedback on our procedures to improve our approach and enhance their experience.
- **Our training:** In 2021, with commencement of our supplier training program, our suppliers will be encouraged to share feedback through surveys to assess engagement with and relevance of the content, where further knowledge is required and whether new knowledge has been adopted and implemented.



REVIEW OF OUR MODERN SLAVERY PROCESSES

We are proud of our achievements to date, and are dedicated to empowering the employees of the factories we work with and protecting vulnerable people within our supply chain. We do recognise that there is always room to enhance existing practices and expand our processes further.

We are committed to performing quarterly reviews of all policies, programs and governance, including external consultation with industry groups and our supply chain. For 2021, we have planned the following activities:

ASSESSING	ADDRESSING	AWARENESS
<ul style="list-style-type: none"> • Expand risk assessment to comprehensively review low and medium risk value chain stages, including distribution and contractors. • Finalise membership of all Tier 1 factories to Sedex and support factories to complete their Self Assessment Questionnaires • Expand our traceability of our supply chain to include Tier Two, by better mapping the capabilities of our Tier One supply chain • Expand comprehensive risk assessment process to non-merchandise branded goods. 	<ul style="list-style-type: none"> • Formalise our Responsible Purchasing Policy • Audit 100% of Tier 1 factories by July 2021 • Audit our tier 1 suppliers of non-merchandise branded goods. • Provide 1:1 training with suppliers to assist in addressing the root cause of issues raised during auditing • Rollout Worker Sentiment Surveys at red sites • Survey workers to understand the effectiveness of existing grievance mechanisms • Rollout a policy addressing discrimination and rights violations of vulnerable workers in our supply chain • Conduct a living wage analysis for each region our Tier 1 factories operate in 	<ul style="list-style-type: none"> • Expand modern slavery training for Merchandise Team by building a bespoke training module on Responsible Purchasing • Build a comprehensive training library for our red and orange suppliers and factory managers, to better engage our supply chain on the risks and response to modern slavery. • Rollout a preferred vendor system where suppliers are awarded for positive behavior • Visit our suppliers frequently to build understanding and involvement in our Ethical Sourcing program • Finalise a Supplier Portal to support suppliers through onboarding and compliance • Publish a 2021 Earth Club update for customers, including an overview of our Ethical Sourcing projects and targets. Specify new targets for 2022.
ACCOUNTABILITY		
<ul style="list-style-type: none"> • Expand our KPIs to track responsible purchasing indicators • Actively participate in industry and peer working groups on modern slavery, including the Sedex Grievance Mechanism Working Group • Join the Mekong Club and complete our Modern Slavery Benchmark • Sign the Pledge Against Forced Labour in Uzbek and Turkman Cotton • Collaborate with other companies owned by a.k.a. Brands 		

Conducting in-person verification visits to our suppliers is a crucial part of our program. We are currently exploring how we can achieve this in 2021 or 2022.

EXTERNAL BENCHMARKING

We are dedicated to communicating transparently with our customers and industry about our progress toward our social responsibility targets and commitments. In 2021, we are excited to be engaging with Good on You and Baptist World Aid's Ethical Fashion Report for the first time, to help customers to understand how third parties rate our activity to date.

The feedback we receive from benchmarks like these provides us with an overview of our strengths and opportunities, while holding us accountable for our business and operations to assure we are doing our best to put people, the planet and the community first.



7.0 INDUSTRY COLLABORATION AND CONSULTATION

We acknowledge the importance of a collective approach and believe in aligning with partners to understand and address human rights risks, including those related to modern slavery. Throughout 2020 we extended our network to the United Nations Global Compact, Sedex and Elevate. In 2021, we became part of the Mekong Club and also signed the Pledge Against Forced Child Labour in Uzbekistan Cotton and Turkmenistan Cotton. Also in 2021 we will participate in the new Sedex ANZ working group on Grievance Mechanisms.

This statement has been approved by Wez Bryant and Eirin Bryant on behalf of the reporting entity, Princess Polly Online Pty Ltd and Princess Polly USA, Inc. Princess Polly has prepared the required statement to be compliant with Australian Commonwealth Modern Slavery Act (Cth) and California Transparency in Supply Chains Act. The statement was prepared in consultation with suppliers, industry organisations, third party consultants and NGOs.

