



## **Modern Slavery Statement 2021**

True Alliance Pty Ltd ACN 098 282 001 is the parent company of:

- True Alliance Corporate Services Pty Ltd ACN 100 525 362;
- True Alliance Brands Pty Ltd ACN 098 979 803;
- True Alliance Retail Pty Ltd ACN 100 526 798;
- Speedo Australia Pty Ltd ACN 050 097 375;
- True Alliance Trading Pty Ltd ACN 002 674 544; and
- True Alliance NZ Ltd NZ Company No. 384 156;

together, 'True Alliance', 'Company', 'we', 'us' or 'our'.

This joint Modern Slavery Statement is made on behalf of True Alliance in compliance with s14 of the *Modern Slavery Act 2018* (Cth). It sets out the actions taken by us to identify and address modern slavery risks in our supply chain during the financial year ending 30 June 2021.

Modern Slavery is defined as the coercion, threat, deception or exploitation of victims for commercial gain. Practices that constitute modern slavery include human trafficking, forced labour, sexual slavery, child labour and trafficking, domestic servitude, forced marriage, debt bondage, slavery and slave-like practices. The list is not exhaustive.

Modern slavery is a plague that impacts tens of millions of people worldwide. Addressing these risks is a complex matter and requires the commitment and action at all tiers of the supply chain. True Alliance is conscious that the fashion industry poses a high risk of modern slavery and is committed to working to respect human rights and oppose modern slavery in all its forms.

### **Our Company, operations and supply chain – including the process of consultation between our subsidiaries**

True Alliance is a brand management and distribution business operating in Australia and New Zealand. We are the licensee and distributor of some of the world's best-known fashion, sport and outdoor brands. In the reporting period, we employed approximately 654 employees across Australia and New Zealand.

All employees within the Company are employed by True Alliance Corporate Services Pty Ltd. These employees carry out the roles and tasks to execute the operations of True Alliance and its subsidiaries. Accordingly, there is no process of consultation required across the Company as we have a consolidated governance structure and apply a common sense, risk-based approach to modern slavery due diligence and risk management.

The majority of our team members are office-based or working in one of our retail outlets, whilst a small number of staff are based in our warehouse in Sydney.



In Australia, True Alliance's supply chain covers rental of these stores and offices, human resources, information technology, security, marketing and legal services, as well as other consumables. We have determined that the risk of modern slavery associated with these operations is low.

Inventory procurement is the highest risk category for True Alliance. The brand principals which assign us our distribution rights are all global companies who manage the inventory procurement process internally. Accordingly, we have limited control over the process however we continue to search for opportunities to hold the brands accountable and align our expectations regarding modern slavery risk management.

The complexity of our inventory supply chain lays in the broad range of Brands with which we are associated. Each has its own distinct international supply chain, although where certain brands have common ownership there is synergy in the way in which we work with suppliers to minimise the risk of modern slavery. Whilst our supply chain is complex, it was simplified during the reporting period due to a shift in the way that we do business.

In summary, we work under three models:

- Distribution model: this constitutes the dominant part of our business where we purchase branded products which are designed and sourced directly by our brand principals. This applies to Madewell, Lacoste, Rockport, Teva, The North Face and Ugg brands.
- License model: In the case of Lee, Wrangler and Riders by Lee we design, source and manufacture the majority of the range. Any goods produced under licence are sourced exclusively from factories used or approved by the brand principal and are subject to the supply chain due diligence processes undertaken by the brands globally. Ongoing audit procedures run collaboratively between supplier, brand principal and True Alliance.
- Hybrid model: In the case of Speedo, Ben Sherman and Nautica, we operate a hybrid model where we sell product purchased off catalogue, as well as products designed in-house and produced by approved nominated suppliers, for sale specifically in Australia and New Zealand. The impact of the COVID-19 pandemic has meant a continued shift away from this model back towards a traditional distribution model which has reduced our direct involvement with many suppliers.

In the reporting period, in respect to inventory, 46% of the production occurred in China, 24% in Vietnam, 8% in India, 4% in Indonesia and 3% in Thailand, with the balance split across 38 other countries. We do not own any factories. True Alliance produced licensed product via direct relationships with only approximately 15 factories (all subject to approval and audit by our brand principals). All other inventory was sourced via our brand principals or sourcing agents. Whilst these countries are identified as having a heightened risk of modern slavery practices, our brands work with many long-term trusted partners within regimented control frameworks to manage modern slavery risk.



## **Risks of Modern Slavery**

True Alliance is conscious that the fashion industry poses a high risk of modern slavery. Whilst suppliers from certain parts of the world are considered by True Alliance to be higher risk, our audit processes have been developed to account for these suppliers. Alongside our brand principals, we generally seek to apply similar onerous audit and compliance processes before engaging with any of our tier 1 suppliers from any country. Even in circumstances where we have long-lasting relationships with our tier 1 suppliers, these factories are still required to submit to regular audits and reviews. During the reporting period this formed the focus of our efforts and will continue to do so in the immediate future.

## **Actions undertaken - Internal Standards and Alignment with Brand Standards**

True Alliance's core values and mission are centered around honesty, fairness and respect. Consistent with these values, we have continued to implement our Modern Slavery Policy, Supplier Code of Conduct and rigorous audit and remediation processes. In any renewed distribution agreements, we have negotiated clauses which broadly place obligations on our brand principals and suppliers to continuously improve their own modern slavery records and due diligence on their supply chains by adequately implementing their own modern slavery policies, which we have considered and support.

The requirements for doing business with many of our brand principals (such as VF Corporation, Kontoor, Lacoste, Pentland and other leading global footwear and apparel companies) are based on the Universal Declaration of Human Rights, the International Labour Organisation's Core Conventions, the United Nations Guiding Principles on Business and Human Rights, as well as each Brand's own standards and framework, which are objectively viewed as some of the more stringent policies and processes in our industry.

We continue to take steps to increase employee awareness on the topic of modern slavery by engaging with our brand management and procurement teams. It is our aim to improve the awareness in the current reporting period by providing formal, externally-run training sessions to our team.

True Alliance continues to review its policies and processes with the aim of improving both internal and external facing policies to uphold appropriate workplace behavior, compliance with relevant laws and regulations, bribery, corruption, harassment, conflicts of interest and modern slavery in general.

## **Effectiveness of our actions**

The impact of the COVID pandemic resulted in delays of implementation of plans to appoint a modern slavery consult and to implement externally-run training within our organization. That being said, nothing has prevented us from implementing the high standards required of existing and new partners to improve conditions in supplier factories to meet our minimum standards.

True Alliance or its agents have conducted regular audits of its tier 1 suppliers. Despite disruption caused by COVID, we worked with our brand principals and suppliers to amended scheduled audit and remediation processes. There were no material incidents that were required to be reported to our board in the reporting period.



In cases where existing suppliers have not met the required standards, we have worked with our brand principals and suppliers to improve conditions in those factories to meet our minimum standards.

During the reporting period, there was a significant focus on switching to only BCI and organic cotton for any goods produced under licence.

As stated, our compliance and contract management team has implemented a practice to ensure that any new contracts entered with key suppliers includes clauses relating to modern slavery compliance. Where possible, contractual protections will be negotiated to ensure suppliers are bound by warranties and representations.

Our Board recognises that modern slavery is an unacceptable issue and that we must be committed to continuous improvement in identifying and addressing modern slavery in the supply chain.

**This statement was approved by the board of directors of True Alliance.**

A handwritten signature in black ink, appearing to be 'DS' with a long horizontal stroke extending to the right.

David Smith

**Chief Executive Officer**