

Showpo.

MODERN SLAVERY STATEMENT 2020

A message from our Founder & CEO, Jane Lu

At Showpo, we have a zero tolerance policy for any form of modern slavery. We define modern slavery as any practice where freedom is taken away from a worker through threats, violence, coercion, abuse of power, or any form of deception.

We value each and every person who works for Showpo which is why we work very closely with our suppliers to ensure this does not arise in the making of any Showpo product.

We want Showpo to be the go to place to shop, where our customers can fill their wardrobes with our products, but not at the expense of the workers in our supply chain.



Introduction

Show Pony Group Pty Ltd (30 156 041 913) is extremely proud to submit this 2020 voluntary statement on the steps we have taken to mitigate the risk of modern slavery from our business operations.

Showpo is an Australian owned, social media led e-commerce brand, redefining fashion retail for the next generation.

Founded in Sydney in 2010 by Jane Lu, what started as a platform to disrupt the traditional retail model, is now a global fashion destination. As one of Australia's largest social media brands, we connect a community of millions around the world to inspiration, discovery and the latest trends. We drop 100's of new styles which we ship internationally.

We are collaborating with our suppliers, subcontractors and third-party facilities to ensure that we are working together to banish any forms of modern slavery in our supply chain.

We know this might not be an easy process at first and we continuously strive for progress over perfection. The benchmark is ever-changing and we want to ensure that our partners are on board to work with us on this for the long term. We strive for modern slavery compliance through conducting external audits and receiving traceability information from our suppliers, subcontractors and third party facilities.

Operations & Supply Chain

Trading and known to our customers as Showpo we started from humble beginnings in Sydney in 2010. We are a privately owned business that has become a global fashion empire, shipping our products to customers globally.

Our head office is located in Sydney and includes our team of 65 passionate team members. We also operate our own pick and pack warehouse in Sydney with an additional 30 team members and have 30 full time team members who work for us offshore. This is represented by full-time (78%), Part-Time (9%), and casual (13%) team members directly employed by Showpo.

Across the Showpo business, we sell different categories of products including apparel (85%), footwear (5%), accessories (7%), and beauty products (3%). We are a pure-play retailer with no physical stores that distribute our products

Our products come from two different sources of supply, our own in-house designed product, and external branded products. Showpo understands the risks of multiple sources of supply and the added level of uncertainty to our operations which this adds. However Showpo has a zero tolerance policy for any form of modern slavery which is why we are committed to tracing our supply chain. Our first step to ensure this is by working with our suppliers who manufacture our in-house designed product which makes up 80% of our total product mix. Our Corporate Social Responsibility team plans to continue these efforts by tracing and auditing the external branded products stocked at Showpo.

For the manufacture of our products, we engage suppliers globally to manufacture our in-house designed products on our behalf, using both their own factories and subcontracting to other factories where required. Over 80% of our products are manufactured in China. We are proud to have long standing relationships with these key suppliers which we have been building for over 5 years.

Suppliers are engaged to manufacture our in-house designed products to completion. Showpo holds no financial interest in any factories we use globally for the manufacture of our products. Our nominated freight forwarder picks up directly from them. Our freight forwarder then ships these products to our warehouse in Chullora using air freight. The other suppliers we source from ship directly to our warehouse in Chullora. Once products arrive at our warehouse they are processed, sorted, and set up to be sold online to our customers. Once customer orders are received, the products are picked, packed, and shipped directly to a customer's nominated delivery address using internationally recognised freight service providers.

Risks

We recognise the apparel sector includes a higher risk of modern slavery however, we also believe the steps we take can help to mitigate this risk. To assist our team to better understand modern slavery risk in our operations, we engaged an external consultant to review our business operations and work with us to create an action plan to mitigate the risk of modern slavery in our business.

These actions included Showpo undertaking a modern slavery risk assessment conducted by an external consultant who looked at our business operations, sourcing program, categories and products we sell and the countries used for manufacturing our products. This information was used to create a specific Showpo modern slavery action plan to ensure we take adequate steps to mitigate modern slavery risk.

We aim to ensure 100% of our key suppliers undergo a full social compliance audit, completed by an external party to the factory. When we receive an audit report, we review and classify the audit findings and grade them according to severity and then focus our attention where it is needed most.

We understand modern slavery risk can be different by stage of production or activity completed. To support our approach to understanding all stages of our supply chain, we utilise a 4-Tier system for each stage of production. We have established the following tiers of manufacture to help us better understand our risk:

- Tier 1 – End Stage Manufacturing – where products come together - Cut/Make/Trim factories
- Tier 2 – Inputs – Any activity that goes into making the finished product – dyeing, printing, washing, embroidery, buttons, zippers
- Tier 3 – Fabrics – Any activity involved in making fabrics – spinning, weaving, fabric mills
- Tier 4 – Raw Materials – The very start of the manufacturing process – farms, raw materials factories

Governance

The first step in understanding the risk of modern slavery is to have complete transparency of our supply chain. Over the last 3 years, we have worked to gain a full understanding of our tier 1 operations.

While we have worked to understand tier 1, we know we must continue to understand the deeper levels of the supply chain. Across our tier 2, 3 & 4 stages of production, we have work to do. We are aware of pockets across these stages of production however do not have a deep level of understanding, and acknowledge we have work to do in this area. We are committed to continue our journey of traceability over the coming year to further enhance our knowledge.

While undertaking our traceability steps, we worked on building a stronger governance program of our supply chain by developing and implementing our Code of Conduct which defines our expectations for all those involved in the manufacture of our products. In addition to our Code of Conduct, we have a number of sourcing policies which govern our human rights expectations such as Bribery and Corruption, Environment, Child Labour, Intellectual Property, Responsible Fibre Sourcing, Animal Welfare and Testing, Sanctioned Country, Unauthorised Subcontracting, and our Modern Slavery and Forced Labour Policy. Each policy includes a remediation plan in the event we identify any concerns with a supplier or factory.

We have also rolled out with our suppliers revised purchase order terms which clearly state our packaging & delivery terms. This has ensured there is a clear understanding between both parties, reducing the rejection of goods due to any form of miscommunication.

We also recognise training is an important tool in reducing modern slavery risk. Our head office team members went through a training session to educate them on ethical and responsible sourcing, purchasing and how to identify possible forms of modern slavery. As we started to learn more about modern slavery and how to identify it within our supply chain, we also became aware of the different types of modern slavery and how each can impact the workers in our supply chain. Supplier training is also an area we continue to focus on.

We understand the type of relationships we have across our business operations will determine the different types of modern slavery risk and where we may cause, contribute or can be linked to modern slavery risk. There are different risks depending on the level of the supply chain and we have learnt a number of those risks can be prevalent across all stages of production including risks such as, the use of recruitment agencies, unskilled labour, seasonal or itinerant work forces, complex supply chains which include sub-contracting models, and workforces with a high percentage of women, as they are disproportionately subjected to modern slavery.

We have recognised that our sourcing model, which utilises suppliers to engage and manage the manufacturing process in sub-contractor factories, may increase the risk of modern slavery as we have no direct day-to-day management of these factories. While it's important we visit our factories, Covid-19 and the global lockdowns have prevented factory visits over the last year.

We have committed to recommence our important factory and supplier visits as soon as we are allowed to travel and will continue to build stronger governance requirements to mitigate modern slavery risk.

Within our tier 2 and 3 factories we have traced we have recognised that the lack of social compliance knowledge and standards is a key area where we may contribute to modern slavery risk. Our suppliers engage and manage this relationship on our behalf. As we learn more, we have implemented a focus to work with more vertical factories, ensuring the use of sub-contractors is minimised and only occurs in Showpo approved factories.

Across our stages of production, tier-4 is the area where we have most work to do. We rely on suppliers to purchase raw materials and fabrics on our behalf and through this relationship, our risk of being linked to modern slavery increases.

We are constantly reviewing and consolidating our supplier and factory base. Onboarding new suppliers is undertaken less frequently, however when we do, a supplier receives an onboarding pack which includes all relevant documents and expectations of Showpo. Consolidation of our supply chain and building partnerships with these suppliers is important to us and allows us to use our size and purchasing power to drive improvements across the supply chain.

To manufacture our in-house designed products we work with a key supply base who have been manufacturing partners with us for over 5 years. This length of relationship has allowed us to build our working styles together and create workflows that suit both parties, resulting in a more efficient production of goods which minimises waste where possible. Along our journey with these suppliers we have worked with them to provide education and to collaborate on minimising the risks of modern slavery. We know that in order to govern our supply chain while continuing to uphold these long standing relationships, we must partner with our supply base, with a strong focus on education and building policies.

Another area we aim to strengthen over the coming year is that of workers' voices. Allowing workers to raise concerns confidentially through a whistle-blower program or confidential grievance mechanism is a key aspect of protecting workers rights. We also believe we need to ensure workers are protected by encouraging suppliers and factory owners to implement worker representative committees within all factories.

A key requirement of our social compliance management of factories is our requirement that all tier 1 factories must undergo a social compliance audit periodically. Depending on the severity of findings identified, we review and work with suppliers to address and remediate any concerns found. We utilise a supplier grading system, which is based on industry-specific metrics and grades suppliers by purchase volumes. This allows us to focus our attention on the areas where we have the most impact. When addressing audit findings and concerns, we always work with our suppliers to form a corrective action plan, rather than ending the partnership. Our grading system also helps us work towards rewarding better standards with our factories.

We are working to better understand all stages of production used for the manufacture of our products. Protecting factory workers from all types of modern slavery risk is important to us. At all

times, our primary concern has and will always be the workers involved. Every action we take towards improving our supply chain keeps the protection of workers at the front of mind.

Measuring Actions

As we learn more about modern slavery and how we can mitigate the risk in our business operations, we are also aware we need to assess the effectiveness of our actions to eradicate all types of modern slavery across our business. We are proud that so far, we have not had a reported case of modern slavery across our business operations however we recognise we need to do more in this space to understand the deeper levels of our supply chain.

While we currently utilise the actual number of cases reported and the periodic supply chain social compliance auditing program to measure the success of our actions, we are committed to investigating further options to help us understand this area more. This includes, implementing and reporting on modern slavery key performance indicators (KPI's) as a corporate social responsibility team.

We have also committed to complete the modern slavery risk assessment again to assess and measure the improvements we have made towards mitigating modern slavery risk in our business.

Closing Statement

While our business operates as a pure-play retailer, we are overtly aware of our responsibility to protect workers within our business operations from all types of modern slavery and human rights offences. Over the last year, Covid-19 presented a number of challenges across our business including how we stayed in contact with our supplier partners during lockdowns.

During the Covid-19 lockdowns, we continued to work with suppliers and factories, ensuring we committed to taking any orders that were close to or finished production. For any orders where production had exceeded 50%, we paid suppliers for any costs incurred and for remaining orders, we also re-planned the timing these orders were due into our warehouse in Chullora to align with our change in demand.

Additionally, where suppliers were met with increased costs, we moved the suppliers onto our freight cost model so they could reduce their own costs that were associated with transport.

Our team were in regular contact with our suppliers to ensure we were kept up to date with the challenges they encountered during the lockdowns and restricted work operations. We were unable to travel to sourcing markets but will commence again as soon as travel restrictions ease globally.

Over the past 3 years we've worked on building out our corporate social responsibility and supply chain teams as dedicated resources to the business. These teams consist of two senior members from our leadership team and three full-time team members. Both teams engage with our suppliers to ensure there are adequate avenues for feedback & we can implement any internal changes we need.

This Modern Slavery Statement has been Approved by Jane Lu, in her role as principal governing body of Showpo, Our Founder and CEO on 03/06/2021

Signature



Date 3rd of June 2021

www.showpo.com