



Modern Slavery Statement

FY 2022

APG & CO
THE BRAND ASSEMBLY

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From the Chief Executive Officer of APG & Co

This statement is the third Modern Slavery Statement published for APG & Co under the Australian Modern Slavery Act 2018 (Cth).

At APG & Co we exist to bring brands to life. This drive encompasses our responsibility and accountability to guarantee social compliance within our business and the way we manage our supply chain. APG & Co is committed to identifying and mitigating our modern slavery risks, and to authentically report our progress by way of our annual modern slavery statements. We have already taken a number of important steps to assess and address our modern slavery risks, which will form the foundation for our efforts moving forward. This statement outlines the actions we have undertaken through the financial year ending 30 July 2022 to recognise and mitigate our modern slavery risks.

As a business we continue to work our way through the ongoing impact of the COVID-19 pandemic. This statement details the important progress we have achieved to work collaboratively with our suppliers to mitigate the modern slavery risks presented by the sourcing of cotton from Xinjiang in China, and also the production and other supply disruptions caused by the COVID-19 pandemic.

A handwritten signature in black ink, appearing to read 'E. Hopkinson'.

Elisha Hopkinson
CEO APG & Co

(This Modern Slavery Statement has been approved by the Board of APG & Co – 20/12/2022)

We believe that the approach of our dedicated team in these challenging circumstances demonstrates that as a business, APG & Co is wholly committed to doing business in a responsible and ethical way.

APG & Co will always strive to do the right thing by our suppliers and the workers that form part of our supply chain and operations. This ethos and commitment by our business is evidenced by the actions taken every day by our sourcing teams to work to address challenges and support our suppliers. We are proud to outline some of these efforts in the case studies that we have included throughout this statement.

During FY22, we continued to strengthen our social compliance efforts through the work of our Social and Environmental Manager and the development of a new internal modern slavery training for our staff. This has been designed to further support our responsible buying policy, to educate our teams on modern slavery risks and to encourage our teams to reflect on their buying behaviour with modern slavery risk in front of mind.

As we move forward with this important work, we will be relying on the information we have gathered using our updated internal ethical audit processes to guide us, and will be further supporting our teams to achieve our modern slavery and ethical sourcing goals.

APG & Co is working hard to improve the transparency of our business, and our actions. During FY23, we will also strengthen our collaborative efforts with suppliers, non-governmental organisations, and industry to foster relationships to further tackle modern slavery issues.

Modern Slavery Statement Overview

We have addressed the mandatory criteria detailed in the Modern Slavery Act 2018 as follows:

—

Identification of the reporting entity

This is addressed on page 5

Description of the process of consultation with any entities the reporting entity owns or controls

This is addressed on page 6

Description of our structure, operations, and supply chain

This is addressed on page 7

Description of the risks of modern slavery practices in our operations and supply chains and any entities we own or control

This is addressed on page 11

Description of the actions we have taken to assess and address these risks (including due diligence and remediation processes)

This is addressed on pages 16

How we assess the effectiveness of our actions

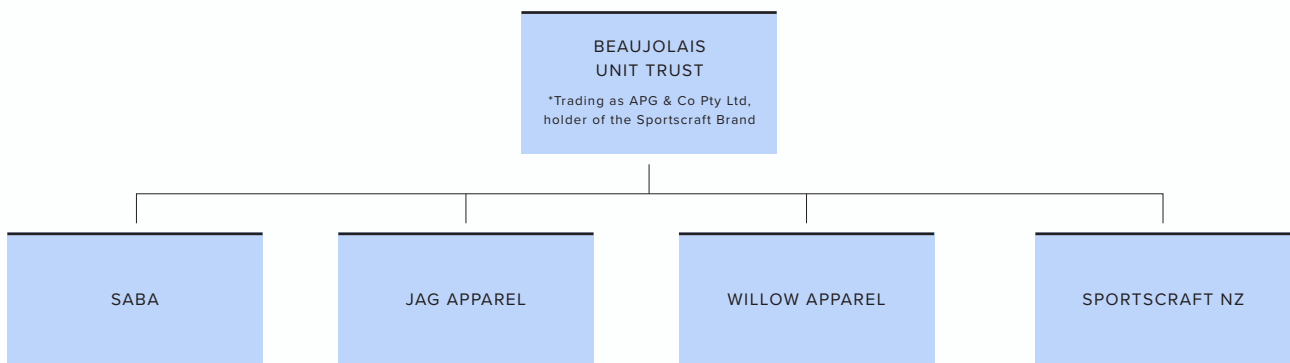
This is addressed on page 28

References to 'our' and 'we' in this Statement are references to APG & Co.

1. Identification of the Reporting Entity and Consultation Process

This modern slavery statement, published in accordance with the Modern Slavery Act 2018 (Cth), sets out steps taken by APG & Co to identify and address its modern slavery risk over the period 1 August 2021 - 30 July 2022 (FY22).

This Modern Slavery report was produced for APG & Co and its four brands, Sportscraft, Saba, Jag, and Willow, on behalf of the Beaujolais Unit Trust who privately owns and controls the retail group.



Our team consulted relevant management, procurement, buying, and offshore teams along with suppliers to collect data for this statement. Once the statement was drafted, it was reviewed by an external legal team, our Audit Committee, and the Board.

There are no affiliated parties which are not under the scope of data collected in this report.

1.1 GOVERNANCE

Audit Committee

At APG we have Board Level commitment to implementing the human rights requirements set out in our sourcing Code of Conduct and Global Sourcing Principles.

We have an audit committee made up of our CEO, CFO, Group Financial Controller, and a member of our Board. The audit committee reviews and makes recommendations to the Board in relation to APG's risk management, internal control, financial reporting, compliance (including tax, legal and regulatory), corporate governance and external audit responsibilities. The audit committee meets quarterly to encourage continuous improvement of, and foster adherence to, company policies, procedures, and practices at all levels.

Our Modern Slavery Team

We have been investing in compliance for over ten years to decrease human rights risks, improve visibility and improve factory working conditions across our supply chains. Following the appointment of our Social and Environmental Manger in FY21, we have also reviewed and restructured our global team. We are continually reviewing our global structure and in FY22 promoted our long-term auditor in China to Senior Global Compliance Officer and also promoted our China Production Manger to Production and Ethical Manger. This was done to further align purchasing practices with compliance.

In FY23, our Senior Global Compliance Officer plans to visit our non-China facilities to ensure they are audited by APG & Co. These efforts are aimed at reducing our reliance on desk top review of third party audit documentation, which has been

necessary due to the travel restrictions imposed during the COVID-19 pandemic. Recently we have expanded our efforts in the creation of a dedicated compliance team, which consists of our long-term Senior Global Compliance Officer in China and Production and Ethical Manager working globally. These team members work alongside our Social and Environmental Manager and Head of Business Development and Sourcing and our General Manger of Supply Chain and Logistics. Our Social and Environmental Manager leads projects and programs in Modern Slavery due diligence, ethical compliance, improving factory data collection, traceability, living wage, and worker empowerment. We have also continued our partnerships with external agencies, consultants and initiatives in order to work towards our modern slavery goals and initiatives.

2. APG & Co Structure, Operations and Supply Chains

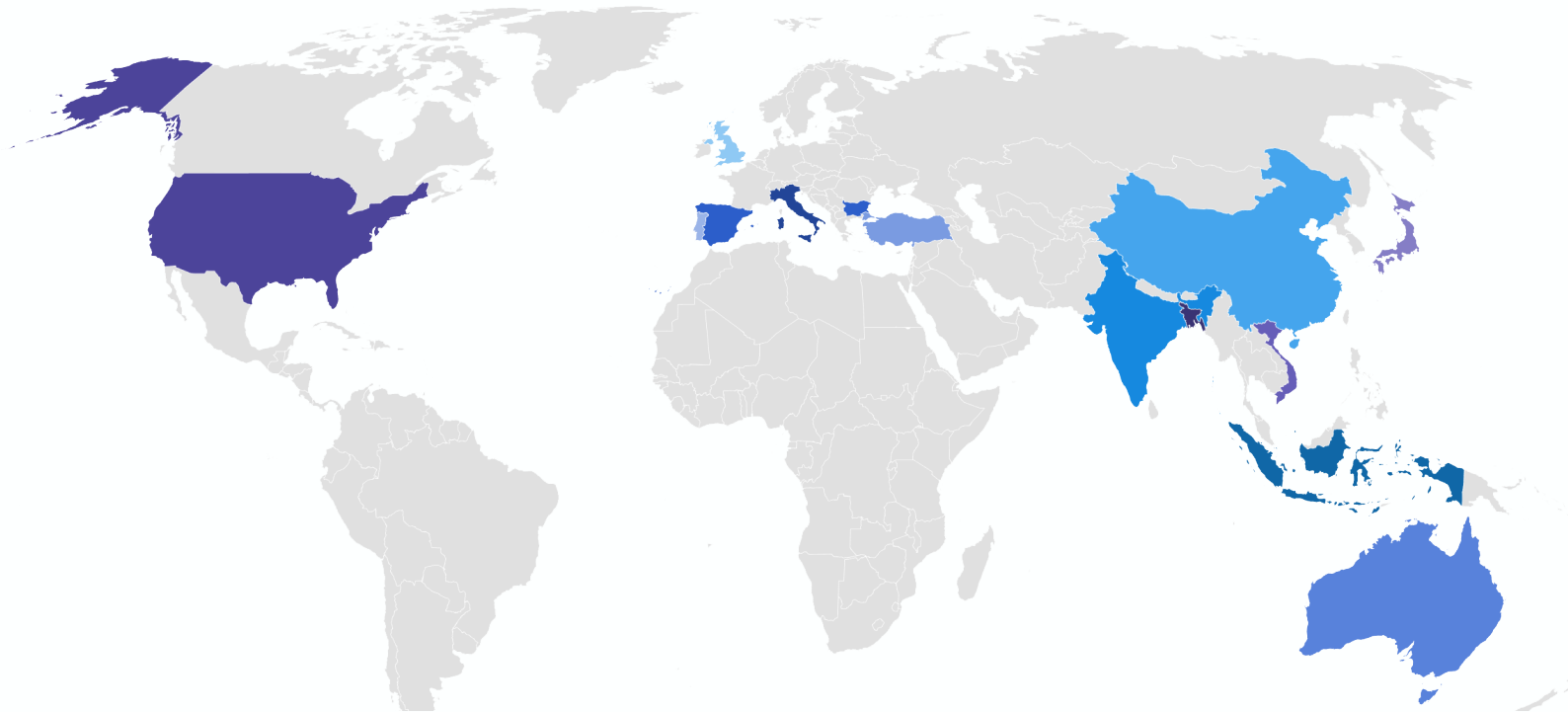
2.1 STRUCTURE & OPERATIONS

APG & Co is a privately held Australian company, which was established in the early 1950's. Our business is built upon designing, coordinating manufacture, importing, and selling of women's, men's and children's clothing and accessories within the Australian and New Zealand markets. APG & Co owns and manages four retail brands, Sportscraft, SABA, JAG, and Willow.

Head office	<u>STAFF</u>	
<i>APG& Co employs 1196 staff across our head office and stores in Australia and New Zealand.</i>	143	SUPPORT OFFICE - ALEXANDRIA SYDNEY
	974	AUSTRALIAN RETAIL TEAM
	79	NEW ZEALAND RETAIL TEAM
Offshore offices in Shanghai, China and Ho Chi Mihn City, Vietnam.	<u>STAFF</u>	
	10	HO CHI MINH CITY
	5	SHANGHAI
Brands, stores & concessions	<u>STORES & CONCESSIONS</u>	
	65	SPORTSCRAFT FREESTANDING STORES
	23	SABA FREESTANDING STORES
	1	JAG FREESTANDING STORE
	88	SPORTSCRAFT DAVID JONES CONCESSIONS
	88	SABA DAVID JONES CONCESSIONS
	39	JAG DAVID JONES CONCESSIONS
	2	SPORTSCRAFT BALLANTYNES CONCESSION NEW ZEALAND
	1	SABA BALLANTYNES CONCESSION NEW ZEALAND
	2	SABA SMITH AND CAUGHEY NEW ZEALAND
	2	JAG SMITH AND CAUGHEY NEW ZEALAND
SPORTSCRAFT, SABA, and JAG license product to Costco SPORTSCRAFT produce the formal apparel uniform for the Australian Olympic Team		

2.2 SUPPLY CHAIN

To support APG & Co's business of designing women's, men's and children's clothing and accessories within the Australian and New Zealand markets, we utilise a range of goods and services providers globally. These goods and service providers facilitate all day-to-day functions of our business. The data below highlights the country of origin spend across all goods and services categories for our business, including all goods for resale, goods not for resale, and services.



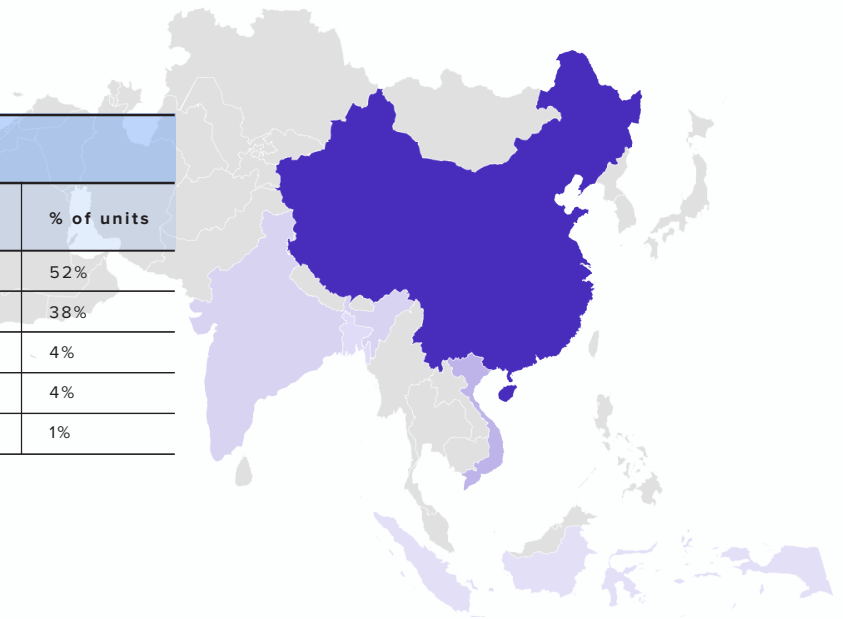
Country	Percentage spend	Country	Percentage spend
AUSTRALIA	60.96%	JAPAN	0.27%
CHINA	24.93%	TURKEY	0.26%
VIETNAM	8.82%	USA	0.20%
INDONESIA	1.51%	SPAIN	0.04%
ITALY	1.32%	BULGARIA	0.04%
INDIA	0.69%	UK	0.01%
BANGLADESH	0.60%	PORTUGAL	<0.01%
TURKEY	0.33%	ROMANIA	<0.01%

2.2.1 PRODUCT SUPPLY CHAIN

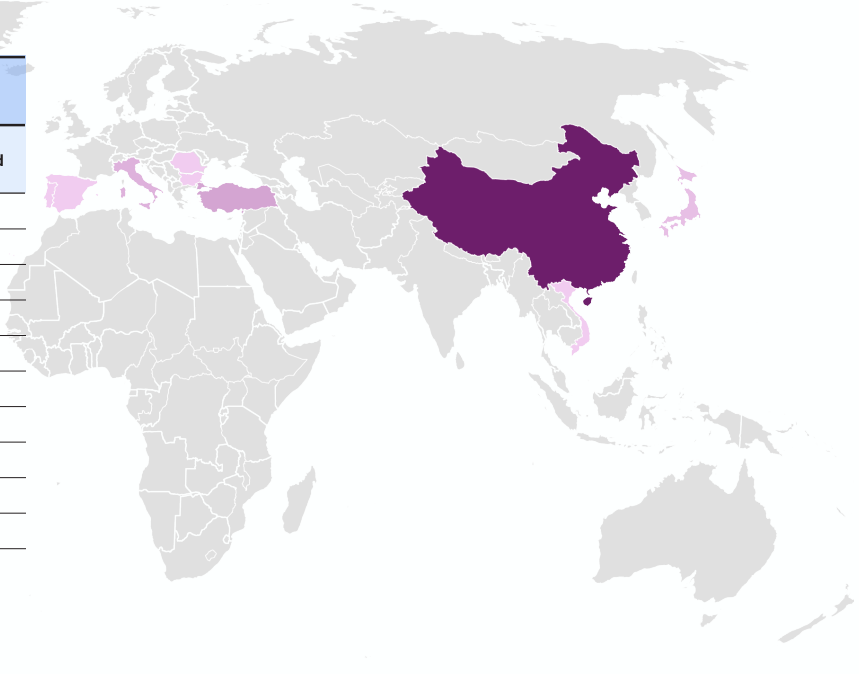
Tier 1 Garment Manufacturing & Tier 2 Fabric Manufacturing

As a retailing business for four apparel and accessories brands, our supply chain is central to the way in which we operate. Below provides a snapshot of our partnered suppliers where we purchase garments or fabric from:

TIER 1			
Country	Factories	% of spend	% of units
China	47	64%	52%
Vietnam	12	27%	38%
Bangladesh	2	2%	4%
Indonesia	1	5%	4%
India	4	2%	1%



TIER 2		
Country	Suppliers	% of spend
China	28	60.5%
Italy	5	23%
Turkey	7	5.8%
Japan	3	4.6%
Korea	1	4%
Bulgaria	1	0.8%
Spain	1	0.7%
Vietnam	1	0.6%
Portugal	1	0.1%
Romania	1	<0.1%



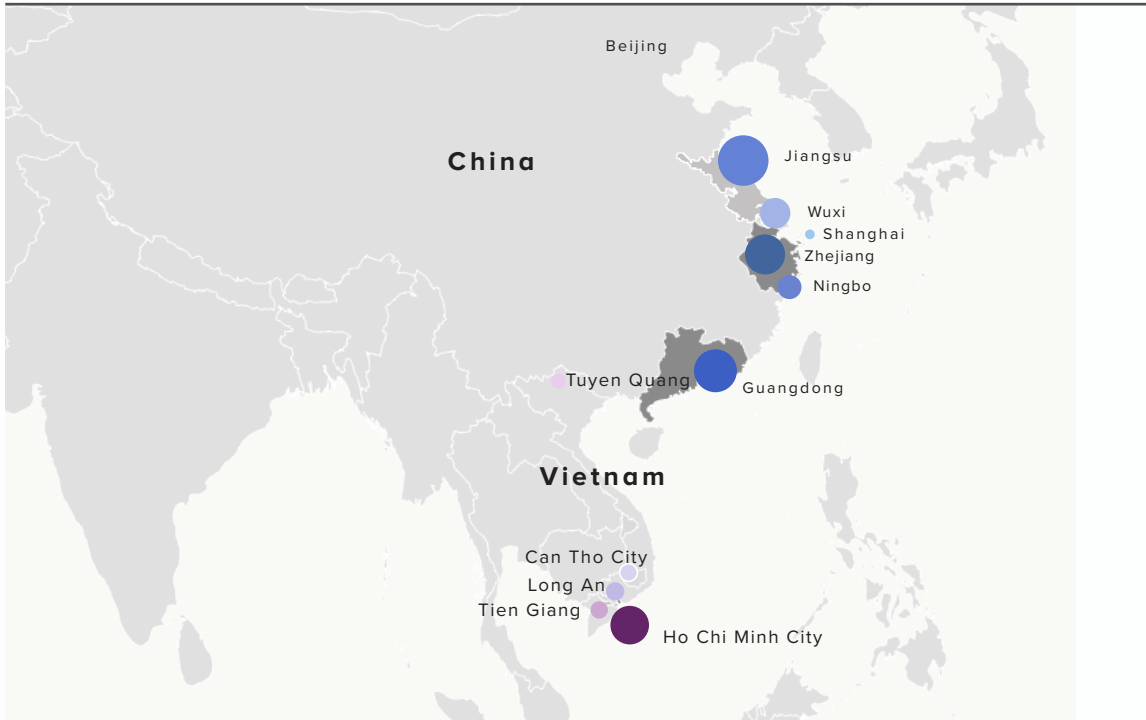
APG & Co works in partnership with Apparel Group for manufacturing of Costco ranges as well as the Willow brand.

APG & Co and Apparel Group were previously one entity, but in 2013 they were separated into two. Apparel Group produces products on our behalf, however we co-source and audit all factories used to make our product.

In addition, APG & Co in FY22 launched Sportscraft Kidswear and have licenced the design and manufacturing of this range to Vision Brand Group.

2.2.1 PRODUCT SUPPLY CHAIN

Our Tier 1 factories in China and Vietnam are located in the provinces indicated on the below map, where the size of the circle represents the number of suppliers:



Vietnam	No. of suppliers	China	No. of suppliers
■ Ho Chi Minh City	9	■ Jiangsu	12
■ Can Tho City	1	■ Zhejiang	10
■ Tien Giang	1	■ Guangdong	6
■ Long An	1	■ Ningbo	5
■ Tuyen Quang	1	■ Wuxi	3
		■ Shanghai	1

3. Risks of modern slavery in our overseas operations and supply chain

At APG & Co we recognise that due to the prevalence of modern slavery practices within all fashion brand supply chains and the geographic location of our factories and suppliers, sourcing products for our business comes with a modern slavery risk.

Modern slavery could manifest in our supply chains and operations in various ways. As APG & Co has a complex global supply chain, this increases our modern slavery risk.

We have identified the following modern slavery risks that our business faces and have developed training and awareness strategies to educate our buying and procurement teams about these risks.

When we deal with suppliers in Australia and overseas, we make our buyers aware of certain industry and geographic risks that they can look out for, in order to mitigate our modern slavery risks. We also understand the limitations that we face, and that in some cases our risks contributing to or being linked to modern slavery practices may not be easy to identify. This is especially the case if our teams are only able to rely on desktop review of third-party audit reports or the reports produced after planned factory visits by our Senior Global Compliance Officer.

GOODS FOR RESALE

INHERENT INDUSTRY RISK

The Walk Free Foundation identified the Fashion and Textile industry to have the second highest Modern Slavery risk rating. It has also been reported that many modern slaves are women who work in 'sweat shops' in Asia, making fast fashion items. This is where clothing manufacturers use quick response production to capture the latest in fashion trends. This type of production can lead to the exploitation of workers, as it usually involves:

- *Urgency to replicate catwalk trends - which can result in forced overtime for workers or cancellation of planned holidays or leave for workers;*
- *and*
- *Mass-production at low cost - which can lead to workers being underpaid or not paid at all*

We are aware that the following practices could increase modern slavery risk in APG & Co's supply chains and operations:

- *Unauthorised sub-contracting - where product is made in a facility we haven't visited or checked;*
- *Complex supply chain webs - where there are multiple agents, suppliers and mills at each level making tracing and visibility over working conditions extremely difficult;*
- *Reducing cost price - this can force suppliers to 'cut corners' through using cheaper labour or their own lower cost suppliers who are less concerned about compliance; and*
- *Shortening lead times for orders.*







We have also identified that there are number of 'indicators' of industry risk that we need to be aware of including:

- *Suppliers avoiding submission of certification or audit reports;*
- *Workers are subjected to intimidation and/ or threats (such as deportation or threatened harm to their families);*
- *Workers are living at the workplace or another place that is owned or controlled by an employer;*
- *Workers are isolated geographically, socially or linguistically;*
- *Workers are made to work compulsory or excessive overtime;*
- *Worker wages are withheld, or there is worker underpayment or no payment of wages at all;*

- Travel or other important documents (such as worker passports) have been taken and held by an employer or a third party;
- Workers are expected to work as security or as repayment for an inflated debt (debt bondage);
- Workers are not free to end their employment at any time;
- Workers are deceived or not given information about nature and conditions of the work they will be required to do;
- Workers are threatened or actual physical and/or sexual violence; and
- Workers are subjected to abusive living and/or working conditions.

RISK CREATED THROUGH TRANSPARENCY CHALLENGES

As part of our modern slavery risk assessment process for our goods for resale, we categorised our supply chain into six tiers, and assigned each processing step into this category. We have categorised our supply chain by the tiers below:

TIER 1	TIER 2	TIER 3
Cutting, Sewing, Finishing	Knitting, Weaving, Printing, Dyeing	Yarn production, Dyeing
		
TIER 4	TIER 5	TRIMS
Baling, Grading, Trading	Farming, Extraction	Trims, Packaging
		

Following the passing of the Modern Slavery Act in Australia and similar requirements around the world, some suppliers are coming to terms with the need to address and report on their modern slavery exposure. These suppliers also understand that their handling of modern slavery risk could greatly influence their competitiveness and value as suppliers to large retailers moving forward. However, some suppliers give push back, or have been less than cooperative.

We are aware that modern slavery risks may exist in the deeper tiers of our supply chain. While the majority of our first tier (garment manufacturing) suppliers are willing to disclose their second tier (fabrics) suppliers, we have found that some refuse to disclose their relationships, making transparency over the lower tiers of our supply chain difficult. We are aware that this lack of visibility helps perpetrators to hide cases of modern slavery and keep it out of reach of identification.

As we push towards full transparency of our supply chains, APG & Co is working to identify and review our suppliers beyond tier 1 to have full transparency of all tiers. We are targeting those suppliers with whom our business has significant expenditure, if they are from a high-risk country, or if they provide a high risk product or service to our business.

We are also currently reviewing our process for services and GNFR compliance to be in line with our GFR standards. This is a significant part of our operations and thus a potential source of modern slavery risk.

GEOGRAPHIC RISK

APG & Co produces 100% of our finished goods offshore in China, Vietnam, Indonesia, Bangladesh and India, whilst the majority of our Tier 2 (Fabrics) are sourced in China.

We have developed a risk profile for each country we source either garments or materials from had a risk profile developed, which highlighted industry specific cases of modern slavery from that region. These utilised data from global organisations such as the International Labour Organisation, Human Rights Watch, Verisk Maplecroft, Walk Free Foundation, and others to gather and assess the possibility of modern slavery within our supply chain. More generalised profiling occurred for services and goods not for resale utilised in our head office and store network.

3.1 SOURCING COUNTRY RISK PROFILES

3.1.1 CHINA

China's manufacturing workforce has been powered by internal migration of workers from poorer rural areas into the manufacturing hubs. This migration has occurred over the past 40 years and has improved the earning potential for millions of Chinese citizens. However, this migration increases the vulnerability of workers as they are separated from their families and this can make them more susceptible to modern slavery practices. The Walk Free Foundation has identified forced labour, restricted movement, and excessive overtime as prolific issues.

A prominent modern slavery issue in clothing supply chains is raw cotton and yarn production in Xinjiang, China. Verisk Maplecroft has listed Xinjiang as a region of 'extreme' risk of forced labour, due to the allegations that at least 100,000 Uyghurs and other Muslim minorities being subjected to forced labour in re-education camps. According to the United States Department of Agriculture, approximately 20% of the global cotton supply is cultivated in Xinjiang and many of the yarn producers located in the region are assumed to be utilising forced labour.

3.1.2 CHINA - FORCED LABOUR IN XINJIANG

One of our highest risks of modern slavery is the issue of cotton being sourced from Xinjiang, China. In the North-western province, there are a number of ethnic minorities such as the Muslim Uyghurs and Turkics. There have been allegations of the use of forced labour to employ these minorities and compel them to work within the dominant industries in the region – including cotton picking.

We have provided specific detail later in this statement about how APG & Co managed our business specific risks relevant to the sourcing of cotton from this region.

3.1.3 VIETNAM

Due to the vulnerability of Vietnam's population to poverty, workers are more susceptible to all forms of modern slavery. In Vietnam, vulnerable workers can face child labour, forced labour, informal contracts, abuse, and excessive overtime.

Vietnam does not have any specific modern slavery schemes, however the International Labour Organisation estimated that in 2020 that over half a million 5–17-year-olds were engaged in hazardous work, primarily in the industrial and construction sectors.

3.1.4 INDONESIA

In 2016, the Global Slavery Index reported there were 736,000 people trapped in slavery in Indonesia, or 0.29 percent of the Indonesian population.

The Australian Institute of International Affairs has recently reported that thousands of additional Indonesian woman and girls have been plunged into modern slavery, while current victims' experiences have become more severe. It is reported that the COVID 19 pandemic also triggered mass unemployment and a reduction in job opportunities. Many workers are at risk of exploitation as many are willing to do anything for money.

3.1.5 BANGLADESH

The Bangladesh apparel sector is the country's largest export earner and the second largest exporter in the world (employing approximately 4 million workers in about 3,500 factories). Bangladesh has been the subject of debate about the impact of globalisation and poor labour standards for many years, due to factories paying low wages and requiring workers to work long hours. The poor working conditions in apparel factories were tragically highlighted by the Tazreen factory fire in 2012 and Rana Plaza collapse in 2013. There are also issues with factory conditions involving high temperatures, excessive noise, poor air quality, unsanitary conditions, and abuse of

workers (both verbal and physical).

Child labour is also a concern in Bangladesh, with the US Department of Labor reporting that in 2021, Bangladesh made 'moderate advancement' in its efforts to eliminate the worst forms of child labour, however, children in Bangladesh continue to be subjected to the worst forms of child labour, and perform dangerous tasks in the production of garments and leather goods.

3.1.6 INDIA

In 2016, the Global Slavery Index reported there were nearly 8 million people living in modern slavery in India. The Index adds that discrimination against scheduled castes, Dalits and scheduled tribes is still a characteristic of Indian society, and this increases the vulnerability of these marginalised groups to being exploited by unscrupulous employers. The Index warns that women, especially those from poor and marginalised communities, face an increased risk of exploitation and abuse. It provides details about illegal Sumangali schemes – where poor families sent their young daughters to work in factories for several years in return for the promise of a bulk payment that can be used as a 'marriage dowry' to attract a husband.

It has also been reported by unions that low pay and

exploitative conditions are widespread in India, with forced and child labour found in a number of industries including textiles and silk. India has also not ratified all the fundamental International Labour Organisation (ILO) conventions, including those on freedom of association, collective bargaining and health and safety at work.

Child labour and children performing dangerous tasks in garment production remains an issue in India and the Bureau of International Labour Affairs reported that Indian authorities rescued 58,289 children from child labour during 2020-2021, an increase from previous years.

In our pursuit of quality, innovation and equitable partnerships, we continue to explore other regions for manufacturing, and may expand into new countries of origin in the future.

3.2. RISK IN LOCAL OPERATIONS AND SUPPLY CHAINS

For the daily operations of our head office, stores, and warehouse we utilise a range of services and procure goods to use within these locations. The categories below have been listed in order of spend for our internal operations in the services and goods not for resale categories.

GOODS NOT FOR RESALE (GNFR)

We are aware that modern slavery affects more than just the products we sell. At APG & Co we utilise a range of services for our daily operations such as cleaning, building maintenance, freight, and recruitment. We understand our GNFR supply chains are just as susceptible to modern slavery risk, even though most of these services are undertaken in Australia.

As part of the implementation of our modern slavery compliance program, we also need to consider the ways in which our business may be linked to modern slavery and human rights abuses through services that we may engage to support our stores, head office and other operations.

Some high-risk service industries include:

- *Cleaning services*
- *Transportation and logistics*
- *Marketing and Promotion*
- *Labour Hire and Recruitment*
- *Communications*
- *Information Technology*
- *Waste Management*
- *Graphic Design, Printing and Stationery*
- *Professional Services*
- *Maintenance*

APG & Co has completed a high-level review to identify the modern slavery risks that we face in the operations and supply chains of our GNFR providers. We have identified that we face specific risks related to the procurement of services from the above industries which include:

- *The possibility providers may put forward a bid price for a contract or tender that is not sufficient to meet the full cost of the service to be provided which may therefore not allow the business to properly pay their workers;*
- *The use of forced labour or trafficked persons;*
- *A lack of proper employment systems, policies and procedures to promote compliance with labour laws;*
- *Limited or no genuine worker grievance mechanisms or opportunities for engagement with worker representatives;*
- *Businesses that do not uphold the principles of non-discrimination and equal opportunity;*
- *Workers not allowed freedom of association and collective bargaining;*
- *Workers not being educated about their labour rights; and*
- *Businesses that do not train their managers and supervisors on industry-specific modern slavery risk factors.*

3.3 RISK DUE TO THE ONGOING COVID-19 PANDEMIC

We are aware that due to the COVID-19 pandemic there has been an increase in the number of people who are deemed to be vulnerable, and therefore more susceptible to modern slavery. It has been reported that many of the key manufacturing hubs in Asia have seen a significant increase in modern slavery as an outcome of the pandemic, with both Bangladesh and Vietnam being regraded to 'extreme' risk of modern slavery due to the impacts of the COVID-19 pandemic.

We have reported in some detail later in this statement about the way that APG & Co has addressed our specific COVID-19 related modern slavery risks, including:

- *The approach we have taken to manage the impact of the Delta outbreak in Vietnam;*
- *The need to move production to other factories in Vietnam and also to China;*
- *Working with our suppliers to manage sub-contracting that became necessary as a result of the pandemic; and*
- *Responding to supplier issues created by the repossession of factory land by the Chinese Government.*

APG & Co is aware that as a result of the pandemic, more people have been made 'vulnerable' – which is a key reason why some workers are susceptible to fall into forms of modern slavery. The COVID-19 pandemic has increased modern slavery risks for our business by:

- *Creating new risks and abuses of workers;*
- *Increasing vulnerability to slavery;*
- *Worsening discrimination;*
- *Increasing risks for migrant workers;*
- *Disrupting of global response efforts to address modern slavery;*
- *Disruption of our production; and*
- *Increasing the need for sub-contracting by some suppliers.*

APG & Co recognises that the pandemic will have lasting impacts on workers and that the true scope of increased modern slavery risk has not yet been identified. We are continuously working to identify specific risks for our business, and are relying on guidance from initiatives such as the such as the [PayUp Campaign](#), which has made recommendations as to what fashion businesses like ours can do to address the impacts of the pandemic.

4. Actions taken to assess and address our modern slavery risk

APG & Co has worked for more than a decade to implement ethical sourcing and compliance processes into our overseas supply chain and operations in order to improve worker conditions where we can.

During FY22, we have continued this work and have undertaken a range of actions to strengthen our current program. These important initiatives and the work we have done to assess and address our modern slavery risks form the foundation for our modern slavery compliance efforts moving forward.

OUR OVERARCHING BUSINESS COMMITMENT

APG & Co has set goals to improve internal systems, processes, and training throughout our business and supply chain, to enable us to detect and act on possible identifiers of modern slavery. Continuous research and risk tracking will be undertaken to ensure that any issues identified have adequate controls embedded. Our hierarchy of goals are:

- *Increasing our transparency and building trust by sharing more information internally, externally to our suppliers, and publicly to the industry and our customers.*
- *Increasing the traceability of our supply chain into tiers 2 (fabric producers) for FOB orders, 3 (yarn producers), 4 (raw fibre producers) and 5 (farm), through expanding and refining data collection from current factories and partnering with innovative tracing programs.*
- *Expanding and enhancing our internal audit and providing ongoing modern slavery training to our compliance team.*
- *Developing worker's empowerment programs to educate*

workers in our supply chain on their rights and to reduce the risk of unfair working conditions.

- *Introducing a grievance mechanism to identify and remediate complex or hidden human rights issues.*

Our business has also demonstrated through the everyday decisions and actions of our teams that we are fully committed to addressing and mitigating the risk of modern slavery. An example of this type of approach is provided in the following case study:

CASE STUDY – SUPPORTING OUR FACTORIES BY RELOCATING PRODUCTION

Due to the extended Delta lock down in Vietnam, when factories were finally able to return to work, their capacity output was significantly reduced due to restrictions and the lack of workers. As a result, we recognised that factories were under a lot of pressure to produce product in a short period of time.

We therefore focussed on working very closely with all our factories to prioritise specific production, and also gave extensions on deliveries to help support with factory planning. Viet Tien, which is one of our key suppliers, reached out to us as they had a large order to produce for a large international brand, and requested if we could cancel all our jacket orders with them as our orders would slow down the delivery of this order.

Together with the factory and our head of production in Vietnam and China we relocated all our jackets including puffers and trench coats from Viet Tien to other factories within Vietnam and China. By doing this it would allow the factory to deliver their large order on time and not be penalised for a delivery delay as many other brands do.

4.1 DEVELOPMENT OF OUR 2025 SOCIAL AND ENVIRONMENTAL STRATEGY

Our strategy was developed and launched in 2021 to enhance our existing policies and processes. It was formulated with a focus on strengthening three core pillars of our business – worker’s rights and protections, the impact of our materials, and environmental impact. These pillars are underpinned by transparency and traceability, having been developed using global frameworks such as The Pulse of The Fashion Industry and the UN Sustainable Development Goals and Fashion Industry Charter for Climate Action.

As a business, we are committed to go beyond compliance to measurable action. This is why our three core pillars have key outcomes and objectives, which contain targeted KPIs to achieve in the short, medium (2025) and long-term (2030).

4.1.1 MODERN SLAVERY

We have set goals to improve internal systems, processes, and training throughout our business and supply chain to enable us to detect and act on possible indicators of modern slavery. Modern Slavery training for all staff has been implemented for FY23. Continuous research and risk tracking will be undertaken to ensure that any issues identified have adequate controls embedded.

4.1.2 WORKER’S RIGHTS

We will expand and enhance our internal audit and worker’s empowerment programs to educate workers in our supply chain on their rights and to reduce the risk of unfair working conditions. Our internal audit will collect a broader range of data, including temporary workers, the use of labour hire firms and other areas which could be an indicator of modern slavery. In addition, our internal audit will be expanded to cover more of our supply chain.

4.1.3 TRACEABILITY

We will increase the traceability of our supply chain into deeper tiers. We will focus on expanding data collection from current factories, fostering supply chain tracing partnerships, and improving supply chain tracing projects to trace back to tiers 2, 3, and 4.

4.1.4 TRANSPARENCY

We will increase our transparency by sharing more information internally, and externally to our suppliers and industry. We will share the factories identified from our tracing program and provide further information about working conditions in our supply chain. Our sustainability strategy is based on the key pillars of Worker’s Rights - Materials - Impacts. These must be underpinned by a fully traceable supply chain, and we must be transparent within our business, supply chain, and to the industry as a whole to achieve these goals. To increase our accountability on modern slavery and other goals within our business, we have also enhanced the transparency of our internal process online. We have published many of our internal processes and other documents on our corporate website to offer insight into our practices. These include detail around our sourcing practices and policies, and our factory list. We intend on increasing our transparency by continuously sharing and updating our practices online. [Read more](#)

4.2 OUR COMPLIANCE AND AUDITING TEAM

Our dedicated compliance team consists of our long-term Senior Global Compliance Officer in China and Production and Ethical Manager working globally, alongside our Social and Environmental Manager, Head of Business Development & Sourcing and General Manager of Supply Chain and Logistics

Prior to mapping out our Social & Environmental Strategy, our compliance team conducted an extensive investigation and

analysis of APG & Co's processes, practices and supply chain. We developed a risk profile for every country we engage with services from or source garments or materials from, highlighting industry specific cases of modern slavery from that region. We relied on information provided by global organisations such as the International Labour Organisation, Human Rights Watch, Verisk Maplecroft, WalkFree Foundation, to assess the risks of modern slavery within our supply chain. More general profiling was undertaken for our GNFR, an area for which we are currently monitoring.

We have a strong history of compliance and fair working relationships at APG & Co. Our Senior Global Compliance Officer has been managing auditing on the ground in China, our main country of production, for seven years. We have recently expanded our auditing efforts with a dedicated Production and Ethical Manager, and our China-based team assesses the technical capacity and social compliance of any new supplier before they are approved. This team also manages unannounced factory visits, building structural compliance, collection of verifiable third-party reports, and internal auditing. This work is overseen by the Social and Environmental Manager at our head office.

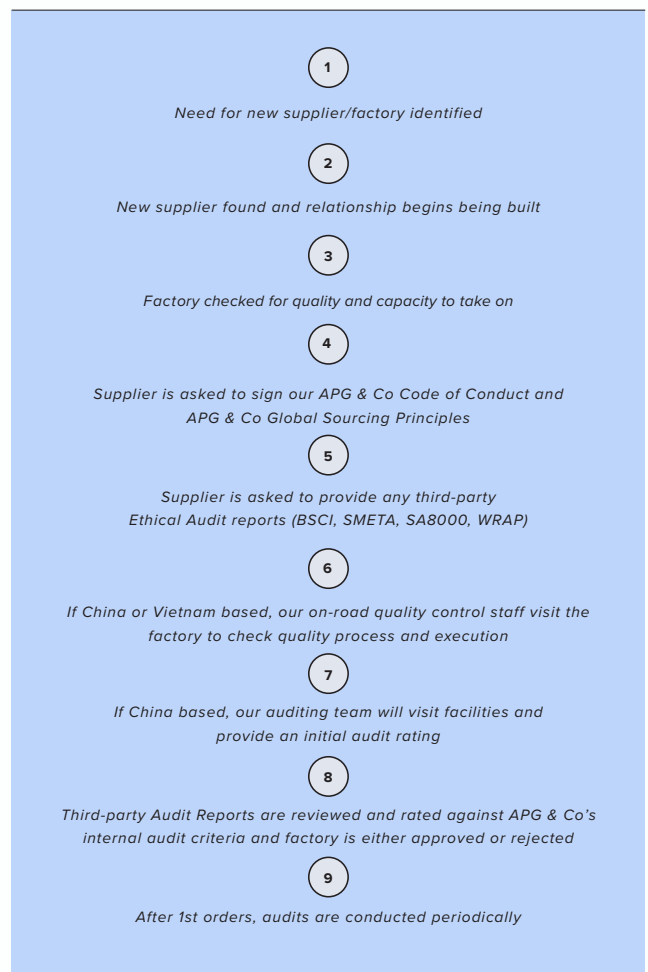
Our auditing processes are frequently and rigorously reviewed. Factory paperwork is cross checked by our compliance team (such as wage records against production records), and our auditor can verify information and worker wellbeing when they conduct factory floor interviews. This allows us to place orders in good compliance factories, and to build leverage with our suppliers in reducing their issues.

Our compliance team also targets issues identified in risk assessment. We have developed a tool which enables us to trace deeper into the supply chain of our essentials ranges and programs. This tool will collect the names and addresses of each supplier and mill in tiers 2, 3, and 4 for our largest volume styles. Two variations of the tool have been developed to

collect data for styles we purchase the fabric for, and those we only purchase full garments for. Tracing projects using this tool will continue to be undertaken in FY23.

4.2.1 OUR SUPPLIER APPROVAL PROCESS

APG & Co has a formal supplier approval process for all our tier 1 and 2 suppliers, plus co-brand and wholesale for all goods for sale suppliers, and compliance checks are non-negotiable. This process enables us to undertake our required due diligence and ensure supply chain visibility, whilst permitting our collaborators to maintain control over their supply chain. All suppliers follow the same process for on boarding and approval onto APG's approved supplier list, which ensures consistency and risk reduction across all our partnerships. Our supplier approval process is as follows:



We completed the roll out of the Updated Code of Conduct and Global Sourcing Principles. All our partnered tier 1 and 2 suppliers signed and returned a copy of these updated documents. This is a simple yet vital step to ensure that suppliers are aligned with our expectations in the ethical sourcing space.

4.3 OUR SUPPLIER AUDITS

4.3.1 SENIOR GLOBAL COMPLIANCE OFFICER

We have an internal Senior Global Compliance Officer based in our Shanghai team who has worked with APG since 2015. This officer has over 15 years of experience as a senior factory auditor, working in roles with third-party audit providers and global sourcing agencies. Across these roles they have

regularly conducted factory audits, provided feedback on how to amend non-conformances and provided training to factories. They can cross check factory paperwork such as wage records against production records to provide insight into the reliability of the paperwork provided, and can also verify information with factory workers when they conduct worker interviews.

4.3.2 INTERNAL ETHICAL AUDITS

Our Senior Global Compliance Officer will conduct an unannounced audit at all China based tier 1 and selected tier 2 factories at least every 12 months. They will arrive at the factory with no warning to conduct an audit, to allow us to inspect factories on a regular workday, so it is less likely that they will prepare for the audit.

Internal audits are completed by our Senior Global Compliance Officer following the process below:

- 1 *The Senior Global Compliance Officer arrives unannounced to the facility.*
- 2 *They review the audit report and assign a rating based on report findings against our internal audit criteria and ratings.*
- 3 *The Officer undertakes audit of the facility:*
 - *Checks paperwork*
 - *Tours the factory floor*
 - *Randomly selects workers for interviews, to ask any of the 35 recommended questions about pay and benefits, working hours, OH&S, grievances, and working conditions.*
- 4 *The Officer sits down with factory management to explain non-conformances to our ethical audit.*
- 5 *The Officer completes corrective action plan (CAP), explaining each point, leaving a copy with the factory.*
- 6 *The Officer enters the non-conformances into a tracking list of audits and applies a colour rating to audit result.*
- 7 *The Officer reaudits facility based on rating timelines.*

4.3.3 THIRD PARTY ETHICAL AUDITS

We also collect third-party ethical audits from globally accepted frameworks – BSCI, SEDEX SMETA, WRAP, and SA8000. These audits are collected across tier 1 in all countries. The audit results are compared to our audit criteria to be given a Green, Yellow, Orange, or Red rating. Any audits collected in China are compared to the internal audit for reference, and any discrepancies found are noted and examined in the next internal audit to understand why this occurred.

The stages of our process are as follows:

- 1 *Our Senior Global Compliance Officer collects the third-party ethical audit report from the factory.*
- 2 *They review the audit report and assign a rating based on report findings against our internal audit criteria and ratings.*
- 3 *Third party ethical audit reports are collected every 12 months.*

4.3.4 INTERNAL AUDIT RATING AND TIMELINE

After an internal audit has been completed, a Corrective Action Plan (CAP) is completed on-site. The management of the factory are taken through the audit findings and it is explained what is expected to be amended by the next audit.

The rating and timeline process is as follows:

RATING	AUDIT FINDINGS	REAUDIT TIMELINE	SUPPLY CHAIN SPREAD
GREEN	1-5 MINOR ISSUES	12 MONTHS	60 % OF TIER 1 87% OF TIER 2
YELLOW	5-10 MINOR ISSUES	6 MONTHS	2% OF TIER 1 13% OF TIER 2
ORANGE	1 OR MORE MAJOR ISSUES 10+ MINOR ISSUES	3 MONTHS	38% OF TIER 1 0% OF TIER 2
RED	ANY CRITICAL ISSUE	1 MONTH	0% OF TIER 1 OR 2

**This timeline is for internal audits only*

4.3.5 OUR FABRIC INFORMATION GATHERING

During FY22 we updated the fabric information sheet which we require our suppliers to complete. To mitigate our modern slavery risk when sourcing raw materials, we have included a requirement for suppliers to provide us with information on the sources of their cotton raw material. Suppliers are required to include country of origin on cotton source and region. Our requirement that suppliers provide this information to APG & Co ensure that those suppliers are held responsible for their raw materials sourcing and assist to provide our business with some transparency over what raw materials are being used to make our product.

4.3.6 OUR MODERN SLAVERY TRAINING PROGRAM

During FY22, APG & Co developed a new training module designed to assist our buying and procurement teams to understand APG & Co's modern slavery risks, and to allow the identification of modern slavery related issues in our supply chains and operations.

This training provides our teams with information about the business' reporting obligations under the Modern Slavery Act 2018 and also other modern slavery legislation and initiatives around the world and covers topics including:

- *What is modern slavery?*
- *Why does APG & Co need to address modern slavery?*
- *How could modern slavery manifest in APG & Co's supply chains and operations;*
- *Modern Slavery Risks in the Garment and Manufacturing Industry;*
- *The Impact of COVID-19 on our modern slavery risks;*
- *What is APG & Co doing to address modern slavery?*
- *Next steps – your role in addressing modern slavery at APG & Co;*
- *Conducting a supplier review for APG & Co.*

Our staff are also given the opportunity to ask questions and

request more information about specific industry or product related modern slavery risks from our Social and Environmental Manager when they complete the training module.

4.4 REMEDIATION - CORRECTIVE ACTION PLANS AND AUDIT TRACKING

After completing an internal audit, our Senior Global Compliance Officer will list any non-conformances in the Corrective Action Plan (CAP). The Auditor will sit down and talk through the issues, expected improvements, and timeframes with the factory management at the end of the audit. The Auditor and factory management will allocate each task to be improved to the relevant responsible staff member.

After each audit the non-conformances are listed in an audit tracker, which provides an overview of all non-conformances across our factory base and history of previous audit ratings. The audit tracker has continuously recorded audit data since 2015 and provides a holistic overview of the audit outcomes.

On a weekly basis the Senior Global Compliance Officer will report audit results to the General Manager of Global Production, Head of Factory and Fabric Allocation, the Social and Environmental Manager, and the Global Production Managers. These results are then shared out to the rest of our supply chain as required. The Senior Global Compliance Officer meets weekly with the Social & Environmental Manager to discuss audit results and any compliance issues.

**CASE STUDY – TIER 1
GARMENT FACTORY**

During an unannounced audit in October 2021, our Global Senior Compliance Officer assessed that one of our Chinese garment manufacturers had 5 major, 2 medium and 11 minor issues at the initial audit. These included no provision of labour contracts for review, discrepancies in business license and several health and safety issues. During the close meeting that followed the audit, the Officer communicated these social compliance issues to factory management and asked them to take corrective action in the months following the audit. They were advised a re-audit would occur in four months, and they were asked to contact the Officer if they had any questions. From March to June 2022, Shanghai was in lockdown due to COVID-19 and our Global Senior Compliance Officer could not travel to the factory to complete the re-audit. The factory was instead asked to submit their corrective documents for review. They were given many opportunities to submit the required documents, but they failed to correct these issues. Our Global Senior Compliance officer reported the situation to APG & Co management, and it was agreed that the factory would be off-boarded for their lack of compliance.

In FY22 we began developing APG & Co's Responsible Buying Policy to encourage our internal teams to reflect on their own behaviour and how this may impact modern slavery. Previously a written policy was not required as all staff had been part of the training sessions and updates, however due to disruptions from the COVID-19 pandemic and staff turnover, a formal procedure rollout has remained in development. The policy is designed for use by staff who procure goods for resale products, to consider how shortening timelines may increase overtime, or reducing cost price may impact worker's pay. It is being developed to work alongside internal modern slavery training. The key guidance for human rights due diligence is by the UN's Guiding principles on business and human rights:

1. Identify your own actions and how these might contribute or be directly linked to modern slavery.

2. Prevent modern slavery risks from being contributed or directly linked to your actions by assessing how you could do things to reduce the risk.

3. Mitigate any future risk by assessing modern slavery before beginning a new process.

We ask our buyers to consider the following questions:

- How does your role impact the buying and placement of our garments?
- Have you considered if your behaviour could impact modern slavery in our supply chain?
- Is there something you could change which reduces the modern slavery risk in your role?
- Could you talk to your team or another person in the business about your modern slavery risks?

APG & Co is committed to ensuring that any APG & Co team member whose role involves the negotiation or agreement of contracts with suppliers are trained on modern slavery and risk 'red flags'. For example, if they receive abnormally low pricing in

4.5 GUIDANCE AND SUPPORT FOR RESPONSIBLE BUYING

We understand that everyone at APG & Co should be aware of what modern slavery looks like, and how our business and their own role may contribute or be directly linked to modern slavery. We have communicated to our team that it is expected that as a business that we undertake due diligence to reduce our risk of modern slavery within our business.

a tender or proposal from a supplier, this should prompt them to ask that supplier why they can provide the goods and services at that low cost compared to other suppliers. We make it clear to our teams that price should not be the only driver when sourcing new products or services.

We also train our staff to understand that it is the staff member's responsibility to conduct initial supplier checks (for both current and potential suppliers) to determine if the products or services they are sourcing are from high-risk modern slavery countries, industries or sectors. We advise our buying teams that as part of APG & Co's process of addressing modern slavery risk, suppliers of products and services to our business should be completely willing to comply with APG & Co's compliance and due diligence process.

As a response to identifying cotton sourcing from Xinjiang in the risk assessment, we developed a range of sourcing strategies to reduce our risk of sourcing cotton – our most utilised fibre. We have begun work to source more conventional and organic cotton which isn't grown in Xinjiang and swap some of our cotton-based products to other material types. In addition, we added a new section into our fabric sourcing forms asking for information on the country and province of raw cotton used in our fabric and added similar questions into our updated ethical audit for all China T1 and T2 factories. These updates provide oversight into factory knowledge of where the raw materials are being sourced from, and at which level information is being flowed through to. This enables us to build and strengthen future sourcing strategies to reduce risk.

4.5.1 OUR CONTINUOUS PURCHASING REVIEW PROCESS

APG & Co works continuously to determine where our modern slavery risks lie, and to develop and update our methods of addressing these risks for both GFR (product) and GNFR (services).

These reviews can be conducted at any time, but would usually take place when negotiating a new contract or a change in budget that may affect purchasing decisions. We require that our buyers take steps to identify the suppliers they source products and services from, and to work to identify the inherent and specific modern slavery risks involved in that process.

APG & Co's supply chain review process is ongoing, and continues as our supplier base changes, and as we move through the different tiers of our supply chain. This process is continued as the supply chain grows, and as we onboard new suppliers (following the APG & Co formal supplier approval process for all our tier 1 and 2 suppliers).

We ask our teams to take the following steps to review the products and services they are sourcing for modern slavery risk:

Review all purchasing:

Reviewing annual spend is a transparent process that will help us to develop an accurate list of what products and/or services our buyers source for the business and who we source these from. This helps us to better understand the overall company spend and how this can affect their purchasing decisions. We understand that poor purchasing decisions have the potential to put strain on suppliers and increase the risk of modern slavery issues. It is therefore vital that we know not only where our products and services are sourced, but the risks that can arise from fluctuating budgets and timelines.

Map all purchasing:

To identify any modern slavery risks that may be associated with products, services and suppliers that buyers negotiate for APG & Co. We ask buyers to conduct a broad mapping exercise to assess the risk of each procurement. To do this you they need the following information:

- *Details of the types of products and/or services they are sourcing or engaging with;*

- *The contact details of the suppliers of those products/ services, as far back in the supply chain as they are able to go (e.g. a developer will sub-contract builders, logistics services, cleaning services, waste management services etc); and*
- *The geographic region of the suppliers with whom they are engaging.*

With this information, they can then assign a risk rating to the product, service or supplier that they are engaging with. We ask our team to us their own research and judgement for this process to determine whether the business procurement is of low, medium or high risk. We ask buyers to take into consideration:

- *Inherent product/service, sector and industry risks;*
- *geographic risks;*
- *political risks; and*
- *climate risks.*

Review findings and escalate concerns:

We ask that the information that is gathered through this process be provided to APG & Co’s Social and Environment Manager so that they can advise on how to conduct our business responsibly and ethically, and to provide further detail to our buyers on any risk area they may be unsure of or uninformed about. We advise that our teams that if they encounter any kind of unethical practice, mishandling of modern slavery risks or potential violations of human rights law, that they must escalate this immediately with the Social and Environmental Manager, and the issue will then be investigated by our compliance team. We advise our buyers that they must not stay silent if they encounter an issue of concern – but that if they think they are witnessing a form of modern slavery that they must say something.

All the information that we collect from our teams as part of this review process is then utilised to help make our modern slavery compliance program more effective, and to help APG & Co as a company become more transparent, equitable and accountable.

4.5.2 OUR CONTINUOUS DEVELOPMENT OF STRONG SUPPLIER RELATIONSHIPS

APG & Co has undertaken significant work in previous years to consolidate our supply chain and to increase the leverage we have with our suppliers, so we can build strong relationships and drive initiatives to reduce modern slavery risks.

APG & Co continues to ensure we source and manufacture in countries where modern slavery is less of a risk – however we also understand the risk to suppliers if we exit without a clear exit plan as this can cause major disruptions to planned income and a facilities production plan, therefore even with the global risks we have decided to continue sourcing from China, as we have strong, long running relationships with these suppliers.

These relationships offer transparency and enable us to reduce modern slavery risks. We have used over 20% of our factories for more than 10 years, and nearly 70% have been our factories for over 5 years. Where we are planning to shift manufacturing countries we have had frank and open conversations with our suppliers to ensure they are aware that we are reviewing other sources and also the timeframe. We are closely monitoring our risk in China, and have detailed below the specific actions we have taken during FY22 to manage this, including ceasing to do business with three textile suppliers from China.

We have also provided detail below about the specific steps we have taken to work closely with our suppliers to manage the modern slavery risks presented by the sourcing of cotton from Xinjiang in China, and also the production and other issues caused by the COVID-19 pandemic. We believe our overall approach shows, that as a business, we are committed to addressing modern slavery risks and challenges in responsible and ethical way, and that where we can, we will always strive to do the right thing by our suppliers.

CASE STUDY – STRIVING FOR OPEN DIALOGUE WITH OUR SUPPLIERS

Having an open dialogue with our suppliers and working together for a solution has always been a focus for APG & Co. During FY22 we have worked towards open communication with our mills, to allow us to gain further visibility over our sourcing and also to show that we are committed to working with them to address challenges.

During one such conversation with a mill, we were discussing wanting a specific finish to a product and the mill informed us that in order to execute this, the yarn supplier they would need to use is in Xinjiang, China (a region with a high modern slavery risk due to the reported prevalence of forced labour). This communication and information helped make our decision to not proceed with this finish, and we went with another alternative.

CASE STUDY – FACTORY LAND REPOSSESSED IN CHINA

During FY22 two of our factories had their land repossessed by the Chinese Government, with little notice given. This was therefore a very stressful and difficult time for the factory owner and its workers.

One of our suppliers who produces our tailoring and outerwear for womenswear at APG & Co went into partnership with another factory, was able to relocate very smoothly and onboarding processes were prioritised and actioned.

After the repossession, our supplier purchased new land to build a new facility and in the interim moved their production to a sub-contracted facility.

After review of the proposed new facilities our auditor had concerns about the building integrity and safety and due to this we decided that we would not be able to produce any APG & Co goods in this facility.

Following our audit results we arranged a call with the factory owner to discuss our concerns and inform them of our decision. We subsequently agreed that the factory would complete our orders on hand before moving out of their current facility and decided to temporarily ceased business until their new facility was built and an audit could be conducted.

During this period, we kept in close contact with our supplier and they have been updating us on their progress. The factory has now been completed, an audit has been conducted and we will start doing business again with the supplier for the coming seasons.

4.5.3 OUR APPROACH TO MANAGING THE RISK OF RAW MATERIAL COTTON PRODUCED IN XINJIANG, CHINA

We are aware that as a garment manufacturer, one of our main modern slavery risks is the potential for cotton produced in the Xinjiang region of China forming part of our raw materials. We understand that there have been allegations of the use of forced labour to employ minorities in this region and compel them to work in cotton picking.

In order to get more visibility on our risk of exposure in Xinjiang, during FY22 we arranged several supplier meetings, with both Tier 1 and 2 suppliers, to inform and educate APG & Co's policy around Xinjiang. We also updated our fabric information sheet which we require our suppliers to complete, so that they are made responsible for their raw material sourcing and so that we have transparency over the raw materials they are using to make our product.

We are aware that this will not provide a complete solution to addressing the risks that we face in terms of potentially having cotton picked using forced labour enter our supply chains, however we see it as a good start, as we continue to investigate better tracing programs to continue to achieve transparency down the supply chain.

In addition to cutting ties with some businesses that we felt presented a modern slavery risk (see case study below), we also implemented and continued our focus on gaining full visibility over our purchasing from fabric agents and traders. Our aim is to have our suppliers share the information they have about their suppliers. To facilitate this process, and to allow suppliers to be more comfortable with the level of information sharing we required, we have developed a non-disclosure agreement to protect both the agent and trader. We consider that this will allow us to obtain the information we need for transparency over as many tiers of our supply chain as possible.

CASE STUDY – CESSATION OF BUSINESSES WITH THREE TEXTILE COMPANIES LINKED TO XINJIANG, CHINA

After investigation and research APG & Co decided to stop business with several of our shirting suppliers as they were subsidiaries of businesses that had links with Xinjiang.

We also ceased our relationship with another one of our smaller textile companies for the same reason. Our continual tracing process down our supply tiers has led us to discover that we had one knit program made from cotton that also had links with Xinjiang.

Following this discovery we engaged in a conversation with our knitwear factory and advised that we no longer wished to use their yarn. We then began the process of resourcing of a new cotton yarn to replace our program.

4.6 MANAGING OUR COVID-19 RELATED MODERN SLAVERY RISK

4.6.1 MANAGING THE IMPACT OF THE DELTA OUTBREAK ON PRODUCTION

The Delta outbreak and lockdown hit Vietnam very fast, and the largest impact this had on APG & Co was in our shirting categories as we were producing 100% of our shirting in Vietnam. We recognised that we needed to address the issues this presented for us in a way that did not increase modern slavery risk.

Over a short period of time we managed to reproduce approximately 10% of our shirting in China, to ensure we had enough stock to maintain sale and trading (as we were approaching peak summer delivery). To address these issues we took the following steps:

- *partnered with our key fabric suppliers to utilise any fabric stock that they had on hand to get fast turn arounds; and*
- *we reached out to our key vendors in other origins for factory capacity. Most of these suppliers were already set up, and we therefore only had to fast-onboard one supplier that we utilised from our relationship with Apparel Group.*

The fast onboarding was made possible utilising our full-time Senior Global Compliance Officer to prioritise a factory audit and sending our Production and Ethical Manager and QC to review technical capability and be the extra support to the factory to ensure the factory was across our requirements.

4.6.2 SUPPORTING OUR FACTORIES WITH SUB-CONTRACTING

A major impact post Delta in Vietnam was the lack of workers returning to factories which resulted in factories not being able to produce their orders. As we have fostered very close relationships with all our vendors we were able to have open frank conversations regarding these issues and how to work together to resolve these issues. As a brand we worked closely with our suppliers to help suggest factories that could be used

for sub-contracting and also in some instances, asked our current factories if they could help support the factories with manpower to help support production.

This process allowed us to gain a holistic understanding that this situation was out of our suppliers control, and we therefore also worked to help matters at our end. This required us to do some stock re-allocation, and also to cancel some orders and move these to next season

4.7 OUR ONGOING COOPERATION WITH EXTERNAL AGENCIES AND INITIATIVES

We continue to collaborate with a range of garment industry specific groups which work to reduce modern slavery footprint across the entire industry. Our affiliations with external agencies and initiatives enables us to engage with industry and specialists to act together in reducing possible modern slavery risks and improving worker's rights.

COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY

In 2020 we joined the International Labour Organisation's Call to Action to assist manufacturers across the globe and provide support to workers who were impacted by the COVID-19 pandemic. We continued to support the Action's objectives during FY22 through our auditing activities and open dialogue with our suppliers.

OPEN APPAREL REGISTRY

Open Apparel Registry is an open-source map and database of global garment factories, and their affiliated brands. This map allows brands, factories, civil society, and the public to view the names and locations of nearly 70,000 garment and footwear tier 1 factories globally. These transparency systems enable us to connect with other brands or civil society which may operate in the same factories or regions. During FY22 we updated our affiliated factory list.

COMMITMENT TO A LIVING WAGE

In FY21 we solidified our support of a living wage by publicly publishing our Commitment to Living Wage policy. In this policy we define our accepted definition of a living wage aligning with Anker Methodology and publish the first steps of our action plan to drive change in worker's wages. Our key focus in FY22 was to continue developing wage ladders, integrating the living wage policy into the responsible buying strategy, collaborating with brands and civil society, and promoting collective bargaining agreements within factories. Living wages is a system which can reduce the probability of modern slavery through reducing worker's vulnerability to poverty. [Read more.](#)

RESEARCHING AND LIAISING WITH SUPPLY CHAIN TRACING TECHNOLOGY PROVIDERS

We have continued our discussions with several supply chain tracing technology providers to understand how their systems work and how technology can enable the supply chain tracing process. These meetings have provided insight into what technology was available which has improved the internal tracing systems we are developing to capture data to be hosted on these data platforms.

5. Assessment of Actions Taken to Address Modern Slavery Risk

At APG & Co we have undertaken a range of actions to understand and potentially reduce our modern slavery risks over the course of FY22. These actions have helped to identify potential gaps within our strategy and embed stronger processes to improve our systems.

HOW DO WE ASSESS OUR PROGRESS?

Our Human Rights and Modern Slavery Risk Assessment conducted in FY21, gave us a holistic view of the business, its

operations, our supply chains, and the risks associated with our business.

Since that process was completed, we have worked on what indicators we can use regularly to assess how we are going as a business in terms of addressing our modern slavery risks. APG & Co now has a clear direction and roadmap on how we can work to reduce the possibility of modern slavery within our business and supply chain. This roadmap encompasses multiple departments and teams and provides goals for increased transparency, factory workers rights, traceability, GFR and GNFR. The tools we use to assess our progress in this space include:

Our Internal Ethical Audit:

During FY21 there were an additional 47 questions added to our internal audit process and during FY22 we have been able to rely on the additional information gathering to monitor our progress and the further challenges we have in addressing modern slavery. The additional questions were added in relation to categories including modern slavery, OH&S, Collective Bargaining, and grievance. The responses we have received from suppliers to these questions during FY22 allows us a deeper understanding of the facilities that we are engaging with and the conditions that their workers face.

The modern slavery category questions that now form part of our internal audit process, enable us to gather and evaluate additional information in relation to key potential indicators. These indicators provide us with further insights on our risks than we previously had, and allow us to take action on possible cases of modern slavery if they arise. Adding these indicators reduces the likelihood that we will engage directly with modern slavery.

Monitoring of our supplier approval process:

Our review of this process means that our team has greater visibility over the factories that we produce in than previous systems had allowed. During FY22 we improved our process of engagement with any new supplier, whereby the technical capacity and social and environmental measures of a new supplier, re assessed by our Compliance Team before any further

documentation was exchanged. If the engagement is deemed suitable to pursue, our usual onboarding process is carried out.

This means that we are more thoroughly conducting due diligence both during the process of engaging with new suppliers and following on-boarding processes.

Monitoring of our supplier remediation processes:

As a part of the update to our ethical audit, the Corrective Action Plan (CAP) was also updated. In previous CAP's there was very little data collected and stored for review on worker numbers, gender breakdown, wage, migrant workers, and contract workers.

This made it difficult to gauge risk on some of the basic indicators, as we only held non-conformance detail. The CAP was aligned the new audit questions, whilst also expanded to capture additional information which around modern slavery indicators, and improved working conditions. Some of these data points are local and international migrant workers, temporary or contract workers, home workers, worker turnover, average and highest weekly overtime, lowest paid, and how workers are paid. These indicators are one way we can gain insight into working conditions and build a greater idea of possible risks that are within that facility.

6. Moving Forward

During FY23, APG & Co will continue to take action to address modern slavery risks within our business.

6.1 IMPROVING FACTORY AUDIT DATA

We will continue to review the effectiveness of our internal factory audit process based on the data gathered throughout FY22 and feedback from our Compliance Team. This review and resulting improvements will take into account challenges faced by suppliers due to ongoing issues cause by the COVID-19 pandemic, as well as benchmarking our audit criteria against the standards of global social auditing systems. This will deepen our understanding of systemic and more hidden modern slavery indicators in our supply chains and enable us to respond more effectively to these if discovered.

6.2 TRAINING INTERNATIONAL TEAMS ON MODERN SLAVERY

With all head office staff having completed the Modern Slavery Training Module, we will review and adapt this content to train our international factory-based teams and suppliers on modern slavery and possible indicators. This will be on-going training to familiarise our teams and suppliers with possible modern slavery indicators and their remediation actions. This can empower our own employees and partnered suppliers to identify and reduce modern slavery risks.

6.3 DEVELOP GRIEVANCE MECHANISM

Over the next financial year, we intend to develop a global grievance mechanism to introduce into factories producing our goods. We will develop this mechanism based on advice from our Compliance Team and industry best practice. This will give us visibility and insight into potential modern slavery risks as factory workers will be able to raise issues about workplace safety or ethical practices in a safe, secure and anonymous way. This mechanism will be supported by our on-the-ground Compliance Team members.

6.4 ONGOING COMMITMENT TO TRANSPARENCY

We will increase our transparency and build trust by sharing more information internally, externally to our suppliers, and publicly to the industry and our customers. We will continue to update any changes to policies and publish new policy documents on our corporate website, and will improve access to this information by extending it out to dedicated web pages on our brand websites, with the inclusion of an interactive supplier map.

6.5 INCREASED SUPPLY CHAIN TRACEABILITY

We will continue tracing our supply chain into tiers 2 (fabric producers), 3 (yarn producers), 4 (raw fibre producers) and 5 (farm), through expanding and refining data collection from current factories and partnering with innovative tracing programs. We have been able to identify the names and facility locations of more

previously unknown tier 2 and tier 3 producers. The focus of our 3-year traceability project will remain tracing to tier 3 and tier 4 for standard styles which we purchase the fabrics for, and tier 2 and tier 3 for standard styles we purchase complete garments for.

6.6 EXPANSION OF INTERNAL AUDITS TO VIETNAM

With the promotion of our Auditor to Senior Global Compliance Officer, we aim to expand and implement our internal audit system globally, focusing on mitigating any increased modern slavery risks as an outcome of the COVID-19 pandemic. Pending travel restrictions, our Senior Global Compliance Officer will conduct announced and unannounced audit visits in all countries we operate in, increasing our audit footprint and our visibility over practices and working conditions of a greater number of workers in our supply chain.

6.7 DEVELOPMENT OF POLICIES AND TRAINING AROUND SERVICES AND GOODS NOT FOR RESALE

With the roll-out of our Modern Slavery Training Module, all head office staff gain knowledge in how to identify, understand, and mitigate risk within our Services and Goods not for resale categories.

6.8 DEVELOPMENT OF PROCESSES AROUND RESPONSIBLE PURCHASING

Over the next financial year we will develop and implement processes and guidelines around Responsible Purchasing Practices and Supplier Onboarding for all staff involved with procuring products and services for the business. This will empower more of our staff to improve their purchasing practices, understand, identify and reduce modern slavery risks, and work towards improving working conditions in our supply chains. We intend to develop specific objectives for GNFR, allocate team members to oversee improvements in this space and further develop these policies and processes.

6.9 INTRODUCTION OF WORKER EMPOWERMENT PROGRAMS

We intend to expand and enhance our internal audit and third-party audit collection activities by engaging with an international non-profit development organisation to introduce worker's empowerment programs in our supply chain. This will help educate and empower workers to know their rights and help us reduce the risk of unfair working conditions.