



PACT

Modern Slavery Statement

21st November 2024

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Contents



Modern Slavery Statement

A message from our CEO	01
------------------------	----

ADA's Structure, Operations and Supply Chain	02 - 07
--	---------

Risk Factors	08 - 10
--------------	---------

Responding to Risk Factors	11-14
----------------------------	-------

Impacts of COVID-19	15
---------------------	----

Reviewing the effectiveness of our actions	16-17
--	-------

Consultation	17
--------------	----

Planned activities 2024-2025	17 - 18
------------------------------	---------

Statement of Approval	19
-----------------------	----

Reference Index	19
-----------------	----

A message from our CEO

At ADA, we are committed to upholding the highest standards of ethical conduct and human rights. Modern slavery encompasses situations where victims are exploited through coercion, threats or deception, undermining their freedom. It can include slavery, servitude, forced labour and human trafficking, and is a grave violation of fundamental human rights. We recognise the risks that exist within the textile industry and our responsibility to combat these practices within our operations and supply chains.

As part of our commitment to sustainability and ethical business practices, we have recently launched a comprehensive ESG program, PACT⁵ (Promoting Accountability, Community and Transparency), designed to enhance our efforts in environmental stewardship, social responsibility, and governance. A key component of this initiative is our focus on eradicating modern slavery and ensuring fair labour practices throughout our supply chains.

This is our fifth Modern Slavery Statement outlining the steps we continue to take to ensure that modern slavery is not occurring in any part of our business or supply chains. We are dedicated to transparency and accountability in all our practices and are committed to continuous improvement in our efforts to prevent and address modern slavery.



Chris Dixon
CEO, Australian Defence Apparel

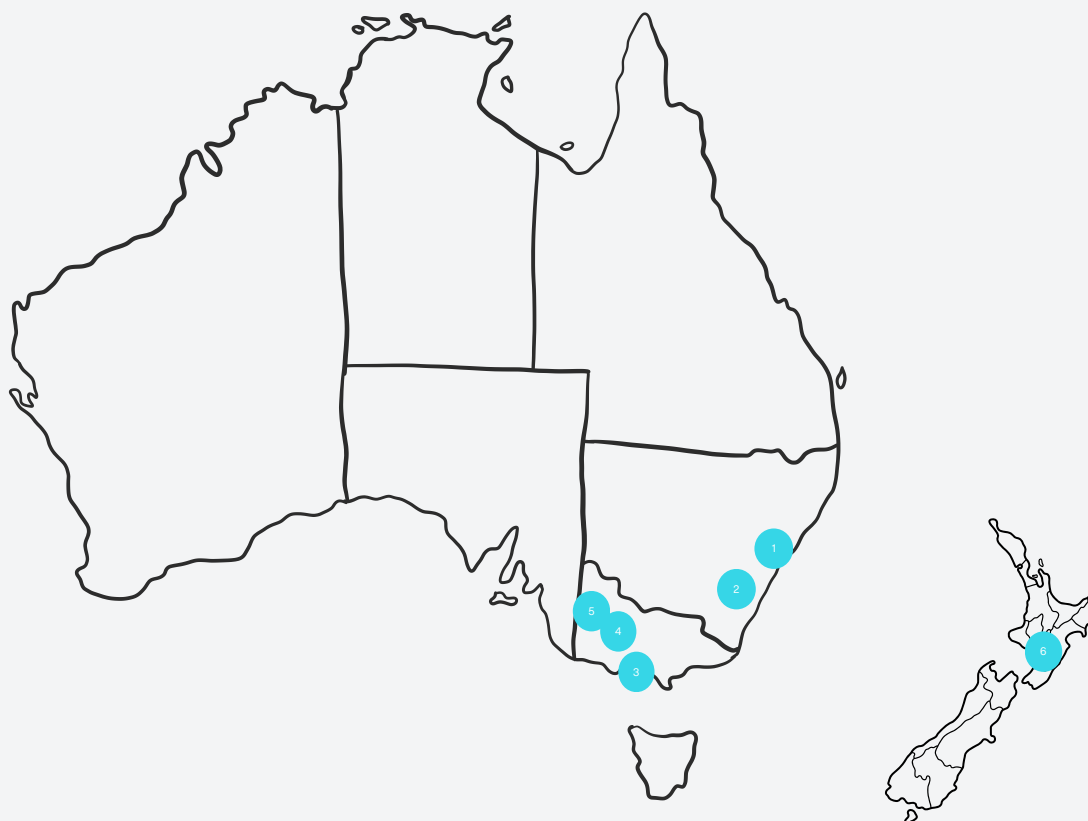
ADA's Structure, Operations and Supply Chain

Structure

Australian Defence Apparel Pty Ltd (ADA) (ABN 67 006 898 906) is a leader in the development, manufacture, distribution and on-going management of bespoke uniforms, load carriage and protective personal equipment solutions for Defence, government entities and corporates.

ADA employs 350 people across Australia and New Zealand. Operations are head-quartered in Melbourne with manufacturing in Bendigo, warehousing in Melbourne and Canberra and satellite sales offices in NSW, and ACT.

ADA forms a key part of the Logistik Unicorp group (Logistik), a Canada-based operation which provides uniform management services to both commercial and defence industries and employs around 1,200 people globally.



- | | | |
|---------------------------------------|--|------------------------------------|
| 1 Sydney Sales Office | 3 LEGEAR Southbank Store | 5 Bendigo Factory |
| 2 Canberra Sales Office and Warehouse | 4 Thomastown Head Office and Warehouse | 6 ADA NZ Head Office and Warehouse |

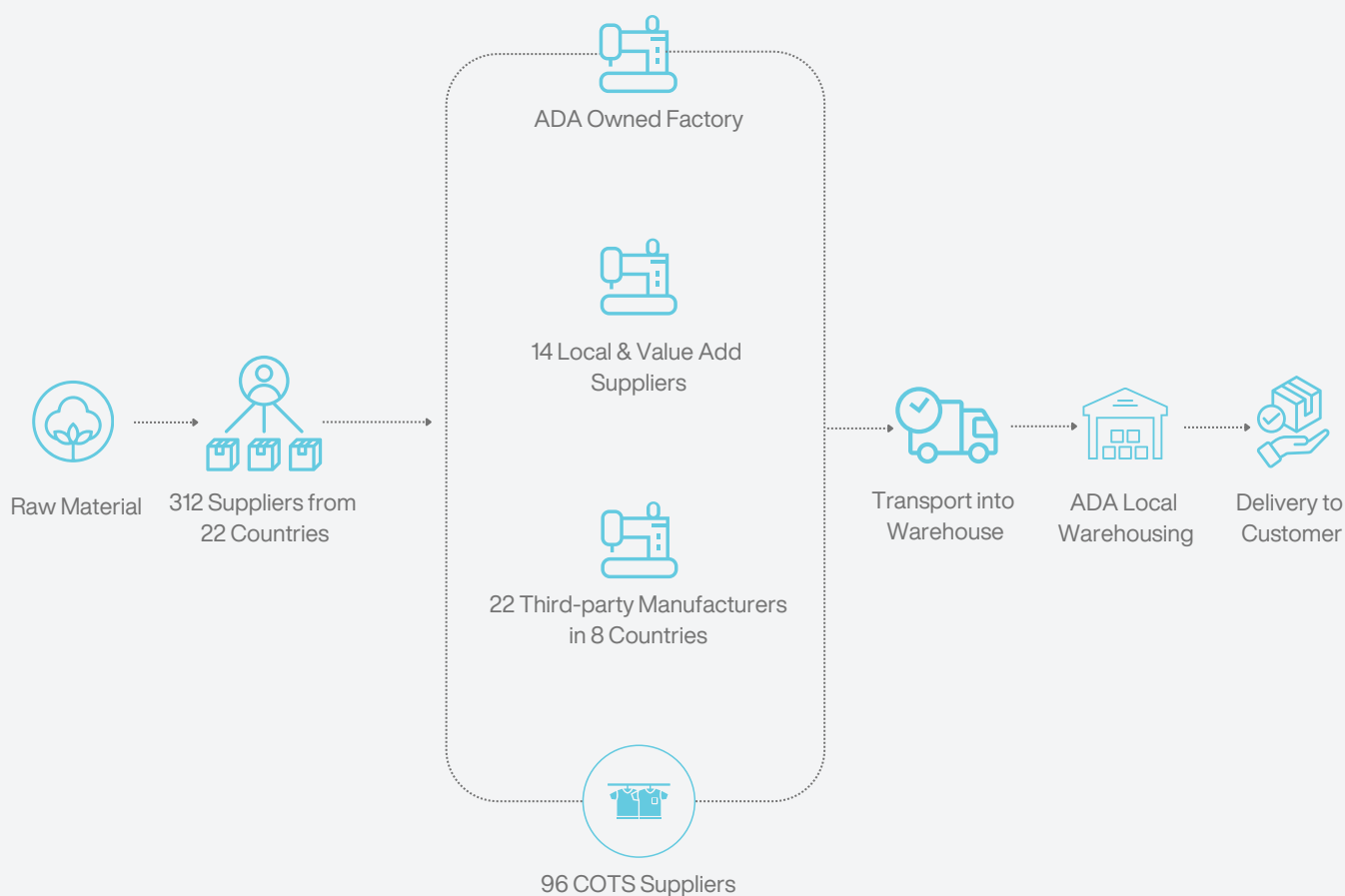
ADA's Structure, Operations and Supply Chain

Operations

ADA manufactures garments through both local and offshore supply chains:

- Local production is sourced from ADA's clothing factory in Bendigo, producing combat uniforms and firefighting ensembles.
- Offshore production is sourced from factories operated by Logistik in Vietnam.
- Additional local and offshore production needs are serviced through a network of subcontract manufacturers.

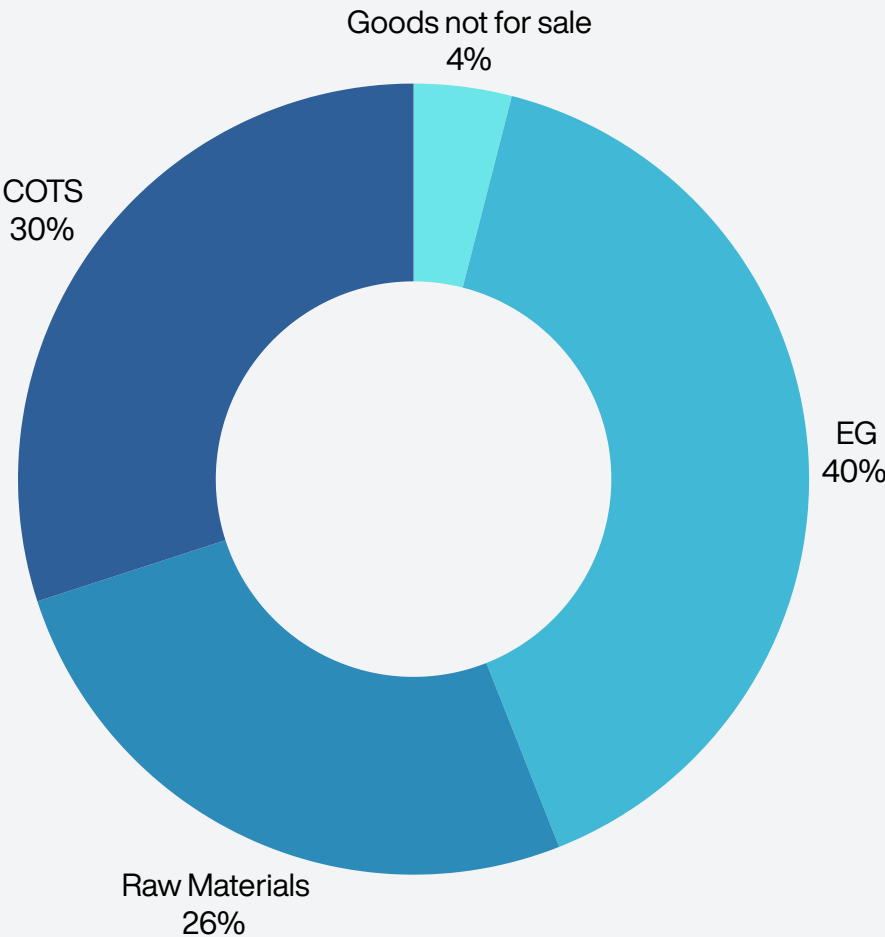
ADA operates a retail store under the LEGEAR brand located in Melbourne. Alongside its online presence, it services military, law enforcement and security personnel.



ADA's Structure, Operations and Supply Chain

ADA's Supply Chain Footprint

During the 2023 – 2024 financial year, ADA manufactured garments from both local and offshore factories and supplied third-party commercial off the shelf (COTS) products to more than 450,000 military personnel, first responder, health and corporate personnel. ADA directly sourced goods from 312 suppliers across 21 countries, 95% of our expenditure is with our top 100 suppliers. Our manufacturing supply chain and our COTS supply combined account for 96% of ADA's total purchasing expenditure.



ADA's Structure, Operations and Supply Chain

ADA's Supply Chain Footprint



Businesses from Australia, Vietnam and China account for 85% of our Tier 1 suppliers.

ADA's Structure, Operations and Supply Chain

Manufacturing Supply Chain

Local Manufacture

ADA's local manufacture includes our factory in East Bendigo as well as 14 additional subcontractors.

Each of these subcontractors as well as our manufacturing and warehouse sites were audited by Ethical Clothing Australia as part of our accreditation with the ECA.¹ The ECA is an accreditation body dedicated to ensuring fair treatment and proper compensation for workers in the Australian textile, clothing and footwear industry.



Our accreditation with the ECA includes all ADA's manufacturing and warehousing sites as well as local subcontractors within our Supply Chain, including garment manufacturing and value add work such as embroidery and screen printing.

This accreditation ensures transparency throughout our local manufacturing supply chain and makes sure local textile workers in our supply chain receive their statutory entitlements and work in safe conditions. ADA are proud to continue our long-standing relationship with Ethical Clothing Australia (ECA).

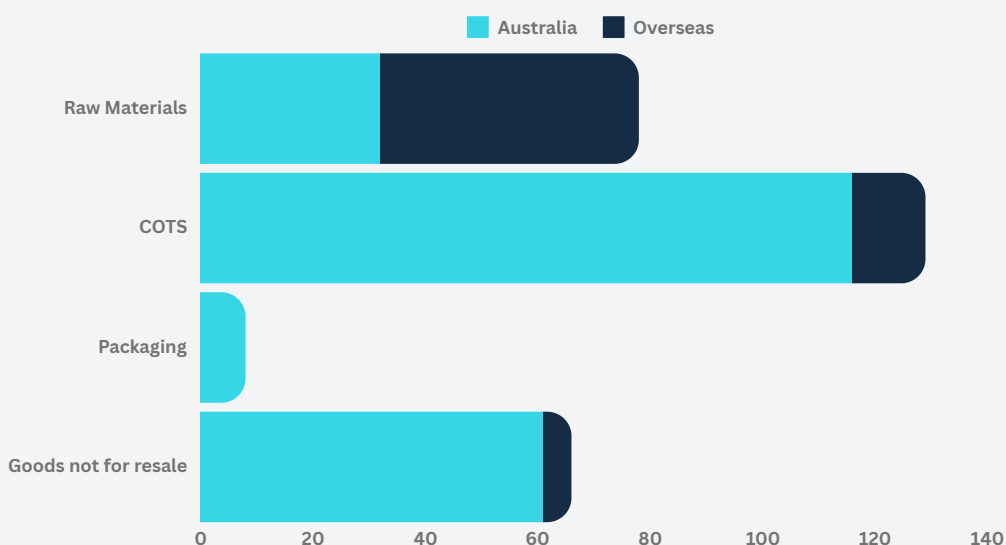
Overseas Manufacture

The 17 overseas factories manufacturing on behalf of ADA have all signed our Ethical Sourcing Policy. They must also provide up-to-date ethical sourcing assessments of their facilities that are based on either SMETA (2 or 4 pillars), BSCI, WRAP or SA 8000. They are also subject to visits from our Operations team to assess their compliance to our policies.

ADA's Structure, Operations and Supply Chain

ADA's Supply Chain Footprint

ADA utilised a total of 281 Suppliers to purchase raw materials, COTS and items not for resale. Of these, 217 suppliers are located in Australia.



Raw Material and COTS

All raw material and COTS suppliers are subject to our due diligence assessments to establish their modern slavery risk prior to on-boarding.

During this reporting period we continued to work with our direct suppliers to provide further clarity and identify the locations and types of modern slavery further into our supply chain.



ADA's Structure, Operations and Supply Chain

ADA's Supply Chain Footprint

Items not for resale

Review of non-stock items include goods and services not for re-sale to customers to support our operations such as packaging materials, IT equipment and services, stationary, transportation and cleaning. These industries are generally considered to be at high risk of modern slavery and exploitation and likely to have high numbers of migrant workers.

Our review indicated a very low risk of modern slavery within our local service providers with good controls by the suppliers of these items with the majority of these suppliers preparing their own modern slavery statements.



Risk Factors

Modern slavery in the textile industry is a complex and pervasive issue, requiring concerted efforts from governments, corporations, and consumers to address effectively.

ADA recognises the inherent modern slavery risks within the textile industry both in Australia and globally. These risks are present in our sub-contractors, raw material suppliers, finished goods suppliers, and value-add processes such as embroidery and badging.

Key risks include:³

- **Forced Labor and Child Labor:** Many countries, particularly in Asia and the Pacific, have documented cases of forced labour and child labour in textile production.
- **Exploitation in Supply Chains:** The garment supply chain is complex, with risks at every stage from raw material production to manufacturing. Workers often face poor working conditions, including long hours, low wages, and unsafe environments.
- **Debt Bondage:** In some countries, young women and girls are recruited into spinning mills under schemes that trap them in debt bondage, forcing them to work long hours under harsh conditions.

When assessing modern slavery risk, we consider the country of manufacture and product sector. Offshore workers may face inadequate or poorly enforced national laws, with corruption hindering improvements in workers' rights and conditions. Forced labour and child labour are prevalent in regions of extreme poverty, where individuals are often held in debt bondage.

Although Australia is generally considered a low-risk country,² modern slavery risks still exist. Outworkers in Australia, often migrant workers from non-English speaking backgrounds, are at increased risk of exploitation. They may work long hours without receiving legal award rates of pay, superannuation, or personal leave. Poor working conditions, not adequately regulated by occupational health and safety standards, further increase their vulnerability to work-related injuries.





Risk Factors

ADA’s risk review process is conducted annually and considers external, internal and emerging risks and current mitigation controls. The following actions are used to prioritise actions to mitigate risk:





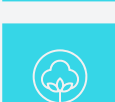
- Detailed mapping of our Supply Chain and operations
- Desk-based research
- Review of received audit reports
- Supplier engagement and surveys
- Supply chain due diligence.

Mapping our supply chain included requesting our direct suppliers (Tier1) supply country of origin information of their suppliers (Tier 2). Due to the complexity of our supply chain, mapping of our Tier 2 suppliers is still developing and there is very little visibility of our Supply Chain beyond Tier 2. ADA has defined the various tiers of our suppliers as follows:

Manufactured Garments and Raw Materials

	Tier 1	Finished product factories
	Tier 2	Materials production
	Tier 3	Raw materials processing
	Tier 4	Raw materials extraction

COTS Items & Items not for resale

	Tier 1	Supplier
	Tier 2	Finished product factories
	Tier 3	Materials production
	Tier 4	Raw materials processing
	Tier 5	Raw materials extraction

Risk Factors

Unauthorised subcontracting can occur both within Australia and overseas. This occurs when subcontractors outsource all or part of their production orders to a third-party without obtaining prior consent from the purchaser. This can lead to non-compliant working conditions.

The COVID-19 pandemic has exacerbated modern slavery risks, with some facilities struggling to find enough workers, leading to increased reliance on migrant labour and excessive work hours to meet deadlines.

ADA maintain high visibility of our Tier 1 suppliers, however, the complexity of supply chains and lack of transparency beyond Tier 2 suppliers hinder our ability to identify and address issues further down the supply chain.

Our risk review includes potential risks caused by ADA, risks ADA may contribute to, and risks directly linked to ADA through our supply chain. We also consider:

- High risk countries and their geographic locations
- Higher risk business models (such as those using labour hire or outsourcing arrangements)
- Vulnerable groups – such as those using a high percentage of migrant labour.

Risk Factors

Country	Modern Slavery Risk 2	Tier 1 Supplier	Tier 2 Supplier	ADA Risk Mitigation
Australia	Forced labour, debt bondage	Finished garments, fabric	Finished garments	ECA membership, Ethical Sourcing Policy
Vietnam	Forced overtime	Finished garments	Fabrics, trims	Ethical Sourcing Policy, supplier agreement, ethical audits
China	Freedom of association, forced labour, excessive hours	Finished garments, fabric, trims	Finished garments, fabric, trims, footwear manufacture	Ethical Sourcing Policy, supplier agreement, ethical audits
USA	Forced labour, migrant labour, debt bondage	Finished garments, fabric	Finished garments, trims	Ethical Sourcing Policy, supplier agreement, ethical audits
UK	Forced labour, migrant labour, debt bondage	Fabric	Fabric	Ethical Sourcing Policy, supplier agreement, ethical audits
Indonesia	Forced labour, bonded labour, forced overtime, child labour, forced marriage	Finished garments, fabric	Finished garments	Ethical Sourcing Policy, supplier agreement, ethical audits

Responding to Risk Factors

Identifying and addressing modern slavery throughout our supply chain remains challenging. ADA maintain high visibility of our Tier 1 suppliers, however, the complexity of supply chains and lack of transparency beyond Tier 2 suppliers hinder our ability to identify and address issues further down the supply chain.

We use a risk-based approach to addressing the modern slavery risks within our supply chain and use our governance structure that includes policies and continued employee training as part of our due diligence.

Policy Controls

Our comprehensive policy framework provides our governance structure and operational guidance for how we identify, manage, and remediate modern slavery risk.

Our Ethical Sourcing Policy provides the structure for how we fundamentally manage our approach to modern slavery risks and social impact as a business.

Additionally, we have developed supporting policies, including a Code of Conduct for employees and a Whistleblower Protection Policy.

These core documents and their purpose are listed below and are accessible to ADA employees, on the company intranet, and in some cases, on our corporate or website.

Responding to Risk Factors

Policy	Purpose
Code of Conduct	To provide guidance of the behaviours ADA expects of its Directors and employees
Ethical Sourcing Policy	To emphasise the importance placed on building long term relationships with suppliers that promote and support ethical practices within Australia and offshore. It outlines our expectations to Tier 1 suppliers (both local and overseas) of ADA's requirement that they meet the eight fundamental human rights conventions identified by the International Labour Organisation. ⁴
Anti-bribery and Corruption Policy	To ensure neither ADA, nor its employees or agents, engage in any corrupt business practices within Australia or overseas.
Whistleblower Protection Policy	To provide a mechanism for the reporting of any instances of suspected illegal, immoral, or fraudulent practices involving ADA business processes, whilst providing protection and measures so that anyone making a report can do so confidentially, without fear of reprisal.
Conflict of Interest Policy	To ensure employees and others acting on ADA's behalf understand the requirement that they must be free from conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the company in conducting ADA business activities.
Fraud and Corruption Control Plan	This Plan sets out the standards for accountability that ADA expects from our Employees and sub-contractors. It is a proactive approach to enable the business to manage fraud and corruption risks in an environment that is becoming increasingly complex.

Training and Internal Capability Improvement

Training of ADA personnel is a priority to raise awareness of modern slavery risks. Through this reporting period, all members of the Compliance and Procurement teams underwent training to assist them to:

- Understand the risks of modern slavery.
- Identify any indicators of modern slavery when dealing with their supply contracts.
- Develop responses in instances where any identified or increased risks were reported.

Increasing employee awareness and providing tools to enable risks to be reported encourages proactive liaison with suppliers to address modern slavery risks.

Responding to Risk Factors

Grievance mechanism

Our training and awareness sessions included a review of our Whistleblower Protection Policy to ensure our team are encouraged to speak up and report conduct that causes them concern without fear of repercussions. These concerns can be treated anonymously through our independent Whistleblower Hotline and are investigated. This policy applies to employees, suppliers and contractors.

ADA's capability to manage modern slavery has been enhanced by:

- Collaborating with industry peers and non-government organisations to understand leading practices and explore future opportunities for improvement within our own practices.
- Assisting suppliers with operations in high-risk countries to work towards and achieve ethical certification.
- Assisting suppliers to improve their factories to enable them to operate in a "COVID-safe" environment.

Due Diligence Activities

A key factor in managing modern slavery risks has been ADAs continued and diligent approach to assessing our Tier 1 suppliers. Prior to on-boarding, all potential suppliers must sign our Supplier Agreement, Ethical Sourcing Policy, supply evidence of previous ethical audits and complete our supplier assessment by identifying the countries where they source their finished goods and/ or raw materials.

All subcontractors, raw material and COTS suppliers were requested to re-sign our refreshed Ethical Sourcing Policy as part of the commitment to our PACT program and provide updated ethical sourcing assessments if current reports were over 2 years old.

Factory Visits

ADA personnel were able to visit overseas suppliers' factories and conduct inspections at key suppliers' factories. These visit reports, in conjunction with third-party ethical audit reports were used to assess our suppliers for the current reporting period. Third-party representatives continue to play an important part in our response to our modern slavery risks by acting on ADA's behalf through site visits and undertaking factory audits.

Responding to Risk Factors

Manufactured Goods

During the 2023-2024 financial year, ADA made a concerted effort to improve oversight of our suppliers through consolidation and reducing the number of Tier 1 Suppliers as well as moving production of items from more high-risk countries, such as China, to the Logistik Unicorp factory in Vietnam (LUV). This has reduced our geographical risk and given more transparency within our supply chain through using a group manufacturing facility. This resulted in spend with China based suppliers decreasing 48%.

Suppliers of manufactured goods are located in Australia, Vietnam, China, Indonesia and Thailand.

All of ADA's local garment manufacturing is accredited to Ethical Clothing Australia (ECA). Accreditation is via annual third-party compliance audits conducted by the Textile, Clothing and footwear (TCF) sector of the Construction Forestry Maritime Mining and Energy Union (CFMMEU). This includes both local factory-based workers and outworkers within the supply chain and ensure that local textile workers throughout the supply chain receive their statutory entitlements and work in safe conditions. This also includes sub-contractors who provide value-add services such as embroidery, badging and alterations.

Most offshore factories manufacturing on ADA's behalf are in countries with low to moderate risks of modern slavery.

Offshore factories are evaluated for certification to ethical standards such as SA8000 or WRAP. Factories that have undergone third-party ethical audits such as BSCI or SMETA are required to provide the audit reports so that any incidents of non-conformances can be reviewed and followed-up where required. We have also used QIMA to conduct ethical audits prior to onboarding a new supplier.

For this reporting period, there were no instances identified for child labour, or any type of forced labour. However, analysis of the data collected indicated three instances of excessive working hours and showed instances where overtime for a month was in excess of the legal requirement. It was established at the time of the audit through employee interviews that all overtime performed was voluntary. ADA have begun working with these suppliers so that they can understand the welfare and safety risks to their employees.

Impacts of COVID

The global textile manufacturing industry is still feeling the long-term effects of the COVID-19 pandemic. Consumer demand for textiles and apparel decreased due to lockdowns which resulted in retailers cancelling orders. Factories were also forced to shut down, resulting in workers moving away from the cities back to their local regions, creating a shortage of labour. People in many high-risk countries who were unable to work during the lockdowns received no government support, making them more vulnerable to exploitation when they were able to return to work. Factories eager to resume operations, accepted orders with short lead times, resulting in excessive work hours for workers who were desperate for income.

After border restrictions were lifted, members of the ADA Operations Team travelled to key overseas manufacturing suppliers to review their operations and verify findings of Ethical Audit reports. In the cases where excessive overtime was recorded, it was established that the overtime worked was voluntary and appropriately compensated. ADA personnel were told that the factories are still struggling to find workers as people are remaining in their home provinces post pandemic. Workers at the factories welcomed the additional income to compensate for lost wages they suffered through the pandemic shutdowns. ADA personnel explained to factory management that allowing excessive work hours breached local labour laws and introduced safety risks.

We will continue to work with our suppliers, encouraging ongoing and open dialogue regarding the challenges and disruptions they are face in their operations. This is crucial to ensure that our ethical sourcing and modern slavery requirements continue to be met throughout our supply chain.

Reviewing the Effectiveness of our Actions

As part of our due diligence framework, ADA continues to assess the effectiveness of our actions to manage and mitigate risks of modern slavery within our operations and supply chain. We use internal and external mechanisms to understand and track the effectiveness of our actions and performance. We monitor the following activities and use the listed measurements to assess the effectiveness of our actions:

Activity	Measurement	Status FY23-24	Effectiveness Review
Governance	<ul style="list-style-type: none"> Reviewed and revised policies to ensure compliance to Modern Slavery requirements. Employee Code of Conduct reviewed. Review of Ethical Sourcing Policy. The number of identified risks and mitigating controls in place. Training delivered to all Operations Team members. 	    	<ul style="list-style-type: none"> Policies reviewed against current legislation. Reviewed and issued to all new employees. Ethical Sourcing Policy reviewed and reissued. Number of risks reviewed updated to reflect consolidation of Tier 1 suppliers. Training delivered.
Participation	<ul style="list-style-type: none"> Existing Suppliers' acceptance of ADA's Ethical Sourcing Policy. All new suppliers agree to ADA's Supplier Agreement and Ethical Sourcing Policy. Requirements for all Tier 1 Suppliers to complete the Ethical Sourcing Questionnaire. 	  	<ul style="list-style-type: none"> Suppliers have signed and returned Ethical Sourcing Policy. Procedures are in place to ensure that we do not begin work with a new supplier until Supplier Agreement and Ethical Sourcing Policy are returned. 80% complete. Some COTS suppliers are still to return the Ethical Sourcing Questionnaire.
Monitoring	<ul style="list-style-type: none"> Annual risk review of Suppliers to identify risk profile. Ethical Audits conducted for new and existing suppliers. ECA Accreditation for local subcontractors. 	  	<ul style="list-style-type: none"> This has been completed and updated to reflect the consolidation of suppliers. Ethical Audits completed for new suppliers and current manufacturing suppliers. Reviewed Suppliers' Modern Slavery Statements where available. ECA Accreditation renewal completed.
Training	<ul style="list-style-type: none"> Update and deliver training to Operations employees. 		<ul style="list-style-type: none"> Training reviewed to update for any changes in legislation and delivered to employees.

Consultation

During the reporting period, ADA did not own or control any other entities and therefore this criteria is not applicable.

Planned Activities 2024-2025

As ADA look to improve our actions in tackling modern slavery, we have broadly set out the following goals:

- Further consolidation of COTS and raw material suppliers to improve management of modern slavery risks.
- Work with COTS and raw material suppliers to give more transparency over source countries
- Identify garments currently manufactured at other facilities that can be manufactured in the Logistik facility in Vietnam to improve the oversight of the supply chain.

These additional activities will be carried out in conjunction with our established ongoing commitments to identifying and mitigating risks within our supply chain, which are:

- Ongoing training of employees to raise awareness of our corporate responsibility in relation to Modern Slavery.
- Overseas factory visits to verify findings from Ethical Audits.
- Continued accreditation with the ECA to monitor our local supply chain.

Our Progress

2020

- Increase organisational awareness of modern slavery risk.
- Embed Australian Modern Slavery Act Policy within ADA Ethical Sourcing Policy.
- Initial assessment of Tier 1 supply chain..
- Provide training on modern slavery to ADA Production Purchasing employees

2021

- Improve and increase supply chain assessment activities
- Survey Tier 1 suppliers to identify their oversight of their supply chain.
- Provide training on modern slavery to ADA all Purchasing employees

2023

- Develop Modern Slavery Training risks as part of employee training
- Improve and increase supply chain assessment activities
- Focus on continuous improvement Activities

2022

- Review Modern Slavery risks in Suppliers of non-stock items
- Focus on ensuring that Tier 1 Suppliers understand their Modern Slavery Risks
- Resume site visits of overseas suppliers by ADA staff
- Identify Continuous Improvement activities for Tier 2 Modern Slavery risks

2024

- Improve and increase supply chain assessment activities
- Consolidate suppliers for raw materials and COTS items where possible.
- Gain greater visibility over supply chain through increased manufacturing at Logistik Vietnam.

2025

- Continued consolidation of suppliers for raw materials and COTS items where possible.
- Gain more transparency over COTS and raw material supply chain.
- Work with Logistik facility in Vietnam to achieve greater oversight of manufactured garment supply chain.

Statement of Approval

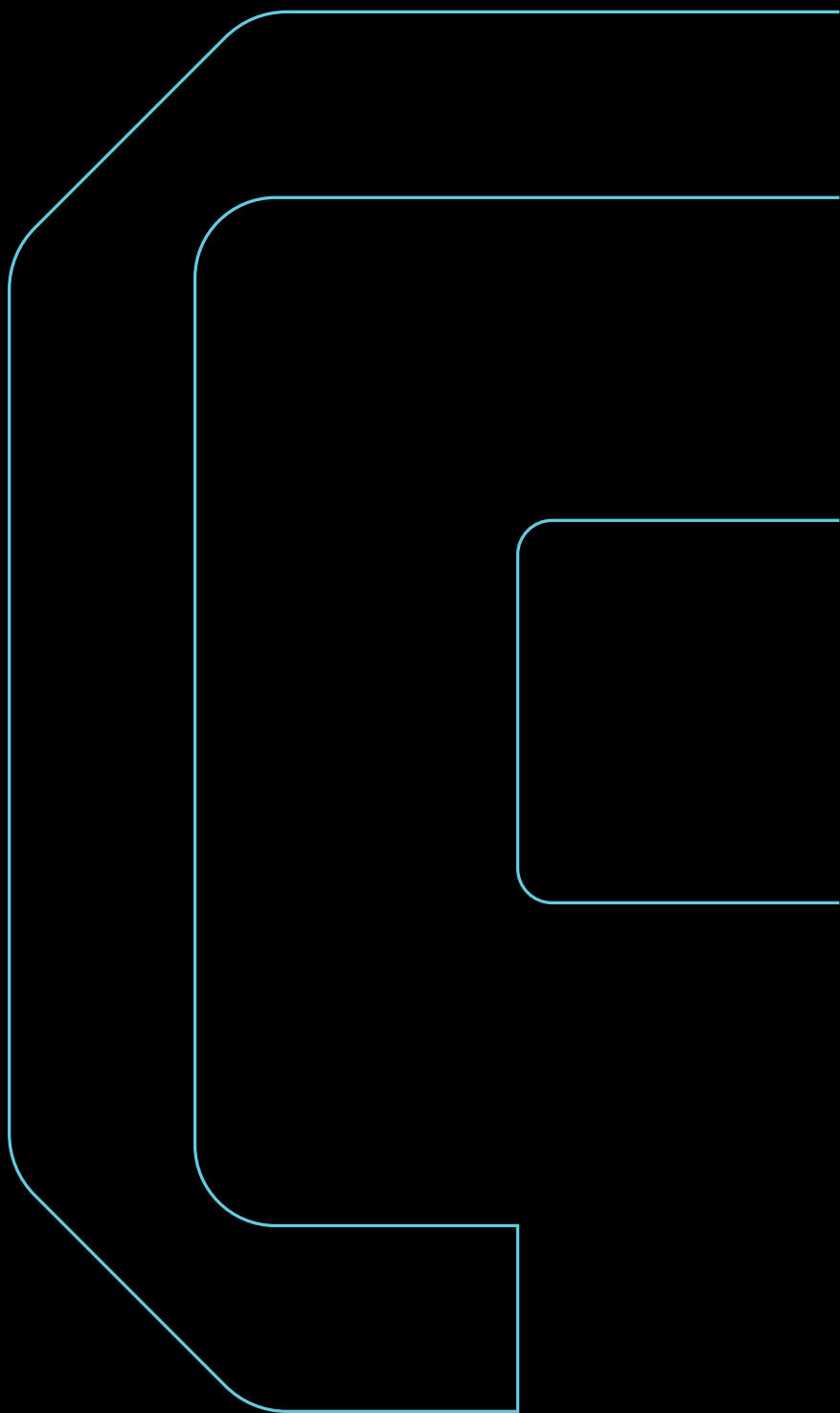
This statement was approved by the Board of Directors of ADA in their capacity as the principle governing body on 21st of November 2024.

This statement is signed by Chris Dixon in his role as Chief Executive Officer of Australian Defence Apparel Pty Ltd on 14th November 2024.

During the reporting period, ADA did not own or control any other entities and therefore this criteria is not applicable.

Reference Index

1. Ethical Clothing Australia: <https://ethicalclothingaustralia.org.au/about/>
2. Walk Free Foundation - Global Slavery Index : <https://www.walkfree.org/global-slavery-index/>
3. Walk Free Foundation - Beyond Compliance in the Garment Industry: <https://www.walkfree.org/reports/beyond-compliance-in-the-garment-industry/>
4. Internal Labour Organisation Declarations: <https://www.ilo.org/resource/ilo-declarations>
5. More information on our PACT program and our commitment to ESG can be found on our website: <https://ada.com.au/pact/>







Modern Slavery Statement



Let's make a PACT!

PACT is ADA's ESG program. It is a movement towards Promoting Accountability, Community and Transparency. Through this innovative initiative, PACT and its partners are not just contributing to global ESG standards - they're reshaping them.

The PACT Program includes 4 pillars and tangible pathways to achieve our vision.

ESG Program Name	PACT			
4 Pillars Sits under ESG	 Planet	 People	 Practice	 Performance
Pathways Sits under Pillars	Designing for End of Life Circularity Waste Reduction	Indigenous Partnerships Diversity & Inclusion Employer of Choice Responsible Supply Chain Corporate Social Responsibility	Ethical Trade Transparency Risk Management	Job Growth Exceeding Customer Expectations Research, Development & Innovation Responsible purchasing and sourcing

Join us as we define what it means to do business in the 21st century!

Learn more about PACT
ada.com.au/pact



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