

**Modern Slavery
Statement 2023**



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Reporting and Consultation

01.

Spotlight Group Holdings Pty Ltd (SGH) has prepared this statement to meet reporting requirements under the Australian Modern Slavery Act 2018 (Cth). The statement outlines the actions that have been taken by SGH to identify, assess, and address modern slavery risks across our operations and supply chains during the financial year ending 30 June 2023 (FY23).

SGH makes this joint modern slavery statement on behalf of all reporting entities within the group including the following:

- Spotlight Pty Ltd (ABN 39 564 861 886)
- Spotlight Limited (NZ Company no. 553661)
- Spotlight Pte Ltd (Singapore Registration no. 199504453C)
- Spotlight Stores Sdn Bhd (Malaysia COID 1063748-V)
- Anaconda Group Pty Ltd (ABN 53 955 173 782)
- Mountain Designs Holdings Pty Ltd (ABN 45 944 511 754)
- Harris Scarfe Pty Ltd (ABN 83 095 018 803)

and any other entities SGH owns or controls.

Whilst some of the entities within SGH may not be reporting entities for the purposes of the Act, we have adopted a 'group-wide approach', and this statement applies to all of SGH's operations.

SGH has policies, systems and procedures that apply broadly across all our brands and operations. During the preparation of this statement, the SGH modern slavery working group consulted with relevant management, procurement and buying teams from the entities we own or control.

We gathered supplier lists, policies, detail of processes and other relevant information about SGH's supply chains and operations from each of those teams. This modern slavery statement was also circulated to relevant members of our leadership team for comment prior to being put to the Board of Spotlight Group Holdings for review and approval.

This modern slavery statement was approved by the Board of Spotlight Group Holdings on 20 December 2023.

From our Group Managing Director

02.

I am pleased to present SGH's fourth modern slavery statement, which provides a comprehensive overview of the actions taken by our business throughout FY23 to recognise, evaluate, and address our modern slavery risks.

At SGH, we acknowledge the impact that our business practices could have on human rights, both positively and negatively. Throughout FY23, our modern slavery working group has remained focused on the identification and mitigation of any instances of modern slavery within our supply chains and operations.

It has been a busy and productive year for our modern slavery team, which is led by our Senior Legal Counsel, supported by our Sustainability & Social Responsibility Specialist. We have made significant inroads into the development and implementation of our modern slavery compliance program, and our achievements for the year include:

- regular dialogue between our executive leadership team and our modern slavery working group on modern slavery compliance risks and strategic plan;
- the development of our new corporate responsibility initiative, Together for Good, which will guide our efforts on issues including the environment, ethics, and philanthropy; and
- a comprehensive update of our modern slavery training module, which has been designed to raise staff awareness of our modern slavery risks and obligations.

SGH will continue our work to identify and address modern slavery risk in a methodical and focussed way, and continuously aim to improve transparency over our supply chains and operations.

We remain focussed on doing our part to address the global challenge of modern slavery, and to diligently work towards our goals.



Avi Gilboa
Group Managing Director

This modern slavery statement was approved by the Board of Spotlight Group Holdings on 20 December 2023.

Mandatory Criteria and Reporting Requirements

03.

We have addressed these in our statement as follows:

- 01. Identification of the reporting entity**
This is addressed on page 2.
- 02. Description of our structure, operations, and supply chain**
This is addressed on pages 8 – 15.
- 03. 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 pages 17 – 29.
- 04. Description of the actions we have taken to assess and address these risks (including due diligence and remediation processes)**
This is addressed on pages 31 – 38.
- 05. How we assess the effectiveness of our actions**
This is addressed on page 39.
- 06. Description of the process of consultation with any entities the reporting entity owns or controls**
This is addressed on page 2.
- 07. Any other relevant information**
This is included on pages 41 - 42 where we discuss our modern slavery priorities for FY24.

Highlights from FY23

04.



Communication and Goal Setting

Our dedicated Sustainability & Social Responsibility Specialist attended quarterly Executive Leadership Team meetings to discuss our latest modern slavery compliance initiatives and challenges.



Alignment with Global Initiatives

We worked on our plans to harmonise our modern slavery goals with the globally recognised UN Guiding Principles on Business and Human Rights (UNGPs), to reinforce our commitment to ethical business practices.



Embracing Responsibility



Our modern slavery working group contributed to the development of our new corporate responsibility initiative, Together for Good, which will outline SGH's goals for ethical sourcing and philanthropy.



Forging Strong Relationships

Our Sustainability & Social Responsibility Specialist met with our sourcing agents and suppliers (including Caprice) to develop our relationship and to communicate details about our modern slavery goals and initiatives. This allowed valuable insights into our sourcing processes and the opportunity for our suppliers to contribute to the training awareness content for our buyers.



Awareness and Empowerment

We conducted a full makeover of our internal modern slavery training module to provide our staff with the knowledge and awareness necessary to tackle modern slavery risks and obligations effectively.



Aiming to Source Ethically

We have provided guidance for our buyers and trade partners to support them to source cotton from suppliers that meet stringent standards and have certifications from programs such as Fairtrade Textile and Better Cotton Initiative (BCI).



Custom Review of Service Suppliers

We developed tailored checklists to allow our procurement teams to conduct modern slavery reviews of our cleaning and building services suppliers, to ensure they adhere to the highest standards of quality and ethics.



Supplier Code of Conduct Refresh

We updated our COC to reflect our ongoing commitment to ethical partnerships and socially responsible business practices.



Actions to Address Potential Modern Slavery Issues and Challenges

We worked to identify and address potential instances of modern slavery and the challenges we face in addressing these. Details of this work are included in the 'case studies' and 'program focus' parts of this statement.



05.

About us

SGH is best known for its retail division – **Spotlight Retail Group (SRG)** which manages the following retail brands:



Harris Scarfe



SGH is a family owned and operated business, headquartered in South Melbourne, Victoria, Australia and its interests also include:

- a group property portfolio – managed under the **Spotlight Property Group (SPG)**;
- investment interests; and
- other shareholdings, a family office and a charitable foundation – the **Spotlight Foundation**.

SGH operates over 285 retail premises, across four countries, and employs over 12,000 team members.

SRG Brands

Spotlight is one of the largest fabric, craft, party and home interiors retailers in Australasia. Spotlight's key product ranges are home décor, manchester, sewing, craft and party supplies, as well as kitchen and dining products, bath accessories and curtains and blinds.

Spotlight is a family owned and operated Australian business with stores across Australia, New Zealand and Asia. Spotlight's founders learned about fabrics by working at their family stall at Melbourne's Queen Victoria Market in the early 1970s. Their strong drive and business acumen led them to opening their first Spotlight store in Malvern in September of 1973, and today, after 50 years, Spotlight has grown to have over 145 stores and employs more than 7,000 team members.

KOO was created to inspire customers to discover the love of home. A standalone website, koohomestore.com, was launched in September 2022 and is currently available to customers in Australia. KOO's product range extends across bedroom, bathroom, homeware, curtains and blinds. From classic timeless design, to modern and contemporary living spaces, to the on trend key look of the season, KOO makes it easy to reinvent and elevate your spaces, to experiment with style and create a home you love.

Spotlight & Koo procure products from 25 countries



Australia | Cambodia | Canada | China | Denmark | Egypt | Germany | Hong Kong | India | Italy | Japan | Malaysia | Netherlands | New Zealand | Pakistan | Philippines | Singapore | South Korea | Spain | Taiwan | Thailand | Turkey | United Kingdom | USA | Vietnam

Anaconda is one of Australia's largest outdoor adventure superstore retailers. Founded in 2004, Anaconda is your one-stop adventure retailer, being the destination for all your equipment needs. Anaconda has over 80 stores across Australia.

Mountain Designs brand was acquired by SGH in early 2018, with a vision to restore the brand to its peak position in the Australian outdoors market. The Mountain Designs range of men and women's apparel, hiking, camp and everyday outdoor gear is available online at the standalone website, mountaindesigns.com, and in Anaconda stores Australia-wide.

**Anaconda & Mountain Designs
procures products from 12 countries**



Australia | China | Hong Kong | India | Italy | New Zealand | South Africa | Spain | Taiwan | Thailand | United Kingdom | USA

Harris Scarfe is one of Australia's longest trading retailers, with over 170 years of experience. Harris Scarfe is a small format lifestyle store with a product range that includes sheets, quilts, pillows, pots, cutlery, glasses, kitchen accessories, women's and men's fashion, underwear, shoes and sports clothing. Harris Scarfe employs over 1,800 team and has over 55 stores in Australia.

**Harris Scarfe procures
products from 5 countries**



Australia | China | Hong Kong | India | Poland

Founded in 1973, by brothers Morry Fraid and Ruben Fried, SRG has grown to become a major player in the Australasian marketplace.

SGH Operations

Founded in 1973 by brothers Morry Fraid and Reuben Fried, SRG has grown to become a major player in the Australian Marketplace. SRG directly employs more than 12,000 people across our operations and currently operates 289 retail stores across Australia and overseas.

The SRG brands have a shared set of values: People, Success & Excellence. These values are underpinned by our best-in-class team and product training programs, ‘Talk Back to the Boss’ open communication policies, and a long history of putting community values and engagement first, supported by the Spotlight Foundation.

In parallel with (and facilitating) the growth of the SRG retail store network, SGH has acquired and developed a substantial retail and commercial property portfolio, across Australia and New Zealand. SGH is a landlord to major tenants including Bunnings, The Good Guys, McDonalds, Adairs and Godfreys as well as housing a significant number of SRG stores themselves.

In more recent years, SGH has continued to diversify its interests, through the Group’s ownership stakes in a variety of other operating businesses, the development of a diversified investment portfolio including an active and fast-growing property finance business, and the Spotlight Foundation, which seeks to make grants and donations to a range of worthy causes each year.

ANACONDA

84

Retail stores throughout Australia

SPOTLIGHT

146

Retail stores throughout Australia, New Zealand, Malaysia & Singapore

Harris Scarfe

60

Retail stores throughout Australia

05. About Us

SRG Divisions

SRG operates a shared services model with the Melbourne-headquartered group supporting the retail brands in finance, IT, supply chain, marketing, digital and omnichannel, property and store development, human resources and payroll. There are smaller support group offices in New Zealand and Singapore to support the international Spotlight stores.

Across Brand Divisions

Marketing	Information Technology	Finance
Digital & Omni Channel	Supply Chain Distribution Centre	Property & Store Development
Human Resources		

New Zealand Divisions

NZ Retail Operations	SRG Human Resources & Finance	NZ Support Group – Product
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Asia Divisions

Asia Retail Operations	SRG Human Resources & Finance	Asia Support Group – Product
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SRG Product Sourcing

SGH is continuing to gain transparency over our supply chains and operations, including the gathering of information related to:

- The total number of suppliers to our retail businesses (both direct and indirect suppliers);
- Our total spend in dollars per supplier and category of goods; and
- The total number of suppliers we have, segmented by country/region.

SRG procurement is undertaken via our procurement and buying teams from our head office in South Melbourne, Australia. Products that SRG sources from overseas are sourced through multiple avenues including our external sourcing agent - Glowstar Global Sourcing Organisation (**Glowstar**).

Glowstar has third-party factories located in China, India, Japan, South Korea and Pakistan, some of which produce and supply directly to SRG. Products sourced through Glowstar include those relating to bedding, bedding accessories, towels, bath accessories, window furnishings, fabrics, arts and crafts, outerwear, sleepwear, underwear and socks, footwear, bags and luggage, stationary, rainwear and fashion accessories.

Glowstar is a subsidiary of Caprice Australia Pty Ltd (**Caprice**). Caprice's head office is located in South Melbourne, Australia and its sourcing office is located in Wuxi Jiangsu, China. Caprice reported in FY22 that it has a total of 226 employees (115 in Australia and 111 located in China). Caprice has developed a comprehensive Ethical Sourcing (ES) Program, the elements of which are outlined in this report. The goods that Glowstar supplies SRG are produced in factories, which are not owned or operated by Glowstar or Caprice, but are contracted to produce goods for SRG.

Program Focus: SGH's Corporate and Social Responsibility initiative, Together for Good

During FY23 our modern slavery working group collaborated with external consultants to further develop a corporate social responsibility program that will form part of our business strategy, and will be aligned with our values. This ongoing project is called Together for Good and aims to use our purchasing power and influence to make a positive impact where we can. This initiative will focus on the environment, ethics and philanthropy. While our supply chain is complex, we believe that all workers have a right to operate in safe working conditions of their choosing, no matter where they work along that chain. We are also committed to ensuring our that our customers can enjoy our products, knowing that we have taken steps to ensure that they are produced ethically and with workers in mind.

Timeline of Actions Taken to Address Modern Slavery

FY20

- Commitment by the SGH Board and Executive Team
- Establishment of our modern slavery working group
- Product and services supplier review
- Review and update of our SGH Supplier Code of Conduct, SGH Global Sourcing Principles, SRG Trading Terms (for merchandise suppliers), SGH Supply Agreement (for all other service and goods suppliers), International Vendor Trading Terms and Whistle-blower Policy
- Development of our first modern slavery training module

FY21

- Roll out of our first round of modern slavery training for buyers
- Further update of our SGH Supplier Code of Conduct and roll out to some first-tier suppliers
- Modern slavery risk assessment
- Review of our product supply chains and operations
- Review of information made available by our sourcing agents including Glowstar (Caprice)

FY22

- Development of our Corporate and Social Responsibility Strategic Framework
- Appointment of our Sustainability & Social Responsibility Specialist
- Ongoing review of our supply chains and operations - contact made with 491 suppliers
- Update of our product and services review checklists,
- Review of supplier information provided by our sourcing agents
- Meetings with our procurement teams to prepare for our GNFR review
- Development of modern slavery KPIs for FY23

FY23

- Planning to ensure that our modern slavery goals align the UN Guiding Principles on Business and Human Rights (UNGPs)
- Work on our new corporate and social responsibility initiative, Together for Good
- Regular meetings with between our Executive Leadership Team and our Sustainability & Social Responsibility Specialist
- Update of our internal modern slavery training module
- Development of guidance for buyers and suppliers to assist in the sourcing of cotton
- Update of checklists for review of our cleaning and building services suppliers
- Review of our Supplier Code of Conduct
- Development of our modern slavery goals for FY24

Risks of Modern Slavery Practices

07.

As a large retail business that sources a very wide range of products and services across our retail brands, we are aware that there is a risk of modern slavery existing within our supply chains and operations. We are especially conscious of the fact that the textile industry is a sector known for its high modern slavery risk.

Our focus remains on assessing and reviewing these risks by utilising resources such as the Walk Free Foundation's Global Slavery Index (GSI) and insights from our suppliers, licensors, industry associations, and government bodies.

We understand the limitations of our oversight across our supply chains, as we cannot directly monitor the hiring, terms, and working conditions of every worker involved in the production and delivery of the products we sell. The possibility of modern slavery practices occurring without our knowledge is a reality. However, we are dedicated to doing what we can to enhance transparency within our operations and are focussed on continually evolving our modern slavery initiatives to meet new challenges.

07. Risks of Modern Slavery

Geographic Risk

We are aware that some of the finished goods that we sell and source are of a type that have been linked by the US Department of Labor to modern slavery practices, although we are not aware currently of any specific modern slavery issues that are linked to the specific products that we sell.

These risks relate to the sourcing of overseas products that have been linked by the Global Slavery Index as being linked to a risk of forced labour such as:



Apparel – outerwear, innerwear, footwear and accessories.

Electronics – electronic craft products.

Cotton – used in the manufacture of apparel, footwear, bags, bedding, towels, fabrics, window furnishings.

Timber – timber based products, arts and crafts, stationery, window furnishings and apparel.

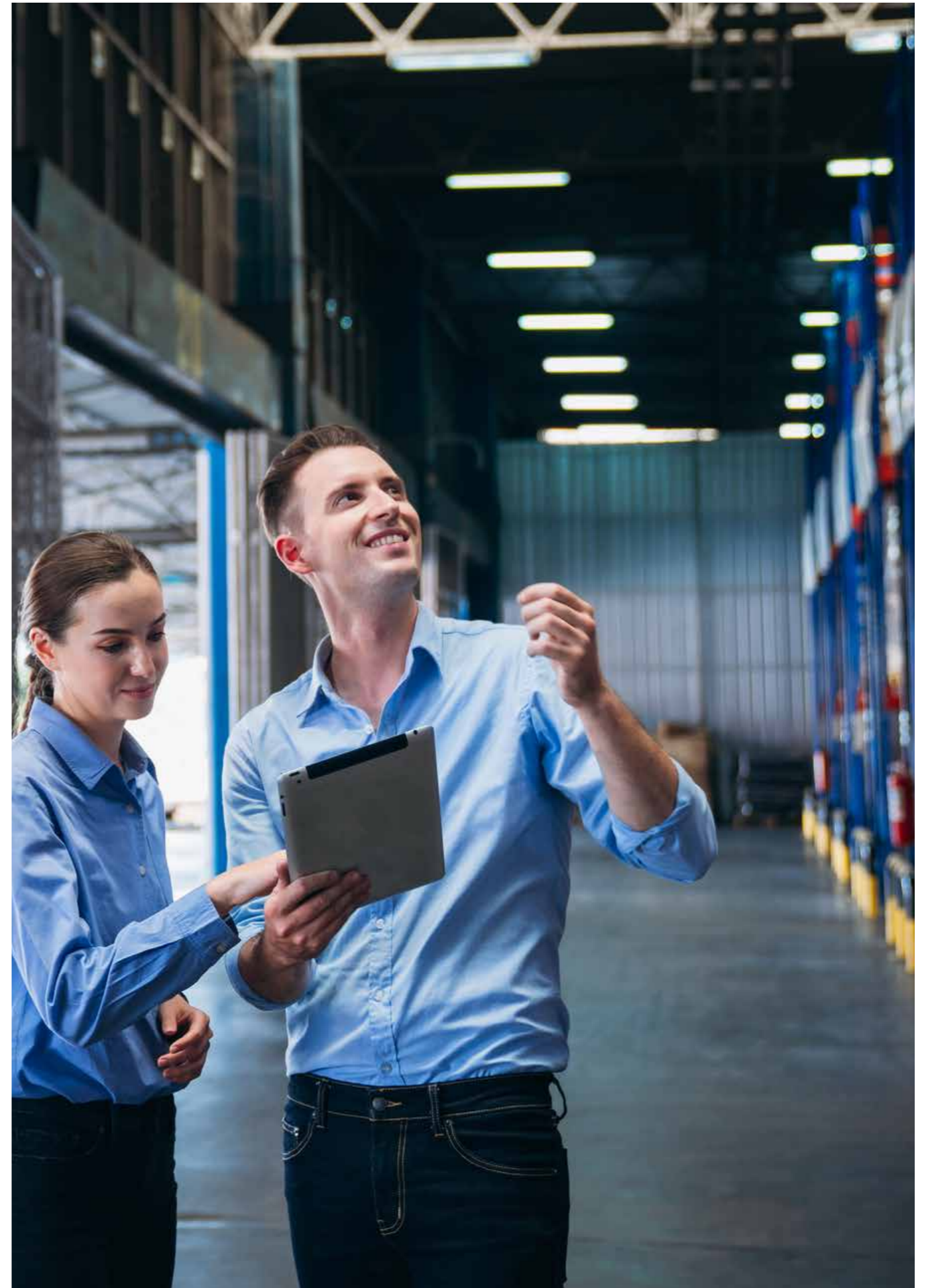
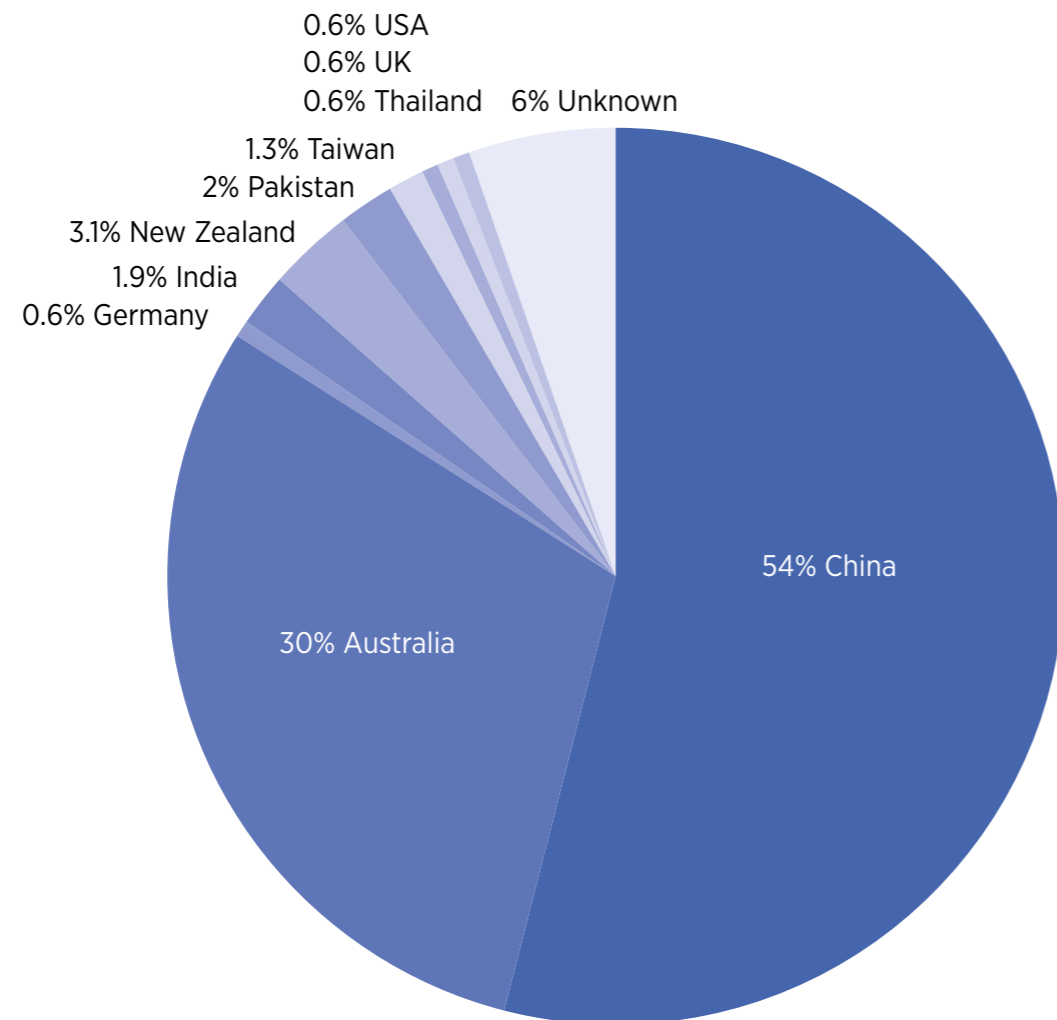
Solar Panels – used to provide renewable power for our stores.

The SGH Supplier Code of Conduct and SGH Global Sourcing Principles, require our suppliers (and their subcontractors) to commit to not using forced, bonded or prison labour and ensure that workers' freedom of movement is not unreasonably restricted. The Code and Principles also include other modern slavery and social responsibility requirements that are relevant to the issues that have been identified in high-risk regions. SGH will continue to monitor the situation in these regions.

Our internal modern slavery training has information available on high-risk regions and provides our staff with access to resources prepared by the US Department of Labor and the Australian Strategic Policy Institute.

During FY23 we identified more of our first-tier suppliers across SGH. We made direct contact with 240 suppliers during this period to ask them to provide us with information about their operations, to allow us to further understand our modern slavery risks. Following on from our review process in FY22 and our efforts in FY23, we received responses from 162 suppliers.

We identified that SGH has suppliers located in:



07.
Risks of Modern Slavery

Program Focus: Working to address our traceability challenges

During our work to review our supply chains and operations we have encountered certain challenges:

- Time and resource constraints – Our team, though highly committed and dedicated, does face constraints in terms of time and resources. It is a time-consuming process to contact and engage with our suppliers and buying teams, due to the wide range of products and services we source and also our overseas sourcing (which often presents language and other barriers).
- Information and language hurdles – It is often challenging to gather credible and valuable information from our suppliers. We are working on ways to address these challenges, which may include making online modern slavery awareness training available to our suppliers.
- Supplier engagement with the process – Some suppliers may lack the incentive or willingness to provide us with the information we seek during our review processes. This further illustrates the need for us to develop innovative solutions (such as supplier awareness training). We are focussed on working to ensure suppliers understand the reporting process and how they can be part of the modern slavery solution.
- Materials traceability challenges – Traceability, especially concerning cotton and other raw materials, presents another significant and costly challenge to our business. Again, this will require us to consider new solutions.



SRG Overseas Suppliers

China

We estimate that just over half of our product range is sourced from China.

SGH is aware that there are widely reported modern slavery risks in China, which include the possible use of forced or bonded labour, deceptive recruitment, child labour, exploitation of migrant workers and the underpayment of workers in the Xinjiang Uyghur Autonomous Region (XUAR). Further, SGH understands that the goods it imports from China may be at higher risk of involving forced labour.

SGH is aware that the Bureau of International Labor Affairs (**ILAB**) maintains a list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards. The higher risk products that SGH obtains from China to sell in its retail businesses include:

SPOTLIGHT 	ANACONDA 	Harris Scarfe
Textiles	Textile & Garment Production	Textile & Garment Production
Housewares & Décor	Bags & Luggage	Bed, Bath & Home Décor
Curtains & Blinds	Sporting Goods	Sporting Goods
Wood Products & Handicrafts	Apparel & Footwear	Apparel & Footwear
Craft Supplies	Goods sourced by Importers & Agents	Bags & Luggage
Haberdashery		Electrical
Jewellery		Goods sourced by Importers & Agents
Goods sourced by Importers & Agents		

07.
Risks of Modern Slavery

Ethical sourcing of Solar Panels for our stores

SGH is aware that there risks of modern slavery in relation to the sourcing of solar panels.

It has been reported that 95% of solar modules rely on one primary material – solar-grade polysilicon, and 45% of the world’s solar-grade polysilicon supply comes from the XUAR .

During FY23, our facilities and services team reviewed our procurement of solar panels with the aim of sourcing panels from a new supplier who has reported that it does not have manufacturing facilities in the XUAR. Action was taken to change suppliers, and SGH will continue to monitor this risk as part of its modern slavery due diligence moving forward.

We will continue the process of further tracing and reviewing our China based suppliers, with the goal of ensuring that we are not knowingly using raw materials sourced from high-risk areas or working with any suppliers who may be suspected of using forced labour.

If we become aware that any factories or other raw material suppliers that form part of our retail business supply chains are linked to forced labour or exploitation of workers in China, we will address this and ensure appropriate remediation processes are in place.

India

We source a small percentage of our products from India.

We are aware that in 2018 the Global Slavery Index 2018 reported that India, China, and Pakistan had the highest absolute number of people living in modern slavery (which accounted for 60 percent of the victims in the region). SGH is also aware, that during the COVID-19 crisis, the Uttar Pradesh government made an ordinance exempting businesses and industries from labour laws (except for a few) for the next three years, as a measure to get the State’s industrial activities back on track in the wake of the COVID-19 crisis.

The higher risk products that SRG procures from India may include:

SPOTLIGHT 	ANACONDA 	Harris Scarfe
Textiles	Textile & Garment Production	Textiles
Handicrafts	Sporting Goods	Bedlinen
Craft Supplies	Apparel & Footwear	Napery
Haberdashery	Goods sourced by Importers & Agents	Towels
Décor and Rugs		

If we become aware that any factories or other raw material suppliers that form part of our retail business supply chains are linked to child or forced labour or exploitation of Indian workers, we will address this and ensure appropriate remediation steps are taken.

07. Risks of Modern Slavery

SRG Local Suppliers

SGH's head office is located in Melbourne, with warehouses and retail operations across Australia, New Zealand and Asia.

Whilst opportunities to exploit or traffic workers within Australia are limited – because of its strong migration controls, geographic isolation, high degree of regulation, and strong compliance and enforcement – SGH acknowledges that there are still vulnerable persons in Australia, particularly in certain sectors and industries. The GSI has reported that there are 0.65 people per thousand equating to 15,000 people that are victims of modern slavery in Australia. The Government Response Rating for Australia is 7/10 (This rating is a number from 1 to 10, where 10 is the highest).

In particular, we understand that there are modern slavery risks for us in Australia when we contract for cleaning services, security arrangements, freight, distribution, construction, store fit-outs and logistics.

We are also aware that these service providers often rely on a workforce that includes migrants, low-skilled workers of people from cultural or linguistically diverse backgrounds. SGH is also aware that its use of recruiters and third-party labour hire services, increases our modern slavery risks, especially if the workers we rely on come from vulnerable backgrounds.

Review of our suppliers of cleaning and building services

SGH is aware of the risks that exist in both these sectors. We have therefore developed checklists that will allow our procurement teams to review the service businesses we engage with (at the stage of onboarding and as an ongoing process). Cleaning and building service providers will be asked to provide us with detailed information about their policies in relation to wages, entitlements (e.g., superannuation and leave), worker income security, recruitment, reliance on migrant workers, working conditions (including overtime) and engagement of workers as independent contractors. We are hopeful that gathering and assessing this information will inform our efforts to engage with ethical and responsible businesses that treat their workers fairly.

Focus on 'higher risk' products sold by SRG

SGH is aware that there are modern slavery risks relating to the sourcing of raw materials such as cotton, and the production of many of our products in the Asia Pacific. Within SGH's supply chains, some key products were identified for further investigation during FY23, and this process will continue during FY24:

Cotton and Textiles

SGH is committed to identifying the raw and source materials that are used to make the cotton products sold by SRG. SGH is aware of the modern slavery risks associated with key growing areas where agricultural labourers are reported to be at risk of exploitation which include the XUAR in China.

We are also aware of reports that China and Bangladesh are still accepting cotton from these regions, and that there is a risk that this could feed back into the supply chain. One of our main suppliers of cotton and textile products, Caprice, has advised that they undertake robust modern slavery due diligence checks (via mandatory ethical sourcing audits) on all of their third-party factories as part of their Ethical Sourcing Program.

We will be further reviewing the information provided by all our suppliers of cotton products and will continue the process of trying to trace the location of the raw materials for those products.

This process will include asking suppliers for information on the source country and province of raw cotton used in our cotton and textile products. We will report further on the work we have done to trace the source of our cotton and textile products in our FY24 statement.

Program Focus: Support for buyers on relation to cotton sourcing.

SGH is working to provide its buyers and suppliers with practical guidance on how they can work to responsibly source cotton products (or raw cotton materials). This includes guidance on how they can take steps to avoid sourcing cotton from regions where there is a recognised risk of forced labour and other human rights abuses (i.e. China, Uzbekistan, Turkmenistan and Kazakhstan).

SGH aims to assist buyers and suppliers to work towards transparency around cotton sourcing, by encouraging them to ask for details of all the traders and merchants operating in the chain of custody between raw fibre production and SGH (where possible).

SGH will also be encouraging buyers and suppliers to source cotton from suppliers that meet standards and have certifications under programs such as Fairtrade Textile, BCI, RegenAgri and Regenerative Organic Certified.

We are also continuing our review of the following products procured and sold by SRG:

- **Garments** – to identify any risks that may exist especially in relation to any of the garment products we sell that may be made in, or sourced in part from Argentina, Brazil, China, India, Malaysia, Thailand or Vietnam;
- **Carpets** – especially those made in India and Pakistan;
- **Electronics and Electrical Items** – especially those made or sourced from China or Malaysia;
- **Timber** – especially any timber-based products that have been sourced from Brazil, North Korea or Peru.



Actions Taken during FY23 to Address Risks

08.

We have taken the following actions during FY23 to address our identified modern slavery risks. We will continue to review and address the modern slavery risks in our operations and supply chains moving forward.

Board Level Commitment

The SGH Board is aware of its social and corporate responsibility to work to identify and address any modern slavery or serious exploitation that may be present in its operations and supply chains.

SGH has strengthened its modern slavery working group and committed resources to continuous improvement in this space. SGH has made a public commitment to address any instances of modern slavery in its supply chains and policies on these are supported at the top level of management.

Modern Slavery Working Group

SGH has committed significant time and other resources to addressing our modern slavery risks and is focussed on continuous improvement in regard to modern slavery compliance.

SGH has a modern slavery working group, overseen by our Senior Legal Counsel. We have engaged a Sustainability & Social Responsibility Specialist, who is responsible for developing and executing a corporate and social responsibility strategy for SGH.

This role fundamentally assists in our organisation's success by leading, influencing, educating and supporting key stakeholders including CSR brand leads, ELT and CEOs to grow capability and understanding to manage environmental and social risks including modern slavery.

This position is also responsible for the development and integration of CSR initiatives and associated projects to achieve strategic business goals and operational objectives. We have also continued our partnerships with external consultants in order to inform and drive our modern slavery strategy and initiatives.

Product Supplier Review

During FY23 we updated our supplier review forms and continued our product supplier review. Our goal has been to gather more detailed information about our suppliers and identifying the source of the goods we sell in our retail businesses.

Our external compliance consultants developed updated fillable audit check forms to send our suppliers for their completion. These ask our suppliers to provide us with information including:

- If they have written policies on matters such as wages, compensation, discrimination, harassment in the workplace, health and safety, freedom of association, no child labour, no forced labour, checks to be done on suppliers of raw materials and a grievance system for workers;
- If they have any current independent audit reports or certification documents that may demonstrate their compliance with the relevant requirements set out in the SGH Supplier Code of Conduct and SGH Global Sourcing Principles (which they will be sent and asked to adhere to);
- If they are able to provide any recent independent audit reports, certification documents or other evidence of modern slavery compliance in relation to the products that they supply to SGH; and
- Whether their business/ staff has done any modern slavery training.

By the end of FY22, we had contacted 491 suppliers and had received 150 responses to our review. We then sent a number of follow up emails and have since received more detailed information from our suppliers. We contacted 240 suppliers during FY23, and our process of supplier identification and risk review is ongoing.

During FY23 we were also able to offer assistance and modern slavery training to some of our smaller suppliers. We will continue to offer this support and assistance as we learn more about our supply chain and the challenges that our suppliers face.

Goods not for Resale and Services Review

Work has progressed on the development of a process that will allow us to complete a full review of our goods not for resale suppliers and service providers. As previously noted, given the ongoing work on our product review, we anticipate that we will start this review during FY24.

Our work in this area will build on the risk identification processes we have started to implement, and will initially focus on our freight, logistics, waste management and cleaning services suppliers, being the higher risk sectors that we engage with. We will report on our progress in our next statement.

SGH is aware that cleaning, building and waste management services are higher risk industries, and we have been working on the supplier review process that we will need to undertake in relation to suppliers who provide these services to SRG.

Our external consultants have assisted us to develop audit forms that we will be asking our services providers to complete so that we can gather more information about their modern slavery related processes.

Supplier Audit Process

In addition to procuring a substantial range and volume of products for resale directly from Caprice Australia Pty Ltd (Caprice), SRG procures a significant number of its products 'for re-sale' and 'not for re-sale' through Glowstar Global Sourcing, which is a subsidiary of Caprice.

Caprice has issued modern slavery statements which outline its opposition to slavery in all its forms, including human trafficking, slavery and slavery like practices, such as forced labour and child labour.

Caprice has an Ethical Sourcing Program that covers both Caprice and Glowstar factories which supply product to SRG. In addition to its modern slavery statements, Caprice has published the following documents which outline their program:

- Caprice Ethical Sourcing Program
- Caprice Ethical Sourcing Supplier Manual
- Caprice Ethical Sourcing Code

Caprice is also a member of BSCI and Sedex (Supplier Member B category). Under the Caprice Ethical Sourcing Program, Caprice will accept the following ethical sourcing audits as part of its mandatory audit requirements: BSCI, SMETA, SA8000, WRAP, ICTI, FLA, Kmart/Target Aust, Disney ILS, Walmart RS.

Caprice conduct audits on all their third-party factories and these audit reports are made available to SRG for our review. These reports and set out any major or minor issues that are to be addressed by use of a Corrective Action Plan which is put in place, if required, following the audit.

As part of our process of review of our geographic risks, we also gathered information from Caprice about its sourcing of cotton products out of China. Caprice has advised that neither Caprice nor Glowstar directly engage any supplier factories located in the Xinjiang region. Furthermore, Caprice advised that they had not been made aware by any suppliers manufacturing product for SRG that they are sourcing cotton from the Xinjiang region.

08.
Actions taken to Address Risks

Program Focus: Forging relationships with our suppliers and sourcing agents.

During FY23, our Sustainability & Social Responsibility Specialist met with our sourcing agents and suppliers (including Caprice) to develop our relationship and to communicate details about our modern slavery goals and initiatives.

This provided valuable insights into how our sourcing agents onboard new suppliers and manage compliance and modern slavery issues. This also gave an opportunity for our supply partners to contribute content to the training awareness module we have developed to train our buyers.

Our sourcing agents will provide content for our training module, including a list of questions that buyers can ask SGH suppliers and factories about their processes and modern slavery policies. This valuable feedback and advice will be incorporated into our new training module for roll out in FY24.

SGH also uses other overseas sourcing agents to source product on our behalf or deal directly with suppliers.



**SGH sourcing process
(if sourcing is not done through an agent):**

SRG meets the new factory via international fairs / via introduction email (or as circumstances permit).

SRG requests information about which companies they currently supply to in Australia and/or the United States of America (to gain an understanding of the level of the factory and its standards) and obtains a copy of any available factory certifications e.g., BSCI, WRAP, SEDEX, SMETA, ISO, ICS, RWS, PGS Audit.

SRG provides the suppliers with its Trading Terms, Vendor Compliance requirements, together with a copy of the SGH Code of Conduct and SGH Ethical Sourcing Principles.

Whilst an SRG representative does not visit every factory that SRG purchases from, or inspect all goods prior to shipping, SRG team members have made visits to most of our large suppliers.

Internal Policies and Processes

The **SGH Code of Conduct** sets out fundamental requirements for all of our suppliers and business partners (including all authorised sub- contractors or raw materials suppliers). The requirements of this Code will need to be satisfied by all suppliers to SGH, and we are continuing to work with our suppliers to have them all agree and commit to the Code during FY24.

These policies will sit alongside and compliment the Caprice Ethical Sourcing Code (in relation to goods sourced from Caprice and Glowstar) and will cover the goods and services that SGH procures independently of Caprice and Glowstar. This Code applies to all trade partners, vendors and factories supplying goods to SGH (including all authorised sub-contractors or raw material suppliers) and all other goods and service providers.

We also continued to implement our **SGH Global Sourcing Principles** which set out the fundamental requirements and minimum standards that must be followed by our suppliers.

By signing the **SRG Trading Terms** (for merchandise suppliers) or **SGH Supply Agreement** (for all other service and goods suppliers) or accepting a purchase order and/or providing goods and services to SGH, Suppliers confirm their commitment to continued compliance with the Code and the Principles.

International merchandise suppliers to SRG are currently required to agree to its International Vendor Trading Terms which includes social responsibility requirements. Our SGH Supply Agreement requires express warranties from suppliers that the supplier has not and will not engage in modern slavery, corruption or bribery and will notify SGH immediately if it becomes aware of any potential, suspected or actual issues in its supply chain or operations.

SGH has a **Whistleblower Policy** (for Australia and New Zealand) to support the disclosure by individuals of wrongdoing occurring within SGH. We support and will foster an environment in which staff and suppliers can report and raise any modern slavery-related concerns, and in which SGH can respond and rectify any compliance concern in a timely and appropriate way.

SGH is finalising its **Supplier Remediation Guidelines** to provide general guidance to SGH staff and its auditors if there is a need to remediate or

address issues that are identified as non-compliance with the fundamental requirements of the Code of Conduct or Principles. We are also in the process of finalising our Anti-Bribery and Corruption Policy.

Development of Modern Slavery Training

During FY23, we conducted a full review of our internal modern slavery training, and made some changes to the format and content with the goal of ensuring it was practical, relevant and useful in terms of educating our executive, buying and procurement teams on modern slavery risks and issues.

This training has been designed to assist our buying and procurement teams to understand SGH'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. Our staff will also be given the opportunity to ask questions and request more information about specific industry or product related modern slavery risks from our external compliance team when they complete the training module.

The roll out of this new training will commence in FY24. We will keep a record of all training offered and completed during the training roll-out.

Cooperation with External Agencies and Community Initiatives

We have implemented requirements for doing business with SGH that are based on the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration on Human Rights, the International Labour Organisation's (ILO) Core Conventions, the Ethical Trading Initiative (ETI) Base Code (which is founded on the conventions of the ILO), national legislative requirements and accepted best ethical and sustainable business practice.

We continue to support the community via the Spotlight Foundation and our partnerships with the Starlight Children's Foundation, Good360 and World Vision. More information is available here:

www.spotlightstores.com/community-support.

Assessment of Actions Taken

09.

Our modern slavery working group is focused on measuring and evaluating the effectiveness of the actions we have taken to address modern slavery risks in our supply chains and operations. This will continue moving forward.

SGH has been able to measure its performance against the set of modern slavery that we developed for FY23. We have met most of those goals, and have carried over the projects that were not able to be completed in FY23 due to competing priorities or new issues we considered important to address.



Our Modern Slavery Priorities for FY24

10.

During FY24, we will continue to demonstrate our commitment to addressing our modern slavery risks, with the goal of supporting the workers in our supply chain, to achieve a better future for all involved. We will be focussed on:

- **Executive Engagement** – We will work to keep our Board and executive leadership team informed about the important work of our modern slavery team, and ensure that they receive detailed information about our modern slavery risks and mitigation strategies.
- **Knowledge and Awareness** – We will roll out our newly updated, practical and engaging modern slavery training module to provide our staff with the expertise and awareness they need to monitor and address this issue effectively.
- **Reinforcing our Social Responsibility Goals** – We will continue to develop our new Corporate and Social Responsibility Strategic Framework and initiatives.
- **Supplier Engagement** – We will work on new processes to ensure our suppliers, new and existing, understand and agree to our SGH Supplier Code of Conduct and SGH Global Sourcing Principles.
- **Products and Services Review** – We will continue our monitoring and review of SRG's product and service suppliers, with the end goal of having a supply chain that is reflective of ethical sourcing and social responsibility goals.

- **Supplier Remediation Guidance** – Putting the finishing touches on our SGH Remediation Guidelines, which will include a supplier corrective action plan to guide us to address modern slavery issues, whilst fostering strong and lasting supplier relationships.
- **Due Diligence Processes** – We will be looking at ways we can develop a comprehensive due diligence framework, based on risk categorisation, to reinforce and guide our efforts.
- **Forging Strong Relationships with Our Sourcing Agents** – We will continue to take steps to develop productive relationships and ongoing communications with our sourcing agents (including Glowstar and Caprice) around our modern slavery initiatives and goals.
- **Reaching Out** – Our modern slavery working group is keen to explore opportunities to share our experiences in working to address modern slavery with others in our industry and with our suppliers. In this future this may include modern slavery awareness training for our suppliers. We are keenly aware that it should be a collective effort to combat this global issue.
- **Keeping Up to Date** – We will be closely monitoring the information made available by organisations that are dedicated to the eradication of modern slavery.



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