



Brand Collective Holdings Pty Ltd

2020 Modern Slavery Statement

For Financial Year Ending 30 June 2020



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1. Introduction

Brand Collective Holdings Pty Ltd ACN 602 312 514 (**Brand Collective** or **Company**), being the reporting entity for the purposes of the *Modern Slavery Act 2018* (Cwth) (**MSA**), will not tolerate any form of modern slavery in its supply chain, including servitude, human trafficking and forced labour.

This statement sets out Brand Collective's commitment to ensure modern slavery does not take place in any part of its business. The statement outlines the steps Brand Collective has taken to ensure compliance with the MSA.

This statement applies to Brand Collective's financial year ending 30 June 2020. Note, for reporting entities with financial year ending 30 June 2020, new extended deadline for submission of their modern slavery statement is 31 March 2021.

The terms "Supplier" and "Factory" will be used interchangeably throughout.

2. Brand Collective's Business and Supply Chains

Brand Collective, one of Australia's largest fashion retailers, is a private company which imports, wholesales and retails, and engages third party manufacturers for the manufacture, of women's, men's and children's footwear and apparel (**Business**).

Brand Collective owns a portfolio of iconic Australian brands including Julius Marlow, Elwood, Elwood Workwear, Elka Collective, Volley and Grosby and has exclusive licences for leading international brands including Superdry, Clarks, Hush Puppies and Mossimo.

The Business is privately owned by Anchorage Capital Partners, who purchased the majority of the business from the former Pacific Brand Limited in 2014 and Shoes & Sox in 2015. Prior to that, the business operated within the Pacific Brands Limited structure for many years.

The Business is based in Melbourne, Victoria, with its registered (head) office located at 332 Lorimer Street, Port Melbourne, a distribution centre located in Altona North, Victoria and a Sydney office located in Alexandria, New South Wales. The Business also operates a China sourcing office in Guangzhou under the "Registered Office" Chinese FESCO model

Brand Collective's two main trading subsidiary entities are Shoes & Sox Pty Ltd ACN 003 269 752, which operates the Shoes & Sox business, Australia's largest kids shoe business, and Brand Collective Pty Ltd ACN 098 742 628, which operates all other businesses.

The Business employs over 1,000 Full Time Equivalent staff. Its operations consist of:

- selling its footwear and apparel offering through Company branded retail and online stores as well as a combination of leading department stores, discount department store chains and SME wholesale accounts
 - there is currently c.130 retail and concession stores across Australia and New Zealand (across its footwear and apparel brands), as well as 10 online stores
- sourcing through its overseas supply chain materials and product, with the majority of its suppliers, and their factory base, located in China, India, Bangladesh, Vietnam, Thailand, Indonesia, Laos, Brazil and Spain
 - the Business has developed longstanding and stable working relationships with each of its suppliers and their factories and has developed an extensive on boarding process to vet and monitor its suppliers
 - the Business adopts a continuous improvement model, backed up by independent auditing of its suppliers, to ensure that the factories in which its products are manufactured are safe for all workers, fair, sustainable and importantly free of modern slavery

- A list of suppliers who the Business engages with can be found on each of its brand websites or on its Company website at www.brandcollective.com.au under the ETHICS tab, ETHICAL SOURCING sub tab.

The Business acknowledges its responsibility to ensure that its supply chain is both ethical and sustainable. One way to ensure this is take part in Baptist World Aid's annual Ethical Fashion Report and submit to their rigorous auditing of its supply chain and processes.

3. Identifying Risks

Risks of modern slavery in global supply chains are dynamic, complex and often covered up. The Business is constantly reviewing how it may cause, contribute to, or be directly linked to modern slavery practices. Of particular concern to the Business is identifying instances of forced labour and child labour as well as diminished labour rights of people working in its overseas supply chains.

The Business undertakes the following **processes** to identify modern slavery risks:

- Well-resourced China sourcing office (which undertakes factory inspections, organised and random factory audits and manages outsourced third-party factory audits)
- External auditing entity
- Bangladeshi sourcing agent based in China
- Australian sourcing personnel visiting Asia based factories (COVID-19 dependent)
- Participation in Baptist World Aid's annual Ethical Fashion Report review process (focus on COVID related processes for 2020) (see Section 4 for detailed explanation of process)
- Periodic Survey Monkey direct questionnaires to both supplier owners and workers
- BC Voice – grievance mechanism hosted on the WeChat platform providing supplier workers with a direct communication to the Business.

From undertaking the above processes and operating its supply chains over a number of years, the Business has identified the following **risks** to its supply chain that, if not managed, may cause or contribute to modern slavery practices in the Business's operations and supply chain:

- Maintaining traceability of the entire supply chain, not just final stage supplies but also input and raw materials stages as well. The ability of the Business's tracing team to ensure all component suppliers are managing modern slavery risks is made more difficult where final stage suppliers that its deals with have a number of input and raw materials suppliers
- Expanding on previous risk, managing suppliers in farming and/or rural areas that employ temporary, seasonal and/or immigrant labour
- Ensuring the Business has access to all necessary information from its suppliers to assess their modern slavery compliance, which relies on both mutually beneficial relationships formed with all its suppliers as well fit for purpose auditing practices
- Sourcing products from countries where it is reported to have a high prevalence of modern slavery or labour rights violations, other human rights violations and/or child labour (by international organisations and/or relevant NGOs), a red flag for the Business unless scrupulously managed
- The Business setting delivery timeframes that result in suppliers (i) forcing excessive working hours on their workforce, (ii) pursuing cost savings through unlawful wages conditions or (iii) temporarily flexing up workforce size beyond factory capacity
- Maintaining the Business's FESCO China sourcing office and resulting employment contracts (through FESCO) with its Chinese national staff.

4. Actions Taken, Risk Mitigation and Remediation

Auditing, strong policies, contracts, monitoring and worker engagement are the Business's key programme controls to manage potential or actual risks of modern slavery in its operations and supply chain.

Audit Programme

Through the Business's audit programme (both by its China sourcing office staff and outsourced third-party), and resulting corrective action plans, as well as NGO engagement, the Business has identified the high-risk areas of its supply chain and implement steps to mitigate risk in those areas. Audits are undertaken by its Chinese national staff and industry leading third-party audit providers. Chinese national staff who manage its audits have accredited SA8000@:2014 Basic Auditor Training.

One high risk area that the Business's audit programme has worked on, in partnership with a number of its suppliers, is to ensure its suppliers adopt fair working hours. Any overtime hours must be undertaken freely by workers, who are to be paid in accordance with local labour laws. Another area is to ensure that all suppliers meet ethical business standards.

Supplier Dialogue and Training

The Business maintains a strong two-way dialogue with its supply partners. It holds supplier conferences from time to time and provide them with CSR training, in conjunction with its third-party auditors.

Additionally, the Business arranges for its preferred third party face-to-face training providers to hold education sessions with its suppliers, especially on corporate social responsibility. Also, its personnel attends NGO webinars with suppliers, including recent sessions on COVID-19 factory dealings. The Business also maintains a confidential in-country Whistle blower email hotline for workers of its suppliers to report any misconduct or human rights breaches.

Engagement with Baptist World Aid

The Business has participated in Baptist World Aid's (**BWA**) annual Ethical Fashion Report since 2017. The report focuses on the Business's labour rights and environmental policies. Each year, the Business undergoes a strenuous review of its commitment to the following five key categories via interviews, questionnaires and surveys prepared by BWA:

1. Policies
2. Traceability and Transparency
3. Auditing and Supplier relationships
4. Worker Empowerment
5. Environmental Manager.

The Business has integrated BWA's assessment into its annual audit programme. The BWA assessment provides a sharp focus for the Business and BWA's requirement for continuous improvement in labour relations compliments the Business's drive to continuously improve the conditions of its supplier's workers who work in its supply chain and ensure that no modern slavery practices exist.

Policies

The Business has a comprehensive set of policies and procedures that articulate its values, ways of working and expectations of its team and suppliers, that are reviewed regularly. This policy framework ensures that its team members and suppliers clearly understand its expectations, and equally that they can recognise when they are being treated in a way that is inconsistent with these expectations and understand how to raise a grievance or complaint. The following policies are those that are most relevant to preventing modern slavery among the Business's team members and workers in its supply chain.

Policy/Procedure – Operations	Purpose
Code of Conduct	<ul style="list-style-type: none"> Sets out how the Business expects each team member to behave towards each other, its customers and the broader community
Fraud & Corruption	<ul style="list-style-type: none"> Outlines the Business's commitment to complying with laws and regulation addressing fraud, bribery and corruption in each country in which it conducts business
Respect in the Workplace Policy	<ul style="list-style-type: none"> Articulates expectations regarding team member behaviours at work, when representing its businesses or when interacting with team members outside of work
Whistle Blower Policy	<ul style="list-style-type: none"> An anonymous reporting channel for team members, their family and others to raise concerns

Policy/Procedure – Supply Chain	Purpose
Supplier and Manufacturer Code of Conduct	<ul style="list-style-type: none"> Sets out how the Business engages with suppliers of its goods and service to ensure that basic labour and human rights are met, environmental impacts are managed and the Business behaves ethically (Reproduced in full at the end of this Statement)
Supplier Grievance Policy Guidelines	<ul style="list-style-type: none"> These guidelines require all facilities used in the production of the Business's products to have a written Grievance Policy & Procedure to ensure that everyone engaged in the production of its products should be treated fairly and with dignity and respect
Sourcing Gender Equality Policy	<ul style="list-style-type: none"> Outlines the Business's commitment to challenge the gender inequality and sex discrimination faced by garment workers throughout its supply chain
Responsible Purchasing Practices Policy	<ul style="list-style-type: none"> Outlines its commitment to implementing responsible purchasing practices throughout its Business and external supply chain
Child Labour Remediation Policy	<ul style="list-style-type: none"> Outlines its commitment to eradicating the existence of child labour from its supply chain

Strengthening Supplier Contracts

One of the main ways in which the Business articulates its human rights expectations and controls the potential risk of modern slavery arising in its supply chain is through its contracting process with direct suppliers. Building on existing responsible sourcing provisions, modern slavery specific provisions have been incorporated in its non-trade procurement contracts and vendor trading terms. The Business's onboarding document suite includes:

- Service Level Agreements for Supply of Products, which includes its Vendor Trading terms (there are separate SLA's for agents and suppliers)
- Supplier and Manufacture Code of Conduct

- Quality and Procedures Manual – separately for both Footwear and Apparel
- Banned Chemicals Regulatory Requirements
- Supplier Packaging Manual – separately for both Footwear and Apparel.

Importantly, the Business requires all suppliers which it engages with, as well as all downstream third- party suppliers (including component manufacturers, tanneries and farms), to sign and return its Supplier and Manufacturer Code of Conduct (reproduced in full at the end of this Statement) before receiving their first order.

Similarly, its Purchase Order terms and conditions and Vendor Trading terms require suppliers to comply with the requirements under its Responsible Purchasing Practices Policy.

In FY2021, the Business will continue to review contracts across other business arrangements to streamline modern slavery provisions in standard contracts to ensure its management framework is consistent across the Business. The Business recognises the importance of building greater understanding of modern slavery risks and its requirements with the team members who are responsible for supplier relationships and oversight, so that they are equipped to provide guidance to its partners to comply with its expectations.

Monitoring Brand Collective's Supply Chain

Before engaging a new supplier, the Business conducts extensive due diligence checks. In doing so, the Business maintains an approved supplier list which it publishes on its websites. Only suppliers on the list may be used for any stage of production. The due diligence checks include suppliers completing an initial self-audit factory capability assessment (**FCA**), assessing whether a factory is suitable to the Business's needs, and a Factory Code of Conduct Assessment (**FCCA**), which includes a review of working conditions and building safety. The Business then reviews the FCA and FCCA, and determines whether further investigation is required, either by requesting a current valid factory audit from the relevant factory or arranging its own independent audit. In addition, and as set out in its Supplier and Manufacturer Code of Conduct, the Business requires all existing suppliers to confirm that:

- There is no inconsistency with the Business's Code in any area of a supplier's operations, including subcontractors
- All employees are paid at least the national minimum wage in line with local labour laws/regulations applicable within their country of operation
- The Business may terminate the contract at any time should any instances of modern slavery or any other zero tolerance breach of any human rights issues come to light.

The Business conducts internal training of its buying and sourcing teams to ensure they have a clear understanding of the Business's expectations for ethical sourcing. In addition, the Business includes training on understanding the signs of modern slavery and what to do if and employee suspects any form of modern slavery is taking place within the supply chain.

Support for Suppliers during COVID-19

During the peak of the pandemic in mid-2020, the Business undertook a number of other key initiatives to minimise the potential for human rights harm including:

- Accepting phased ordering rather than cancellations
- Maintaining Purchase Order payments to suppliers throughout the period
- Only cancelling Purchase Orders where they were lawfully cancelled by the Business's customer and always honouring payments for partly finished product
- Paying for materials cancelled during the period, with suppliers holding them for future orders, thereby assisting with their cash flow.

The Business also partnered with Baptist World Aid (**BWA**) to participate in their 2020 Special Edition Ethical Fashion Report, which required the Business to commit to and demonstrate actions to maintain the following six fashion commitments (that BWA deemed would make the greatest difference to garment workers):

1. Supporting workers' wages by honoring supplier commitments
2. Identifying and supporting the workers at greatest risk
3. Listening to the voices and experience of workers
4. Ensuring workers' rights and safety were respected
5. Collaborating with others to protect vulnerable workers
6. Building back better for workers and the world.

The Report, released in late October 2020, graded favourably the Business's adherence to each of the six commitments.

As part of the BWA engagement, the Business also released the following statement, which appeared on all Business websites:

Brand Collective's COVID-19 Fashion Commitment to Support Workers in the Supply Chain

In support of the Baptist World Aid Australia call to action, as well endorsing the Global Call to Action from the International Labour Organisation (ILO), Brand Collective is joining other leading brands from around the world in support of footwear / garment workers income, health and employment.

Brand Collective is joining with other companies from Australia, New Zealand and across the globe to participate in six key commitments. These commitments together communicate our alignment and our action in the face of the devastating impact of Covid-19 on the global footwear & garment industry, including those workers in our own supply chain.

While the ultimate economic impact is still unknown, we are certain that COVID-19 and its aftermath pose the most serious and far-reaching business challenge we have ever had to face. We'll face that challenge as we always have, making incredibly difficult decisions along the way guided by our values as a responsible company and evaluating the impact each decision has on our employees, our supply chain partners, the people making our products. In particular,

- *We are guided by the Fair Labor Association's Guidance on what companies should do to ensure responsible purchasing and to help protect workers' health, safety, and livelihoods as the world responds to Covid-19.*
- *We are maintaining clear and constant communication with our factory partners and representative Asian sourcing office and have had one-on-one phone calls with each and every one of our factory partners to discuss their financial health and how they are weathering the impacts of Covid-19.*
- *We are paying in full for orders that are in process or completed.*
- *In the case of orders that are not yet in the production process, we are working in partnership with our factory partners with the aim of minimizing the impacts on them and their workers.*

We make these commitments because they represent and reflect Brand Collective's values as well as our desire to do what we can to support our factory partners to survive the economic disruption caused by the Covid-19 pandemic and to protect the wellbeing of their workers.

Brand Collective recognises more than ever that we cannot hope to adequately address the massive social and environmental challenges caused or intensified by the pandemic alone, and that collaboration with other businesses, community groups and Governments is a critical part of any meaningful and sustainable response.

In the coming months, we will share more information about the actions we are taking. Baptist World Aid will both guide our response and externally validate our actions to ensure transparency and integrity.

For specific information requests, contact the Brand Collective's Group Sourcing Manager at bcsourcing@brandcollective.com.au

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5. Effectiveness

The Business is working to understand the effectiveness and impact of the initiatives detailed in this Statement and its broader human rights programme. Currently, the Business tracks its performance through a combination of internal and external mechanisms, and it uses these mechanisms to assess the performance of each activity undertaken.

The Business has integrated the outputs and, in some instances, the outcomes of key activities throughout this Statement using many of the following measures:

Area	Activity	Measurement
Risk Management	<ul style="list-style-type: none"> Annual risk assessments Supplier onboarding and risk segmentation Identifying trends from risk data 	<ul style="list-style-type: none"> % of risk assessments undertaken by country and product % of assessments for tier one and tier two suppliers against plan
Monitoring	<ul style="list-style-type: none"> Third-party audits In-house audits Supplier self-assessment questionnaire (SAQ) Supplier corrective action plans Survey Monkey questionnaire BC Voice Site visits 	<ul style="list-style-type: none"> % of audits completed in line with plan Audit grading – zero tolerance, critical Number of worker engagements Number of site visits Number of suppliers suspended or ceased trade
Grievance mechanisms	<ul style="list-style-type: none"> Channels and mechanisms for grievances to be raised Cases remediated Identifying trends from grievance data and a root cause analysis of key issues raised BC Voice Anonymous Survey Monkey questionnaire 	<ul style="list-style-type: none"> Total number of issues raised Channels through which issues were raised Number of cases remediated Remedy for workers Complaint box responses
Governance	<ul style="list-style-type: none"> Board oversight Team member training Policy reviews Contracts with modern slavery provisions External benchmarks 	<ul style="list-style-type: none"> Maturity assessments of processes and protocols % of team trained Completed policy reviews in line with plan % of contracts with modern slavery or responsible sourcing commitments

6. FY2021

Brand Collective is committed to identifying and remedying modern slavery risks in its supply chain and operations. It has a plan for F2021 and F2022 and a clear vision of where its programme is headed, which will be shared in its next (FYE 2021) Modern Slavery Statement.

7. Approval

This statement has been approved by the Board of Brand Collective Holdings Pty Ltd.



Caleb Brown
CHIEF EXECUTIVE OFFICER / DIRECTOR

March 2021

Supplier and Manufacturer Code of Conduct

Introduction

Brand Collective is a leading manager of some of the most recognized footwear and apparel brands in Australia including Clarks, Hush Puppies, Julius Marlow, Grosby, Volley, Mooks, Mossimo, Elwood, Elka Collective and Superdry.

In line with our objective to remain a supplier of choice it has become paramount to choose, acknowledge, promote and develop our suppliers so that there is alignment with our expectations of ethical behavior. Our intent is to engage with suppliers of our goods and service to ensure that basic labour and human rights are met, environmental impacts are managed, and we behave ethically.

Our Suppliers as Partners

We acknowledge that suppliers are integral to our value chain. We reward suppliers that deliver high quality products on time, in full and to agreed specification, workmanship and price as well as recognising those that undertake continuous improvement programs to optimise these outcomes. We will also favour and support suppliers that attain our social compliance standards.

Traceability of labour

Our suppliers must employ a system that allows traceability of labour and human rights compliance (including worker's wages and conditions) throughout their manufacturing process including third party input supplier's country of origin. We must be able to monitor your system on reasonable notice.

Ethical Business Practice

In managing our suppliers, we endeavor to act professionally and ethically, and we expect our suppliers and manufacturers to:

- Abide by all local legal requirements and not engage in any form of corruption or fraud
- notify Brand Collective as soon as any form of conflict of interest becomes apparent
- not offer unreasonable gifts when engaging with our employees in order to receive benefits.

Labour and Human Rights

We expect our suppliers and manufacturers to ensure that:

1. Employment is freely chosen with supplier's and manufacturer's employees provided with a written legal contract properly negotiated. This includes ensuring the right to freedom for employees to enter and leave employment willingly and voluntarily through the prohibition of withholding employee identity documents
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Employees are aged 16 or older – underage labour is NOT used
5. Wages are paid in full at regular intervals in accordance with local Government obligations
6. Elimination of discrimination with respect to employment and occupation This includes the prohibition of regular and excessive overtime, ensuring working hours should not exceed 60 hours in any 7-day period and ensuring regular working hours are not more than 48 hours per week (which should be included in any employment contract)
7. No discrimination is practised based on gender, race, religion, age, disability, sexual orientation, marital or pregnancy status
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed
10. Suppliers must not assign or sub-contract in part or whole any manufacturing process without the written consent of Brand Collective.

Environment impact management

We value the natural environment and acknowledge the benefits responsible environmental management delivers our employees, customers, suppliers, shareholders and the broader community. Our Environmental Policy communicates our commitment to ensuring a sustainable environment through active management of the inputs and outputs of our processes.

We seek to partner with suppliers and manufacturers who:

- meet legal obligations in relation to environmental performance
- establish objectives, targets and key performance indicators to improve their environmental performance
- maintain management systems to plan, document, monitor and review their environmental performance
- identify and assess and manage the environmental hazards which arise from their activities, products and services.



Caleb Brown, Chief Executive Officer / Director
Brand Collective Pty Ltd
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