

# 2021 Modern Slavery Statement

THE ICONIC



# Introduction

This Modern Slavery Statement is published by Internet Services Australia 1 Pty Limited (THE ICONIC) in accordance with its obligations under the Modern Slavery Act 2018 (Cth) for the financial reporting period 1 January 2021 – 31 December 2021 (inclusive).

THE ICONIC is a wholly-owned subsidiary of parent company Global Fashion Group S.A., (GFG), which is headquartered in Luxembourg and listed on the Frankfurt Stock Exchange.

This Statement sets out the actions taken by THE ICONIC in identifying and addressing risks of modern slavery in its operations and supply chain as well as the effectiveness of those actions.

This Modern Slavery Statement has been reviewed and approved by the Directors of THE ICONIC.

16 June, 2022

## Contents

01	Acknowledgement of Country & CEO Foreword	<hr/>
02	Our Structure, Operations & Supply Chain	<hr/>
03	Identifying & Addressing Risks in our Operations & Supply Chain	<hr/>
04	Evaluating The Effectiveness Of Our Actions	<hr/>
05	Update on Commitments	<hr/>
06	Planned Activities for 2022	<hr/>
07	Appendix	<hr/>



# Acknowledgement of Country

In the spirit of reconciliation THE ICONIC acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past, present and future, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

THE ICONIC supports the Uluru Statement from the Heart and its call for a First Nations Voice to be enshrined in the Australian Constitution. We believe in championing equality, diversity and respect, and are committed to creating an environment where all people are enabled to be their best authentic self.

## CEO Foreword

Despite another challenging year of global disruption due to the ongoing pandemic, THE ICONIC is proud to present our second Modern Slavery Statement.

This Statement provides an update on our progress in 2021 and outlines our ambitions for the year ahead. Our zero tolerance approach to modern slavery sees us working in partnership across our supply chain to mitigate and eliminate the risks of modern slavery occurring. We know that we can't create meaningful change in isolation, and working collaboratively with our industry stakeholders and partners is crucial. Our relationships with suppliers, brands, retailers, NGOs, industry organisations, employees

and our customers all shape the approach we take to tackle this issue. As the global fashion industry progresses its understanding and action against modern slavery, we too are able to gain a greater understanding of how our business can have a tangible impact.

In collaboration with Global Fashion Group, of which THE ICONIC is part of, we've developed our 2030 Sustainability Strategy which will be launched in the coming months. This strategy outlines transformational and actionable targets for areas of improvement and opportunities for innovation across our business. Fair and Ethical Sourcing is one of five key focus areas of this strategy as we continue to

prioritise decent working conditions and human rights. Twenty twenty-one marked our tenth anniversary as a young and dynamic business. We continue to dream big in all that we do, and we are passionate about fulfilling our social and environmental responsibility, and the important role we play in leading our industry forward.

*Erica Berchtold*

**Erica Berchtold**  
CEO of THE ICONIC







Our structure,  
operations &  
supply chain

02

### About THE ICONIC

Launched in 2011, THE ICONIC is Australia and New Zealand’s leading lifestyle platform for fashion, sport, beauty, wellness, kids and home. With a curation of over 2,000 global and local brands, THE ICONIC delivered over 6.5 million orders in 2021 to customers in Australia and New Zealand, and saw over 20 million monthly visits to our platform. Our passion for taking a lead on sustainability in retail continued in 2021 with a partnership launched with Australian re-commerce business, AirRobe. We also launched an Adaptive Edit (clothing for people living with disabilities and other access needs), and completed our first REFLECT Reconciliation Action Plan. THE ICONIC is part of Global Fashion Group (GFG), the leading fashion and lifestyle platform in emerging markets.

### About Global Fashion Group

GFG is the leading fashion and lifestyle destination in growth markets across LATAM, CIS, SEA and ANZ. From our people to our customers and partners, we exist to empower everyone to express their true selves through fashion. GFG’s platforms provide seamless and inspiring customer experiences from discovery to delivery, powered by art and science that is infused with unparalleled local knowledge in each of our markets. Our vision is to be the number one online destination for fashion and lifestyle in

growth markets and we are committed to doing this responsibly by being “people and planet positive across everything we do”.

### Our structure and operations

THE ICONIC’s operations are headquartered in New South Wales, Australia, and is supported by three hubs: our Head Office, our e-commerce Production Hub and our Fulfilment Centre, which are all located in Sydney.

In Australia, as of 31 December 2021, we directly employed 1,052 people including both permanent employees and casuals throughout our three hubs across 11 different business areas including: Category Management, Executive, Finance, Fulfilment Centre, Growth & Development, Legal, Marketing, Operations, People & Culture, Production, and Technology.

In addition to those we directly employ, THE ICONIC also engages employees indirectly via agency and/or labour hire solutions to perform work at our Fulfilment Centre.

We also have 137 dedicated Customer Support, IT Helpdesk, Production Content and Finance staff located in Manila, Philippines. These employees are contracted through our sister company ZALORA via an intra-company services agreement.

2000+ 6.5m+

international and local brands

online orders

20m+ 3

visits/month

hubs in Sydney

### Our own-brands

Atmos&Here

Atmos&Here  
CURVE

Atmos&Here  
MATERNITY

A E R E

A E R E  
HOME

A E R E  
mini

dazie

  
Double Oak Mills  
CLOTHIERS AND TAILORS

endless

EVERLOOM

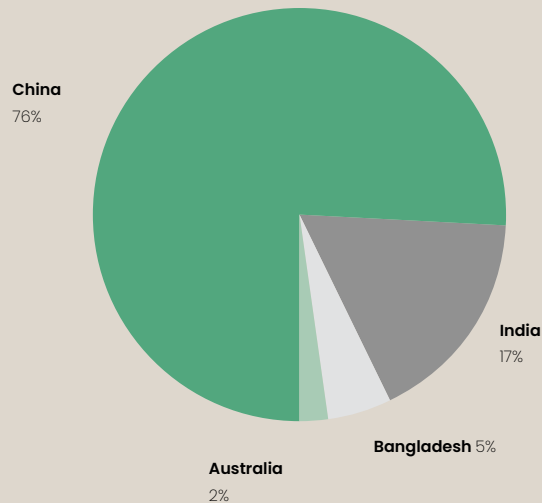
LOVER

minima  
esenciales

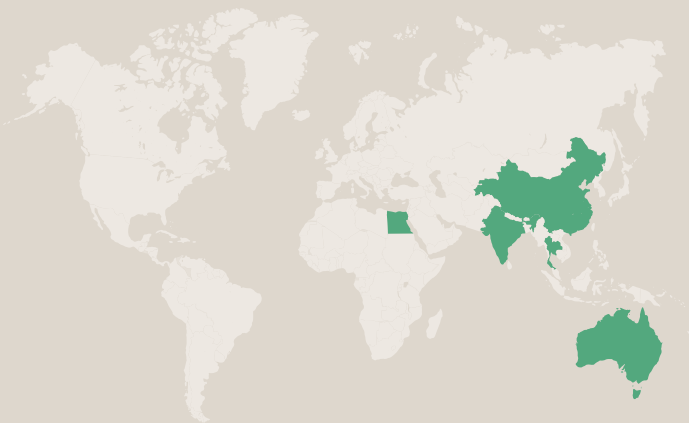
Spurr

STAPLE SUPERIOR

Tier 1\*



Tier 2 - Tier 4



Australia • China • Egypt • India • Thailand

### Our product supply chain

Our product supply chain consists of global and local Third Party Brands, as well as our Own Brands. As a dynamic retail business, our diverse supplier base that supports this supply chain will mature and become more complex as we continue to grow. This increases our level of responsibility to manage our social and environmental risks, and leverage opportunities to innovate our supply chain.

#### Third Party Brands

THE ICONIC retails over 2,000 global and local Third Party Brands with products sourced from brand partners via three business models:

- Retail, where products sold to customers are owned by THE ICONIC;
- Marketplace, where brand partners list their products on our shopping platforms; and
- Sales, on a consignment basis.

#### THE ICONIC Own Brands

Our Own Brand business comprises 14 brands across apparel, footwear, accessories and home categories. In 2021, these brands were: Atmos&Here,

Atmos&Here Curve, Atmos&Here Maternity, Aere, Aere Home, Aere Mini, Dazie, Double Oak Mills, Endless, Everloom, Lover, Minima Esenciales, Spurr, and Staple Superior. All brands are designed from our Sydney Head Office.

In 2021, we added Australia to our list of sourcing countries for Own Brand factories. As of 31 December 2021, we partner with 59 independently-owned factories based in China (45), India (10), Bangladesh (3) and Australia (1) to produce our Own Brands. Our factory list is published on our website and updated monthly. The factories we work with to produce our Own Brands collectively employ 9,600 people, 50% of whom are women and almost 25% of whom are domestic migrant workers.

### Our non-trade supply chain

In our non-trade supply chain, we transacted with 596 suppliers during the reporting period who provided goods and services in categories such as logistics, international freight forwarding, marketing, labour hire and cleaning.

These five categories account for over 80% of annual spend.

\* Tiers defined on page 12.

### Strengthened governance and accountability

In 2021, team resourcing, accountability and the introduction of business-wide policy and process setting marked a step change in the maturity of our modern slavery governance across our business.

Our commitment to team resourcing and accountability saw us appoint a new Sustainability Strategic Business Partner to our Category Management team who plays a pivotal role in increasing transparency, and knowledge, of our Third Party Brand and Own Brand supply chains, as well as building knowledge and accountability for human rights considerations in governance and decision making across Category Management. This is also a core step in enabling us to progress strategic elements of our Modern Slavery Action Plan through their involvement in the Modern Slavery Cross-Functional Working Group.

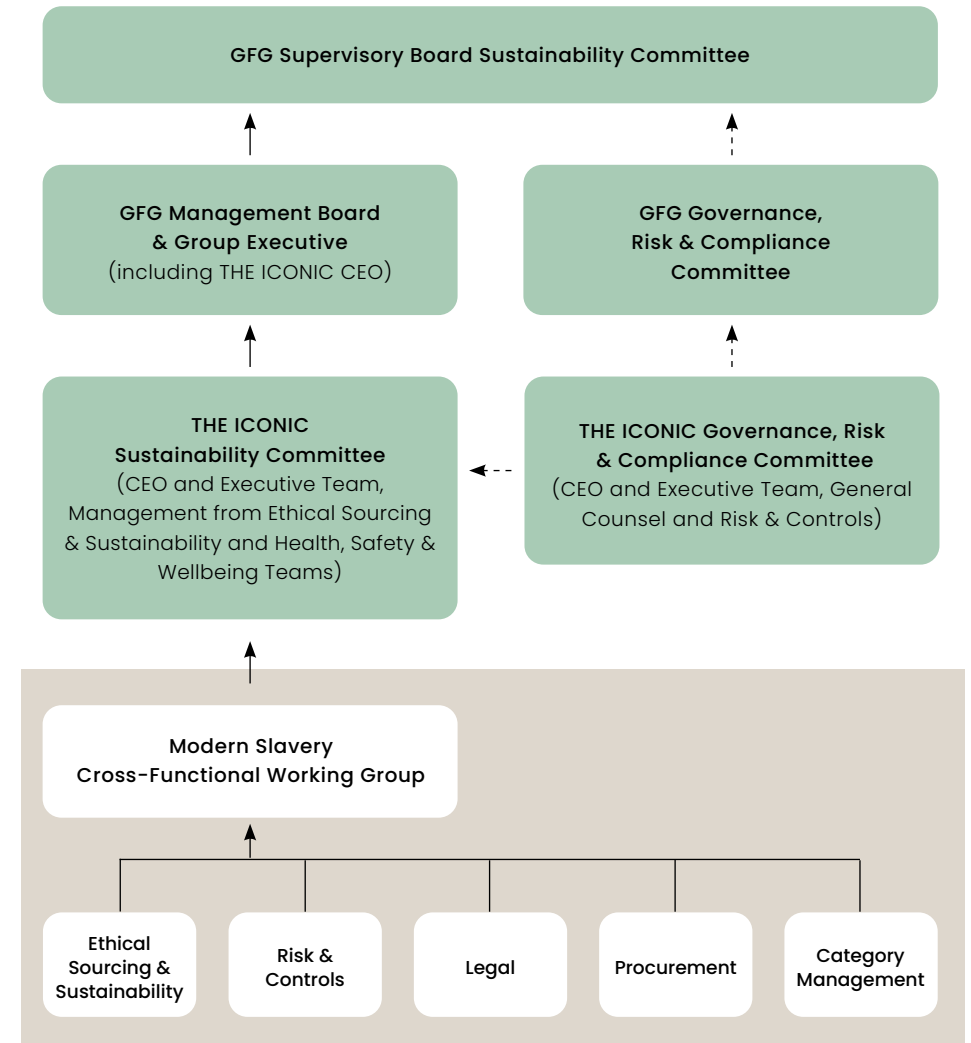
With a large number of our Own Brand factories based in China, we appointed a Guangzhou-based Social Compliance Manager (commenced January 2022). Reporting into the Head of Sustainability, our Social Compliance Manager is responsible for implementing our Own Brand factory audit programme and supporting our capacity building efforts with suppliers. This new role is critical to building more strategic partnerships on the ground as well as addressing systemic

modern slavery indicators such as excessive overtime. In addition to our governance efforts within our Category Management and Sustainability teams, we undertook a risk mapping exercise with our Risk and Internal Controls team to update and evaluate the salient human rights risks across our business.

This risk mapping exercise enabled us to highlight emerging risks against our Enterprise Risk Framework. It also provided our Executive team with visibility to support greater understanding of prevailing modern slavery issues, their complexity, and the need for a worker-centric response should these risks eventuate. As a result, all risks identified have been addressed through our Modern Slavery Action Plan.

It's imperative that all people at THE ICONIC are equipped with knowledge and understanding of our human rights responsibility. However, ultimate accountability for our human rights due diligence remains with THE ICONIC's Executive Team, THE ICONIC's Sustainability Committee, our Governance, Risk and Compliance Committee and the Modern Slavery Cross-Functional Working Group. THE ICONIC's governance at a GFG level is maintained by reporting to the Sustainability Committee of the GFG Supervisory Board, whilst the Group Co-CEO and Group Chief Sustainability Officer set the overarching ethical trade agenda.

### THE ICONIC Modern Slavery governance structure



→ Key line of responsibility & accountability  
 - - → Consulted & informed as part of overall Enterprise Risk Management



## Fair & ethical sourcing 2030 targets

# 100%

brands meeting GFG's human rights standards for brands

# 100%

Tier 1 factories assessed against living wages benchmarks where they exist

# 50%

of own-brand materials are traceable to the raw material

# 100%

purchase orders placed in line with responsible purchasing practices

# 100%

workers in Tier 1 factories can access an independent grievance mechanism

# 8,000

workers in Tier 1 factories have participated in training (related to ethical trade)

# 90%

workers in Tier 1 factories can access an effective in-factory worker dialogue mechanism

## THE ICONIC's 2030 sustainability strategy

In the second half of 2021, THE ICONIC collaborated with GFG to develop our 2030 Sustainability Strategy. This comprehensive process was supported by cross-functional workshops, internal learning sessions and stakeholder materiality research to deliver an ambitious set of targets across five pillars. These pillars are:

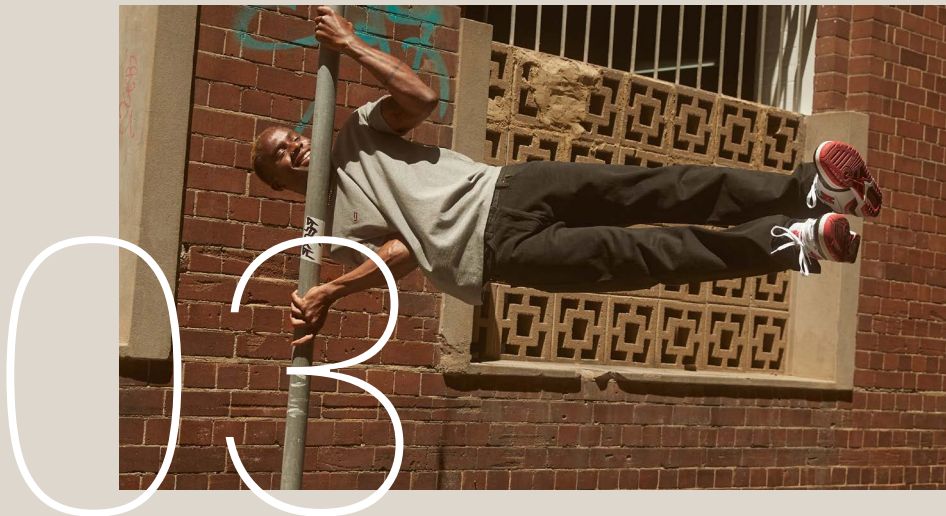
- Fair & Ethical Sourcing,
- Climate Action,
- Circularity & Conscious Consumption,
- Responsible Workplace,
- Diversity, Inclusion & Belonging.

This strategy was also developed to support GFG's carbon reduction strategy and Science Based Targets framework. Our Fair & Ethical Sourcing pillar outlines seven

specific targets around modern slavery risks, and will guide how we uphold decent working conditions and human rights in our product supply chain. These targets focus on worker dialogue, living wages, responsible purchasing practices, supply chain traceability and capacity building. The pillar also ensures human rights and decent work are maintained across our partner organisations, including Third Party Brands.

THE ICONIC's 2030 Sustainability Strategy intersects our current approach to modern slavery due diligence, and builds on our broader ethical sourcing program already in place. Achieving these targets will be a collaborative effort across multiple business areas and external partners, further strengthening co-ownership and ways of working towards our vision of a people and planet positive world.

# Identifying & addressing risks in our operations & supply chain



## Enterprise wide modern slavery risk assessment

We recognise the inherent risk of modern slavery issues due to the nature of our business and supply chain. It is estimated that over 70% of clothing imported into Australia is sourced from countries where the apparel industry has an inherent risk of modern slavery<sup>1</sup>. Further, commodities commonly used in apparel and lifestyle products such as cotton and mica are produced by industries identified as having a prevalence of modern slavery<sup>1</sup>, including forced and child labour.

We place high expectations on our staff and supply chain partners to uphold the minimum standards relating to environmental impacts, human rights, labour standards and health and safety standards outlined in [THE ICONIC Supplier Code of Conduct](#).

As our business expands into new product categories and services, our evaluation and response to human rights risks becomes more complex. We identify such complexities using our annual enterprise-wide Modern Slavery Risk Assessment which profiles each of our business areas and their inherent risks of modern slavery. Our 2021 risk assessment saw a lift in the profile of commodity, sector and country based modern slavery risk factors in certain business areas. This risk profile shift was influenced by our expansion into the Beauty and Home categories, and the greater traceability of our Own Brand supply chains having now identified Tier 2, Tier 3 and Tier 4 facilities (including fabric printing, mills and tanneries). Informed by this assessment, our 2022 action plan will prioritise increased due diligence and further development of policies and processes as our approach to managing our modern slavery risks matures.

<sup>1</sup> <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>

### Own Brand supply chain

Our ethical sourcing and social audit programme establishes our ethical trade expectations with our Own Brand suppliers. Our approvals process and suite of policies provide the framework for onboarding, compliance and remediation.

The risk profile of our final stage (Tier 1) manufacturing base grew marginally in 2021 with the addition of Australia to our sourcing countries. Australia was evaluated<sup>2</sup> and marked as a low risk country profile rating. However, the overall country profile of this Tier of our supply chain remains high given existing sourcing countries China, India and Bangladesh have more inherent modern slavery risk indicators.

### Factory audits and remediation

During 2021 we assessed 65 audits conducted by third party audit firms (both full and follow up). Of these 65 audits conducted:

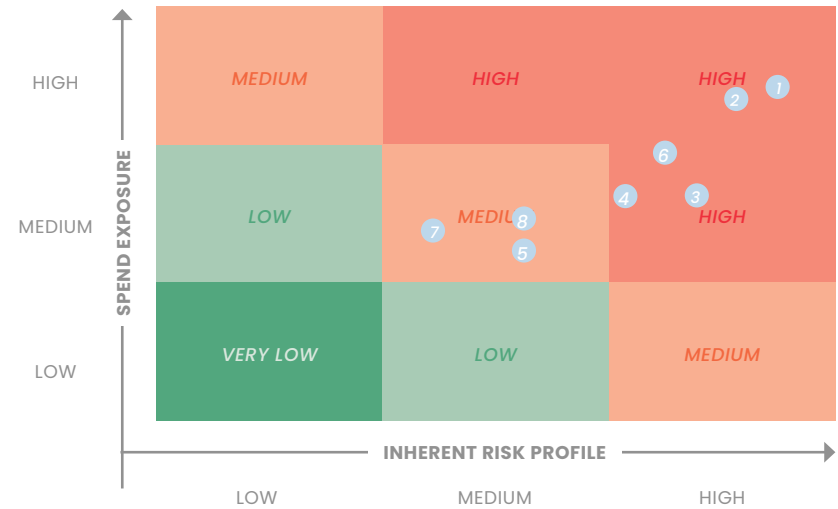
- 17 critical non-compliances raised at seven factories were remediated during 2021.

- Overall, 10% of all minor and major non-compliances within our factory base were remediated, with 20% of those issues remediated within a year of being raised.
- Eight factories were not approved for production due to 53 critical non-compliances raised. These will not be approved until the issues are remediated and verified by a new audit.
- One factory was exited in-line with industry guidance on responsibly exiting factories<sup>3</sup>.

Our most common issues raised during audits relate to:

1. Systemic excessive overtime hours
2. Insufficient social insurance provided to employees
3. Lack of appropriate PPE provided for the use of factory machines
4. Incorrect type of fire exits due to building design/construction
5. Insufficient medical examinations/occupational health checks for workers in hazardous situations.
















## 2021 Modern Slavery risk assessment profile



No.	Risk
1	Own Brand Supply Chain
2	Third Party Brand Supply Chain
3	Marketplace Brand Supply Chain
4	Labour Hire Arrangements
5	Other Employment Arrangements
6	Ops Logistics and Transport
7	Indirect Spend - Products
8	Indirect Spend - Services

<sup>2</sup> We evaluated Australia as a region using resources such as the Transparency International's Corruption Perception Index and the US Department of Labor's List of Goods Produced by Child or Forced Labour#.

<sup>3</sup> We place significant importance on partnering with suppliers and factories that align with our values and are committed to continuous supply chain improvements. This resulted in a decision to move away from a factory whose ability to provide ongoing assurance of this commitment was left in question. Significant consideration and planning was undertaken to ensure that the transition away from this factory was done so in a way that ensured the factory could successfully prepare and plan for our reduction in orders so as not to cause undue negative impact on their operations or employees.

Tier	Definition	Processes Completed		
Tier 1	Production sites completing final stage manufacturing of orders	 CUTTING	 SEWING & FINISHING	 PACKING & SHIPPING
Tier 2	Sites completing <u>one or more</u> (parts) of the final stage manufacturing process	 CUTTING	 STITCHING	 PACKING  STORAGE
Tier 3	Sites completing enhancements to product	 PRINTING & DYEING	 EMBROIDERY	 WASHING
Tier 4	Fabric and components manufacturers	 FABRIC MILLS	 TANNERY	 HARDWARE & TRIMS
Tier 5	Raw materials processing	 COTTON FARMS	 SYNTHETIC EXTRACTION	

**Audit programme timeframes**

The COVID pandemic and lockdown disruptions continued to impact the ability of our factories to arrange follow-up audits in a timely manner. However we were able to maintain the timeframes for full, new audits, and our requirements for follow-up audits will remain an area of focus through supplier engagement in 2022.

**Factory level risk assessment**

To further understand where heightened risks may be present in our manufacturing sites, we utilised the customised factory-level modern slavery assessment framework<sup>4</sup>. Through this framework, factory risk profiles are developed by assessing audit data against risk indicators such as

the representation of vulnerable workers including migrants and females, the presence of unions or worker committees, wage rates and overtime levels and country risk ratings.

This additional layer of analysis allows us to engage in targeted capacity building, third party control audits and tailor remediation initiatives per factory, and also helps identify thematic trends across our supply chain more broadly.

The assessment from this framework demonstrated that our Tier 1 factories have a low level reliance on agency and seasonal workers with the majority of the workforce employed as permanent workers, and around 20% of the workforce identifying as domestic migrant workers. The assessment

Grade	Grade Follow-up Audit Timeframe
A	12 - 24 months after last new audit
B	6 - 18 months after last new audit
C or D	Any time once the issue is reasonably believed to be resolved and before production can commence or recommence

<sup>4</sup> [https://theiconic-content-service.cdn.prismic.io/theiconic-content-service/eeaa3744-987a-4297-a7c8-3a8011d4e586\\_THE+ICONIC+-2020-MODERN-SLAVERY-STATEMENT-FINAL.pdf](https://theiconic-content-service.cdn.prismic.io/theiconic-content-service/eeaa3744-987a-4297-a7c8-3a8011d4e586_THE+ICONIC+-2020-MODERN-SLAVERY-STATEMENT-FINAL.pdf)



indicated that 97% of factories have worker representatives in place, however only 3% have a union presence. The most common way workers in our factories raise grievances is via a suggestion box, which indicates there is an opportunity for us to support implementing more effective grievance channels.

Key findings included that more than 75% of factories' overtime levels exceed minimum legal limits, (a common occurrence, particularly in Chinese factories), however 56% of factories provide wages above the minimum wage to all workers, including their lowest paid workers. Of the factories operating in regions where living wage benchmarks are available, 7 (60%) are paying wages in line with that living wage benchmark. The remaining factories provide minimum wages to all workers, including their lowest paid workers. This assessment did not identify any charging of recruitment fees, identification document retention or mandatory overtime, all of which are indicators of forced or bonded labour.

#### **Policy development**

**SUSTAINABLE COTTON POLICY:** We acknowledge the inherent risks in the cotton harvesting sector for forced and child labour, particularly in China and India. From our tracing work to date via third party chain of custody schemes,

we have determined the risk rating of cotton remains high.

To address these risks, a Sustainable Cotton Policy was developed and issued to our Own Brand suppliers. The policy acknowledges 11 third party cotton standards and will support our target of 100% more sustainably sourced cotton by 2025. By sourcing cotton that meets these third party standards, we will gain greater traceability and therefore greater confidence in the labour conditions in our cotton supply chain. We will also be able to address the environmental concerns of heavy chemical and water use in cotton production.

A cotton transition strategy is in development to ensure implementation of this policy and mitigation of these risks.

**CHILD AND FORCED LABOUR REMEDIATION GUIDELINES:** We recognise that COVID has increased the risks of forced labour for supply chain workers around the world<sup>5</sup>. To further support our suppliers in addressing these risks, we developed Child and Forced Labour Remediation Guidelines. The guidelines set out a roadmap to follow if a child or forced labour case is identified, from the investigative phase through to post case root cause analysis. The guidelines also provide guidance on the considerations at each stage and suggested actions to be taken. THE ICONIC is committed

to working in partnership with suppliers and on the ground specialists, where required, to ensure remediation is appropriately handled with the worker's immediate and continued safety the priority.

#### **Addressing undisclosed subcontracting**

As noted in our 2020 statement, we recognise that our use of sourcing agents who select our manufacturing partners results in a lower level of visibility and ability to influence conditions at these sites.

Through a number of tactics<sup>6</sup>, we identified the use of undisclosed subcontracting in China at a small number of sites. This resulted in the issuing of a number of letters in which the contractual breach was highlighted and remediation and undertakings were sought.

Additionally, enhanced onboarding documentation was implemented along with a factory capability assessment to evaluate proposed order placements against factory capabilities to manage any future risks during the product development stage. The recruitment of our Social Compliance Manager will significantly increase our ability to engage both sourcing agents and factories directly to further understand the underlying causes for the lack of transparency, and mitigate this risk going forward.

<sup>5</sup> <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-covid-19.pdf>

<sup>6</sup> Including strengthening our onboarding processes, triangulating data, using quarterly traceability reports and reviewing certified materials documentation.

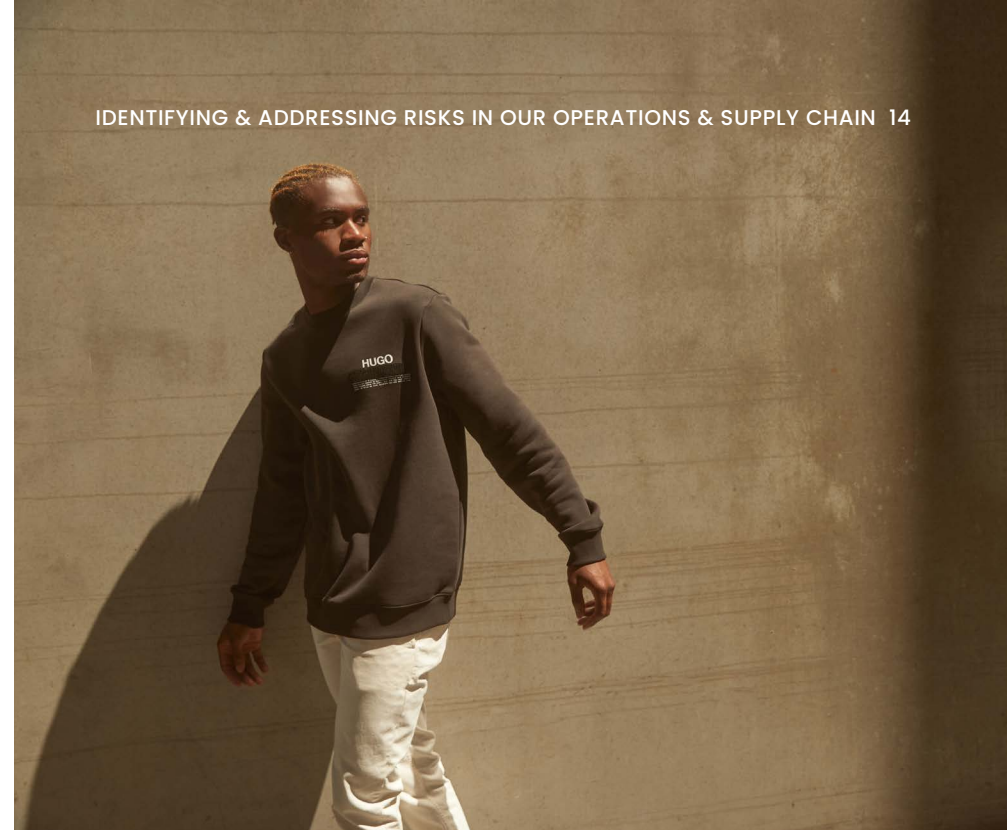


**Commitment to continuous improvement**

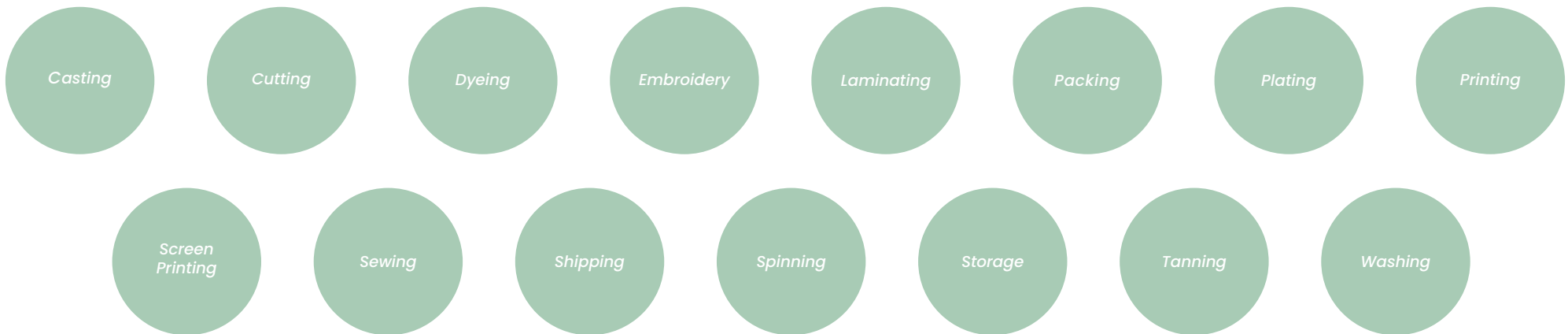
In 2022, we will introduce audit requirements for all Tier 2 facilities performing any final stage manufacturing process. This is a significant change to our current ethical sourcing audit programme and in addition to reviewing how we manage aged non-compliances (an additional area of risk identified), will continue the maturation of our program to support our network of manufacturing sites to improve conditions for workers.

**Supply chain traceability**

Utilising various data sources, we have made progress with mapping our upstream supply chain, gaining visibility of over 600 facilities across our Tier 1 to Tier 4 supply chain completing processes including sewing, casting, spinning and dyeing. These facilities are located in six countries: Bangladesh, India, China, Thailand, Egypt and Australia. A manual process to date, we are in the process of scoping systems based solutions to facilitate this.

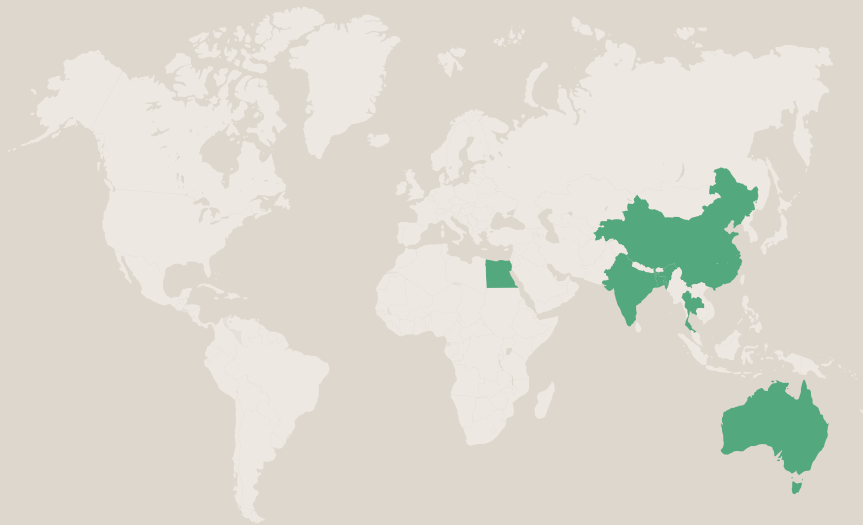


**Tier 1 – Tier 4 Processes Identified**



## Tier 1 to Tier 4 known sourcing countries

- Bangladesh
- Thailand
- Egypt
- China
- Australia
- India



### Material traceability

Our Preferred Materials program aims to drive an increased assortment of more sustainable alternatives such as organic and recycled fibres. This program continues to provide greater visibility of the country and province origin of cotton in particular through certification documentation.

As at 31 December 2021, approximately 30% of the fibres used in our Own Brand products were cotton, with 7% organically grown. Through organic chain of custody certifications, we have been able to identify new countries such as Turkey, India and Kyrgyzstan as source countries for organic cotton fibres and we have included these in our country and commodity risk assessment framework accordingly.

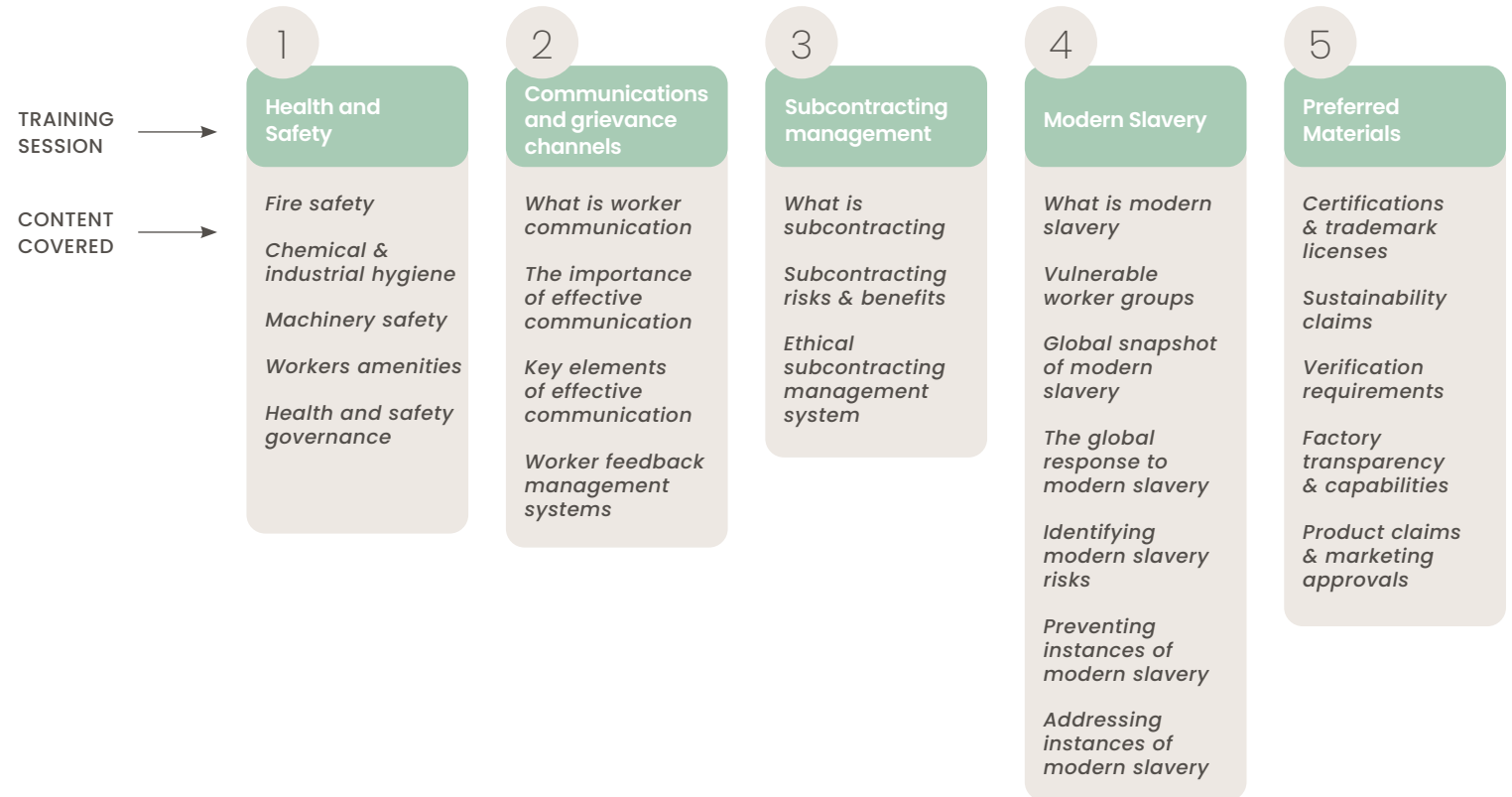
Country	2021 Internal Risk Rating	Child Labour Risks	Forced Labour Risks	Bonded Labour Risks
China	Moderate		 Cotton	
India	Critical		 Cotton	
Bangladesh	Critical		 Garment	
Australia	Insignificant			 Agriculture
Turkey	Critical	 Textiles	 Textiles	
Kryrgyzstan	Critical		 Cotton	 Cotton
Thailand	Moderate		 Garment & Fishing	
Egypt	Critical	 Cotton		

**Supplier capacity building**

A key focus for our due diligence efforts this year has been the capacity building of suppliers through our training program. Training was delivered through interactive virtual sessions with over 150 people attending, including suppliers, agents and factory management from China, Bangladesh and India.

These five training sessions were delivered in both English and Mandarin by subject matter experts from our Sustainability team, and included time for polls and questions to ensure the content was understood.

The schedule of topics was designed to deliver improved outcomes for workers by engaging our suppliers on the 'Why', as much as the 'What' and the 'How' by exploring underlying root causes and providing practical and technical solutions to address supplier challenges.



**Broadening internal capabilities**

Our internal capacity building efforts have also continued with our internal teams where we seek to further embed understanding and ownership of our modern slavery risks across the business.

This year we delivered two customised training sessions to our buying, planning and sourcing functions within the Category Management team, as well as our Risk and Procurement teams. These training sessions focussed on:

**Modern slavery:** The modern slavery training detailed the different types of modern slavery along with examples of where they can be found in our operations and supply chains, as well as the legislation and transparency requirements that exist globally. Crucially, training included the role our team members can play in assisting THE ICONIC to reduce our exposure to modern slavery risks.

During the year, we also worked with our People & Culture team to embed modern slavery content into company wide mandatory training. From 2022, a standalone Modern Slavery module will be compulsory for all employees to complete on an annual basis.

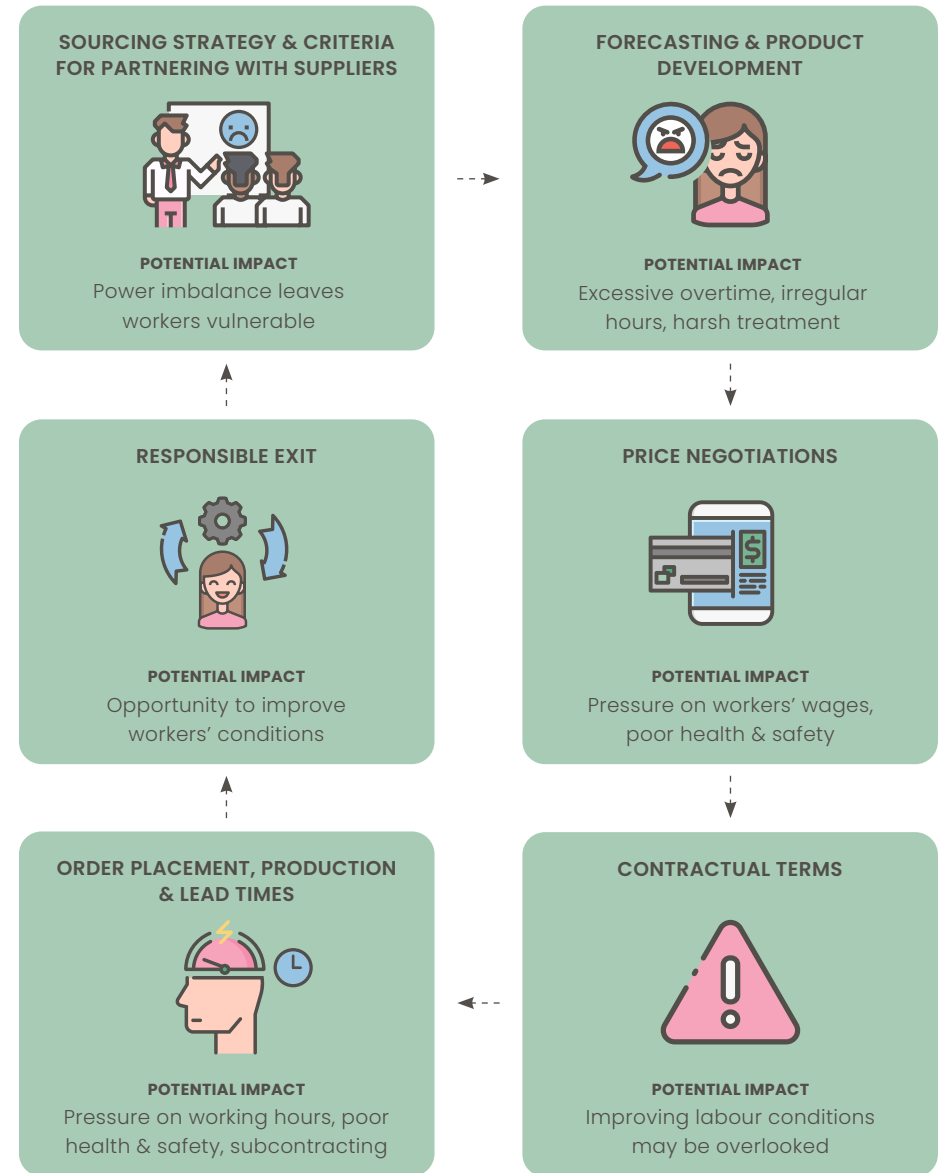
**Responsible purchasing practices:**

In-depth training on Responsible purchasing practices was also provided to our Own Brand buyers and planners. This outlined the buying cycle and included case studies at each stage of production demonstrating potential impacts and consequences of poor buying practices. In a practical and action oriented group task, buyers were encouraged to consider the impacts of certain scenarios and discuss potential methods to reduce negative consequences.

Our buying behaviour plays an important role in ensuring we do not create an environment where minimum expectations for fundamental human rights and decent work cannot be met by suppliers. This was further recognised in a stakeholder materiality assessment conducted during the development of our 2030 Sustainability Strategy, which placed these practices in the top five issues for THE ICONIC to address.

In 2022 we will commence the development of Responsible Purchasing Principles with quantifiable metrics, against which buying and planning departments will be required to report progress, to ensure they are embedded in the way we trade.

**Potential impacts of the buying cycle**



**CASE STUDY: Providing access to remedy**

THE ICONIC recognises that a fundamental right of workers is access to a remedy in the form of effective grievance channels.

In 2020 we launched an independent helpline in a strategic factory in Bangladesh<sup>7</sup>. Helpline calls are categorised into (i) non urgent; and (ii) urgent safety or labour related categories and reported on a monthly basis unless immediate action is required due to severity of the issue.

Operated by a locally based civil society organisation, the helpline has been utilised by workers to address a range of concerns including wage related issues as well as factory conditions and factory management behavioural issues. A total of 74 calls were made during 2021 with 45% related to compensation.

In-line with the helplines escalation protocol, three calls required our engagement to assist with obtaining a successful outcome. Our engagement ensured a termination payment was made to a worker, and immediate disciplinary action including formal apology to workers, management training and a written warning notice issued related to two instances of verbal and physical abuse given the zero tolerance of issues of this nature.

This helpline has provided an effective channel by which workers can see action

taken to resolve situations impacting their personal and professional lives.

While we have seen an overall increase in the usage of the helpline over the course of the 17 months of its operation, with calls nearly doubling in number every six months, the helpline has seen fluctuations in its use over 2021 with some months seeing very few calls and some with an unusually high volume. To ensure the helpline’s ongoing efficacy, as well as our understanding of its effectiveness, we have maintained monthly calls with the supplier and helpline operator to ensure workers are provided with ongoing training and reminders about the helpline to encourage use. In addition to these measures, in the second half of 2021 helpline reminder SMS notifications were sent to workers. This action saw a marked increase in call volumes with numbers tripling in the four months following the notifications (a useful indicator of its effectiveness).

Recognising the systemic nature of verbal and physical abuse experienced by workers in Bangladesh factories<sup>8</sup> we are also committed to ensuring that workers in all sourcing regions of our supply chain have access to effective worker dialogue mechanisms and independent grievance mechanisms. We will commence further rollout of these initiatives as per our 2030 strategic commitments.

Tier	Definition	Total # Issues
<b>Urgent: Labor Issues</b>	Physical abuse and harassment	1
<b>Non-urgent: Labor Issues</b>	Compensation - Overtime	2
	Compensation-Wages/Benefits	34
	Hours of work	1
	Leave	7
	Mobile phone use/access	2
	Other	1
	Termination	4
	Verbal abuse	7
<b>Non-urgent: Safety</b>	Health - Inadequate facilities	6
	Health - Occupational safety hazards and risks.	1
	Inadequate facilities/maintenance of hygiene	6
<b>General Inquiries</b>	Helpline inquiry	2
		74

<sup>7</sup> [https://theiconic-content-service.cdn.prismic.io/theiconic-content-service/eeaa3744-987a-4297-a7c8-3a8011d4e586\\_THE+ICONIC+-2020-MODERN-SLAVERY-STATEMENT-FINAL.pdf](https://theiconic-content-service.cdn.prismic.io/theiconic-content-service/eeaa3744-987a-4297-a7c8-3a8011d4e586_THE+ICONIC+-2020-MODERN-SLAVERY-STATEMENT-FINAL.pdf)  
<sup>8</sup> [https://www.ilo.org/wcmsp5/groups/public/-/asia/-/ro-bangkok/-/ilo-dhaka/documents/publication/wcms\\_754669.pdf](https://www.ilo.org/wcmsp5/groups/public/-/asia/-/ro-bangkok/-/ilo-dhaka/documents/publication/wcms_754669.pdf)





**Commitment to transparency**

A continued commitment to transparency underpins our human rights objectives. Whilst we continue to provide a public list of our Tier 1 factories on our website, updated on a monthly basis, we have also commenced contributing to the Open Apparel Registry, a collaborative open source industry tool, which maps the locations of garment facilities.

**The impacts of COVID**

We recognise the continued impact that the pandemic has on supply chain workers around the world, which has been visible in various ways<sup>9</sup> through our supply chain partnerships. Our approach and response to any implications due to COVID related circumstances has been to work collaboratively with suppliers and factories to ensure minimal financial or operational disruption.

Further, we have maintained dialogue with suppliers and understanding the availability of vaccinations, PPE and health protocols has also been a key priority. Our factories have generally reported ease of access and uptake to vaccinations, as well as minimal reports of factories experiencing operational impacts due to workforce illness. Factories maintain COVID safety measures including access to PPE in line with government requirements.

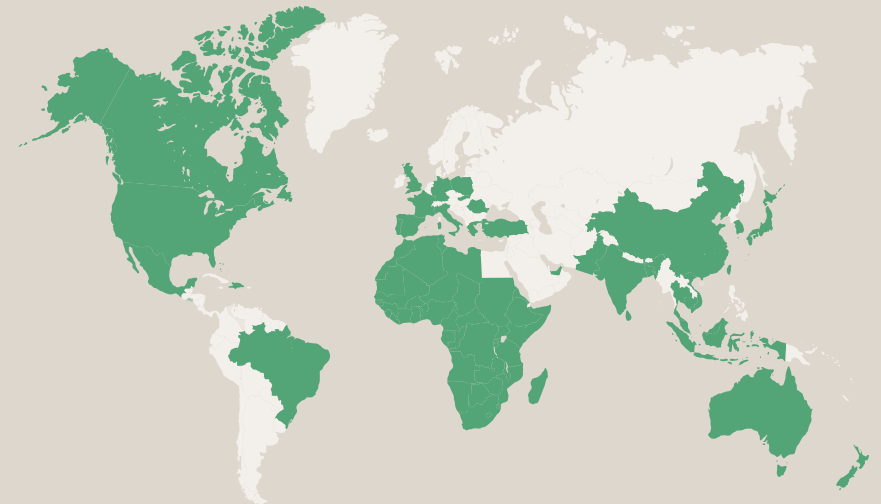
**Third Party Brands supply chain**

While a lower level of visibility of supply chain conditions within our wholesale and marketplace supply chain drives an inherently higher risk rating, we have, however, gained an increased level of visibility of our Third Party Brands supply chains, with country of manufacture information now available for around 80% of our 2021 intake. Of this 80%, at least 35 countries were identified providing initial insight into country risk exposure in this area of our business. In 2021 we built on the due diligence criteria mentioned in our 2020 statement by introducing a process to conduct brand level risk assessments during brand onboarding. This process utilises external publicly available source data including information on modern slavery risks to determine a risk score by brand, which we use to inform brand onboarding decisions.

While we take responsibility for the role we can play to provide capacity building opportunities and raise awareness of modern slavery risks, ultimately we place responsibility with our brand partners to ensure they have the policies and procedures in place to understand, identify and mitigate the risks of modern slavery in their supply chains, and ensure they meet any applicable modern slavery reporting requirements.

**Third Party Brands sourcing countries**

<b>Africa</b>	<b>France</b>	<b>New Zealand</b>	<b>Taiwan</b>
<b>Australia</b>	<b>Germany</b>	<b>Pakistan</b>	<b>Thailand</b>
<b>Bangladesh</b>	<b>Greece</b>	<b>Poland</b>	<b>Turkey</b>
<b>Brazil</b>	<b>India</b>	<b>Portugal</b>	<b>UAE</b>
<b>Cambodia</b>	<b>Indonesia</b>	<b>Romania</b>	<b>United Kingdom</b>
<b>Canada</b>	<b>Italy</b>	<b>Slovakia</b>	<b>USA</b>
<b>China</b>	<b>Japan</b>	<b>South Korea</b>	<b>Vietnam</b>
<b>Dominican Republic</b>	<b>Malaysia</b>	<b>Spain</b>	
<b>El Salvador</b>	<b>Mexico</b>	<b>Sri Lanka</b>	



<sup>9</sup> Including supply shortages, shipping delays and workforce shortages due to factory closures as a result of government enforced lockdowns

### **Commodity and sector risks**

In addition to existing identified risks in the extraction of raw materials such as cotton, our broader product offering sees minerals now included in our commodity risks.

This includes conflict minerals such as tungsten, tantalum, tin and gold in certain electrical appliances. In the beauty category, we have identified cosmetic products that contain the mineral mica, a shimmer like ingredient, which carries the potential for unsafe working conditions and hazardous child labour when mined in countries including India. It is understood that many of the mines are illegal, and that the number of people working in them has only continued to increase due to the economic impacts of COVID.

Our homewares offering includes electronics, a sector which carries a risk of forced labour in China and Malaysia, with particular risks of exploitation of migrant workers including deceptive recruitment practices such as excessive recruitment fees in Malaysia<sup>10</sup>. Artisan produced products across the beauty, home and accessories categories carry risks for unmonitored homework practices<sup>11</sup>.

Our 2022 Action Plan has therefore prioritised training relevant brand partners on these particular risks as well as measures

to identify and mitigate them from their supply chains.

### **Brand engagement**

In 2021, over 300 agreements with Third Party Brands were signed containing a comprehensive modern slavery clause.

Further to this, we continue to deepen our understanding of, and engagement with, the supply chains of our Third Party Brands. In 2021 we continued our program of one-on-one brand engagement with those identified as lacking in systems and policies to manage their own supply chain impacts. These sessions provided shared learning opportunities as well as provision of resources on topics including modern slavery and reporting requirements, supply chain social compliance management and sustainable materials. We are committed to continuing this work throughout 2022 through the development and implementation of the GFG Human Rights Standards for Brands, as per the commitments in our 2030 strategy.

### **Considered Edit**

We know we play a role in influencing the availability of more sustainable and responsible products and brands to meet customer demand, as well as driving industry change through our own

purchasing decisions. We are committed to increasing the assortment of products and brands in Considered, our edit that highlights products with sustainability credentials and enables customers to shop by their values. In 2021, the assortment of Considered products made up 15% of all products onsite (an increase from 9% in 2020) with 26% of those meeting our Fair Production or Community Engagement<sup>12</sup> criteria. This demonstrates the continued action taken by both our brands and buyers to prioritise developing and purchasing more sustainable products.

### **Our operations**

Our operations, based in Sydney, consists of three hubs – our Head Office, e-Commerce Production Hub and Fulfilment Centre (FC). Additionally, IT helpdesk and Production team members joined our existing Customer Service and Finance staff located in the Manila office, who are employed via our sister company Zalora.

Our recruitment and onboarding processes ensure that we comply with relevant legislation and industry codes and are accompanied by robust reporting processes and a suite of policy controls across the group which apply to all staff and contractors.

## Internal policies (including GFG policies)

- *THE ICONIC Code of Conduct*
- *Business Conduct & Ethics Policy*
- *Health, Safety and Wellbeing Policy*
- *Discrimination, Harassment and Bullying Policy*
- *Anti-Bribery and Anti-Corruption Policy*
- *Contractor Management Policy*
- *Insider Trading Compliance Policy*
- *Sanctions Policy*
- *Speakup/Whistleblower Policy*
- *Governance Policy*

<sup>10</sup> <https://danwatch.dk/en/undersogelse/how-the-global-electronics-industry-came-to-rely-on-forced-labour-and-debt-bondage/>

<sup>11</sup> <https://www.ethicaltrade.org/blog/putting-homeworking-gender-agenda>

<sup>12</sup> <https://www.theiconic.com.au/sustainability-credentials/>



After policy and training development took place in 2020, compulsory procurement training was rolled out to all Head Office staff as well as leadership at our Fulfilment Centre. The pre-procurement checklist, policy, and step-by-step procurement guide, including sections on modern slavery risks, are always accessible via our internal Knowledge Library which also houses our Governance Manual, implemented as compulsory company-wide governance training.

In our operations, the potential for indicators of modern slavery is higher through the use of third party recruitment agencies at our Fulfilment Centre. Given the extraordinary events of this year, COVID impacts on our labour force at the Fulfilment Centre led to a more transient workforce given the isolation and lockdown mandates, as well as a need to manage COVID safety through split shifts and operational adjustments including allocating capacity limits on site.

#### ***Labour service providers due-diligence framework***

We recognise that labour services sourced for manual tasks include a higher representation of vulnerable groups including migrant and temporary workers, a comprehensive risk assessment across industry sectors was conducted in line with GFG's 2021 update of the governance framework for labour service providers.

An initial review was undertaken of in-scope service providers across the

cleaning, security, maintenance, labour hire, freight and last mile delivery sectors. The output was a preliminary risk assessment, however given the turnover of labour service providers during the peak of COVID, in 2022 a secondary review will be undertaken which will inform the actions and next steps required to engage providers based on their resulting risk ratings.

In addition to a detailed questionnaire, our due diligence includes reviews of operating licences, assessment of employment systems and procedures, as well as an employment cost vs rate analysis. Those rated high risk will undergo a greater level of assessment and be required to engage directly where necessary to improve their practices.

#### ***Updated response to COVID in our operations***

The global pandemic has brought new impacts and challenges to our operations. Our COVID Taskforce, reporting to the GFG global taskforce, was formed in 2020 to ensure we moved swiftly to implement safeguards for our staff at all sites and those in our extended supply chain. As a result, we had a strong governance foundation to effectively respond to the volatility of outbreaks and interpret rapidly changing government guidelines.

Remote working provisions remained in place for staff not required to be on site with additional support provided to facilitate safe working from home environments. For frontline teams required to remain on-site,

the existing safety protocols (such as physical distancing, split shifts, mandatory face masks, enhancing cleaning schedules and hand sanitisation) were uplifted with the introduction of mandatory QR check-ins and on-site Rapid Antigen Testing (RAT). The recruitment of COVID Marshalls ensured compliance with safety and hygiene protocols.

The COVID Taskforce implemented a clear and comprehensive internal communications strategy that provided awareness, support and peace of mind for all staff. It enabled them to continue to work in a safe and legally compliant way even with the onset of new internal protocols and external rules enforced by Public Health Order, such as the Local Government Area (LGA) movement restrictions. The refresh of Business Continuity Plans including site shutdown procedures and responsibilities meant that the response to any potential COVID exposure was managed to meet NSW Health requirements and timelines.

A sophisticated contact tracing process was established in the Fulfilment Centre, in partnership with our Labour Hire Agencies and NSW Health. This overlaid access pass data, CCTV footage and roster data to accurately identify potential instances of close and casual contacts, thereby providing greater certainty to staff and minimising the detrimental impact of mandated isolation. The implementation of Smart Badge technology in the last quarter of 2021



provided wearable contact tracing to further bolster the tracing process.

These activities were accompanied by a regular and collaborative dialogue with the applicable unions (the United Workers Union and the Shop, Distributive and Allied Employees Association) providing assurance to its representatives and membership that THE ICONIC places the highest priority on the safety and wellbeing of its people across all sites. THE ICONIC also supported requests for site visits and details of mitigation procedures to clearly demonstrate this position.

#### ***Speak Up! and whistleblowing programme refresh***

In 2021 we uplifted our internal reporting mechanisms (via the NAVEX-developed EthicsPoint incident tool) and created a stand-alone Speak Up! and Non-Retaliation Policy that formalises our existing Speak Up! culture already enshrined in the Code of Conduct. These changes not only ensure compliance with the recent EU Directive 2019/1937 on the protection of persons who report breaches of EU law but also support alignment with THE ICONIC's values by ensuring that employees have all the tools and awareness necessary to raise concerns directly, confidentially, and free from retaliation.

Whilst we have focused in 2021 on developing whistleblowing processes and policies internally, we plan to communicate and roll these out to both internal employees and external stakeholders such as factory workers and the wider supply chain in 2022 to further support our ethical business agenda.

#### **Our non-trade supply chain**

An overall increase in non-trade procurement was seen during the reporting period, with greater service provision in the security, cleaning, logistics and freight-forwarding categories largely due to COVID impacts.

The reliance on migrant, temporary and low-skilled labour in these industry sectors leads to an inherently higher risk profile which needs to be managed accordingly:

- In 2021, a periodical long-form capability risk assessment questionnaire was issued to incumbent cleaning providers servicing all three sites in our Sydney operations. A comprehensive review was conducted of supporting documentation including payslips, employment contract templates, insurance policies, OHS and harassment policies as well as

processes to ensure compliance with employment and right to work regulations.

- Due diligence was also conducted on a new security provider in 2021, which will be repeated in 2022, as well as incumbent (and new) logistics and freight forwarders providing services for new product categories in Home and Beauty.
- Capability risk assessments followed by supplier engagement continued to be conducted for new providers in high risk categories during onboarding including a catering provider at our Fulfilment Centre, last mile logistics carriers and labour hire agencies.
- In parallel with the development of the labour services framework, our capability risk assessment questionnaire for all vendors was enhanced with additional questions addressing modern slavery risks and requirements for supporting documentation.

The learnings from the above indicate an additional need for engagement of non-trade suppliers in high risk industry sectors, which will be prioritised in 2022.



04



# Evaluating the effectiveness of our actions

Frequent re-evaluation of systems and processes is key to our commitment to continuous improvement. Assessing whether our actions are achieving the change or outcomes they are designed to is supported by a healthy governance lens via regular reporting to leadership, as well as feedback from key stakeholders.

Underpinning our modern slavery efforts is ensuring a broad understanding across the business of where these risks

lie, how they eventuate and measures to be taken to prevent them. This year we have focused heavily on capacity building and driving cross-functional ownership, as well as increasing governance and controls.

We utilise both qualitative and quantitative indicators to evaluate success against intended outcomes and where opportunities have been identified, policies and programme expectations have been adjusted.



<p><b>Governance and strategy</b></p>	<p>Considerable efforts were made toward the development and enhancement of modern slavery policy controls and Cross-Functional ownership. These efforts were in response to emerging human rights risks in addition to the evolution of our programme.</p> <p>Examples of progress include:</p> <ul style="list-style-type: none"> <li>• Policy development and implementation - three new trade and non-trade supplier policies and two new operational policies</li> <li>• Widened accountability and resourcing - Category Management joined the Modern Slavery Cross-Functional Working Group, Sustainability Business Partner role created in Category Management, Social Compliance Manager recruited in China (commenced January 2022)</li> <li>• Collaborative development of 2025/2030 strategic targets which incorporate time bound metrics to drive human rights agenda forward</li> <li>• Furthering transparency of Own Brand supply chains to Tiers 3 and 4 and the inclusion of Tier 2 sites into our audit programme</li> </ul>
<p><b>Stakeholder engagement and collaboration</b></p>	<p>We continued to further understand stakeholder's expectations of our programme. Our parent company, GFG, conducted workshop sessions with both external and internal stakeholders, which provided constructive insights into areas of prioritisation and helped develop our 2030 sustainability strategy.</p> <p>In addition to taking part in the Open Apparel Registry, and continuing our work with ELEVATE, a specialist supply chain consultancy, we will continue to identify new partners, which we will be aligning with to realise our strategic ambitions.</p>
<p><b>Own Brand factor audit programme</b></p>	<p>During 2021 we rolled out two successful working hours systems implementation projects to support factories where systemic non-compliances were identified related to working hours record keeping systems not being sufficient to effectively manage working hours, overtime or wages. These projects were implemented by our Social Compliance team and took factories through best practice working hours systems management, how the systems could be implemented in the factory and what the benefits are to both factory and workers. By increasing the resourcing of our social compliance program in 2022 we aim to enable more facilitated support projects for factories to improve the working conditions and outcomes for both factory management and workers.</p> <p>In response to a forced labour risk assessment conducted in late 2020, aimed at understanding migrant labour risks, we commissioned one control audit to gain further understanding of working conditions in a factory which presented potential high risk modern slavery indicators. The audit did not identify any findings of concern, however, we will continue to utilise a control audit program in conjunction with on site factory visits to provide an additional layer of insight and due diligence of the working conditions in our manufacturing facilities. The detection of undisclosed subcontracting through the review of multiple data sources demonstrated the additional rigour that we continued to apply to our processes this year. We will monitor the additional onboarding process and buying protocols enacted as a result of the findings to determine if they are effective by continued data triangulation. An additional audit requirement for Tier 2 factories will also be implemented in 2022, which will increase the visibility and due diligence at subcontracting facilities with the aim of reducing the likelihood of unauthorised subcontracting.</p>

<p><b>Grievance mechanisms and access to remedy</b></p>	<p>Operating the independent helpline in Bangladesh at a strategic factory for over a year has allowed us to evaluate the service through the lens of the United Nations Guiding Principles on Business and Human Rights (UNGP) criteria for effective operational grievance mechanisms.</p> <p>Measured against these principles, we have assessed the helpline as performing effectively and will continue our close engagement with our supplier and helpline partner to ensure it continues to deliver rights-compatible outcomes to workers.</p>
<p><b>Supplier training</b></p>	<p>A commitment to building skill sets amongst our suppliers saw the continued roll out of our training programme with 10 sessions delivered in English and Mandarin to over 150 participants.</p> <p>Supplier training will continue in 2022 using feedback gained through post webinar surveys to determine approach and topics to ensure training provided is responsive to suppliers needs whilst continuing to communicate our minimum expectations. We will continue to include the use of polls throughout training content to test levels of knowledge.</p> <p>In China, we hope to return to some face-to-face learning in the next reporting period with the recruitment of our Social Compliance Manager in that region. Whilst our virtual learning webinars have received positive feedback, we have struggled to sustain the level of attendance possible at in-person events. Nevertheless, we will continue to refine online delivery methods as we recognise this format remains practical and will continue for some time.</p>
<p><b>Internal capacity building</b></p>	<p>Our Category Management team was the focus of internal training efforts this year to broaden understanding as well as responsibility.</p> <p>A modern slavery training session was delivered to 155 members and Responsible Purchasing Training to 33 Own Brand buyers and planners. Engagement following both sessions demonstrated they were effective in building an understanding of the role our commercial team plays in managing risks and the steps they can take in their supplier relationships to counter these risks from arising.</p> <p>The upweighting of modern slavery training to an annual core compulsory module from 2022 demonstrates to all staff across the business the importance senior leadership place on the management of these risks.</p> <p>As key partners in the implementation and development of our ethical sourcing programmes, Risk and Procurement teams also received modern slavery training.</p> <p>Company-wide procurement training on the newly developed Procurement policy and guidance documents was completed by 593 staff members.</p>



05

# Update on commitments

As outlined in our 2020 Modern Slavery Statement key actions were identified and prioritised for delivery in 2021. In addition to the comprehensive sustainability strategy development, there was significant progress made to deliver against commitments of the 2021 Modern Slavery Action Plan.

PROCESS IMPROVEMENT AREA	ACTION ITEM	2021 STATUS
Internal capacity building	Extend modern slavery training for internal employees via the development of dedicated training module	Achieved
	Re-run responsible purchasing practices training	Achieved
External capacity building	Deliver modern slavery training to Own Brand suppliers	Achieved
	Engage top Third Party Brands to build their capacity on managing modern slavery risks	Ongoing
	Expanding our ethical sourcing team to China to enable on-the-ground factory engagement and support for worker training initiatives	Achieved
Process improvements	Re-run annual risk assessment on logistics carriers and conduct further engagement where required	Ongoing
	Re-run annual risk assessment on cleaning service providers and conduct further due diligence where required	Ongoing
	Develop process to analyse age of open non-compliances & scope revised onboarding guidance to prevent open issues being carried over	Ongoing
	Continue traceability of Tier 2 and beyond Own Brand supply chain	Ongoing
	Develop forced and child labour remediation guidelines	Achieved

# Planned activities for 2022



In response to the ongoing and new risks identified through our annual enterprise modern slavery risk assessment, we continue to identify key priorities to manage and mitigate the modern slavery risks in our business operations and supply chain.

## *External engagement & capacity building*

- Continue due diligence on indirect suppliers including cleaning and security services, labour service providers and logistics providers.
- Continue due diligence and training for Third Party Brands including developing Human Rights Standards.
- Implement supplier and worker training schedule for Own Brand supply chain.
- Implement worker dialogue controls in Own Brand factories.
- Commence living wage benchmark assessment of Own Brand factories.

- Commence Own Brand sourcing strategy project to gain deepened relationships with suppliers through supply chain efficiencies.

## *Improve policies & procedures*

- Update Responsible Purchasing Practices Policy and train relevant internal stakeholders.
- Develop due diligence response to Factory level modern slavery risk assessment.
- Develop Own Brand Homeworker Policy & review Supplier Code of Conduct.
- Upweight Own Brand factory due diligence including introducing Tier 2 audit requirement.





# Appendix

MANDATORY REPORTING CRITERIA & RELEVANT STATEMENT SECTION	SECTION	PAGE NUMBERS
<b>1 &amp; 2</b> Identify the reporting entity and describe its structure, operations and supply chains	Our Structure, Operations & Supply Chain	06 to 07
<b>3</b> Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	Identifying & Addressing Risks In Our Operations & Supply Chain	10 to 22
<b>4</b> Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	Our Actions To Assess & Mitigate Modern Slavery Risks In Our Operations & Supply Chain	10 to 22
<b>5</b> Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Evaluating The Effectiveness Of Our Actions	23 to 25
<b>6</b> Describe the process of consultation with any entities the reporting entity owns or controls	N/A No controlled entities	N/A
<b>7</b> Any other relevant information	Update on Commitments Planned Activities for 2022	26 & 27



# THE ICONIC

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