



AAG Holdco Pty Ltd – ACN 653537672

Active Apparel Group Pty Ltd – ACN 011035313

JOINT MODERN SLAVERY STATEMENT

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

REPORTING PERIOD: 1 January 2023 – 31 December 2023

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Acknowledgement of Country

Active Apparel Group acknowledges the many Traditional Owners of the lands on which we operate, and pays our respects to their Elders past, present, and emerging. We recognize their strengths and enduring connection to lands, waters, and skies as the Custodians of the oldest continuing cultures on the planet.

CEO Report

As the CEO of Active Apparel Group, I am proud to present our Modern Slavery Statement for the year 2023. This statement outlines our unwavering commitment to eradicating modern slavery and human trafficking within our operations and supply chains. In 2023, we made significant strides in enhancing our practices, ensuring that we reinforce our commitment to ethical business conduct and social responsibility.

Key Achievements in 2023:

This year, we have expanded our efforts to address modern slavery risks comprehensively. Our primary focus has been on increasing the robustness of our due diligence processes, enhancing supplier engagement, and implementing strategies to ensure ethical practices across our supply chain.

- **Living Wage Audit:** Building on our initial audit conducted in collaboration with Lorna Jane in 2022, we commissioned a standalone living wage audit through Bureau Veritas. Using the Anker methodology, this audit confirmed that our workers are consistently paid above the calculated living wage, surpassing the local minimum wage by 29%. This initiative underscores our commitment to fair compensation and worker well-being.
- **Supplier Screening and Risk Assessment:** In 2023, we implemented a comprehensive supplier screening process in collaboration with external consultants, The Growth Activists. This initiative aimed to illuminate critical issues within our supply chain and drive continuous enhancement across key pillars: Labour Standards, Health + Safety, Environment, Materials Transparency, and Business Ethics. Through this process, we engaged in extensive analysis and prioritisation of high-risk suppliers, ensuring compliance with our ethical standards, resulting in the development of a 3-year improvement roadmap to provide more transparency and improve supplier practices.
- **Audit Findings and Corrective Actions:** Our commitment to transparency and ethical practices was reinforced through rigorous audits. The 2023 WRAP audit at our Ningbo Longson Garment factory confirmed compliance with all 12 WRAP principles. However, it identified issues related to excessive overtime, which we promptly addressed through revised work schedules and stricter monitoring mechanisms. Similarly, our SMETA 4 Pillar audit highlighted areas for improvement in working hours and wage calculations, leading to immediate corrective actions.
- **Managing Modern Slavery Risks in Cotton Supply Chains:** Recognizing the inherent risks associated with cotton sourcing, we undertook significant measures to enhance traceability and transparency through our newly implemented supplier screening process. We ensured that all our primary Chinese cotton suppliers are third-party certified and have adopted our Supplier Code of Conduct. Additionally, we are exploring digital solutions like Retraced or TrusTrace to further track the journey of cotton materials through our supply chain.

Continuous Improvement and Future Commitments:

Our approach to combating modern slavery is rooted in continuous improvement and proactive engagement. In 2023, we developed a formal framework for measuring the progress of our actions, benchmarking our practices against B Corp certification standards. Moreover, we have expanded our training programs to enlighten our employees and suppliers about the identification and addressing of modern slavery risks. Our internal policies, including our Supplier Code of Conduct,

WRAP Certification Manual, Code of Ethics, Anti-Corruption Policy, and Whistleblower Policy, are regularly reviewed and updated to reflect evolving best practices and legal requirements.

In conclusion, I am proud of the progress we have made in 2023, and we remain steadfast in our commitment to eradicating modern slavery. Our journey is ongoing, and we are dedicated to continuously refining our practices to ensure the highest standards of ethical conduct.

Thank you for your continued support.

Sincerely,

Daniel Hawker

A handwritten signature in black ink, appearing to read 'D. Hawker', with a stylized flourish at the end.

Chief Executive Officer
Active Apparel Group

1. Identify the reporting entity

Statement on reporting entities

The mandatory reporting entities for this joint statement under the Modern Slavery Act 2018 (Cth) are AAG Holdco Pty Ltd (ACN 653537672) and Active Apparel Group Pty Ltd (ACN 011035313) for the period of 1 January 2023 to 31 December 2023. AAG Holdco Pty Ltd is legally domiciled in Australia and has its corporate headquarters in Brisbane, Queensland. This Statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act 2018 (Cth). This Statement also covers a number of subsidiaries that AAG Holdco Pty Ltd, as the parent entity, owns or controls, that are not individually mandatory reporting entities under the Act. These entities are registered in Australia, unless otherwise noted:

- AAG Investco Pty Ltd
- AAG Holdings Pty Ltd
- AAG Wearable Technologies Pty Ltd
- 2 Chillies Pty Ltd
- Henmac Investments Pty Ltd
- Huge Faith Group Limited (registered in Hong Kong)
- Jiujiang Longson Active Apparel Co., Ltd (registered in China)
- Ningbo Longson Garments Co., Ltd (registered in China)
- Ningbo Active Sourcing and Consulting Co., Ltd (registered in China)
- Active Apparel Group (Hong Kong) Limited (registered in Hong Kong)
- Ningbo Active Apparel Co., Ltd (registered in China)
- AAG (US Holdco) LLC (registered in USA)
- Active Apparel Group (America) LLC (registered in USA)
- AAG Promotions LLC (registered in USA)
- ALWRLD LLC (formerly AAG SF LLC) (registered in USA)
- Active Apparel Group (Canada) Ltd (registered in Canada)
- Active Apparel (Singapore) PTE Ltd (registered in Singapore)

Along with the reporting entities, AAG Holdco Pty Ltd and Active Apparel Group Pty Ltd, these entities are referred to throughout this Statement as “AAG” or “the Group.”

As required by the Modern Slavery Act 2018 (Cth), this statement reports on the risk of modern slavery in our operations and supply chains and outlines the actions taken to address those risks throughout the reporting period ending on 31st December 2023. The disclosures in this report pertain to AAG and its subsidiaries during the reporting period unless specified otherwise.

The AAG Holdco Board, as the higher governing entity, has approved this statement and has authorised the CEO, as a member of the AAG Holdco Board, to sign the statement.

2. Describe the reporting entity's structure, operations and supply chains

History

AAG has established itself as a leading force in activewear and swimwear for both everyday wear and performance needs. Our journey began in 1987 as Eclipse Textiles, supplying stretch fabrics to Australian manufacturers in swimwear, dancewear, and sportswear.

In 2003, AAG expanded its operations by starting production in China. This move was solidified in 2006 with the incorporation of our subsidiary, Ningbo Longson Garments Co. Ltd, which leased its first factory in Jiangbei, China. A testament to growth, AAG relocated to a significantly larger factory in Ningbo, China in 2012.

AAG's commitment to international presence continued with the establishment of our Los Angeles office in 2016. This year also marked a significant step towards ethical production as our Longson China factories received WRAP certification and completed SQP (Supplier Qualification Program) and WCA (Workplace Conditions Assessment) Audits.

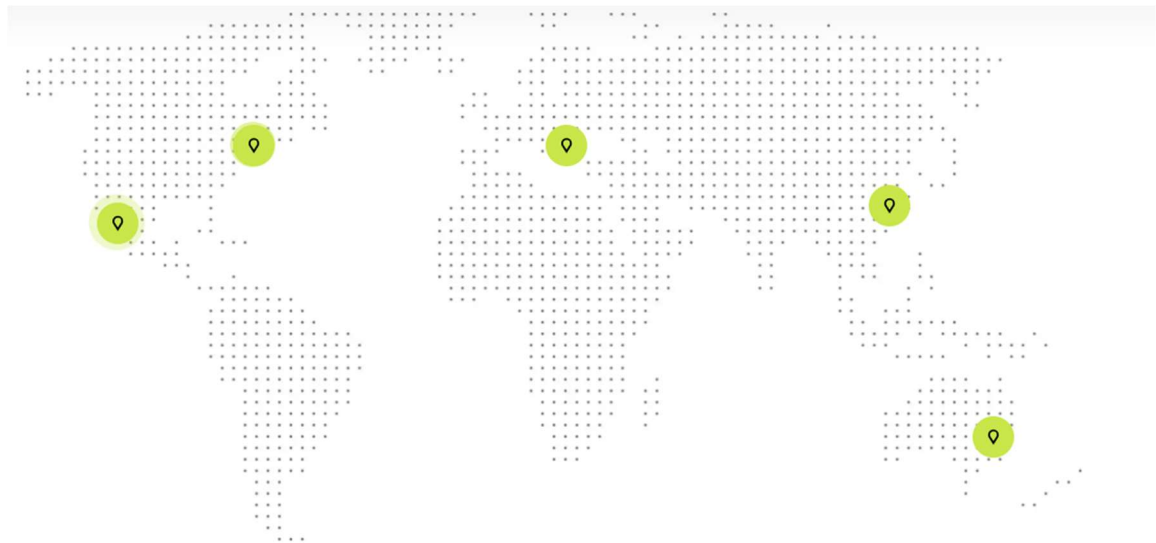
Further solidifying our design focus, AAG opened a New York design office in 2017, followed by a showroom in the same city in 2021. Most recently, we expanded our reach to Europe with the opening of our first office in Milan, Italy, in 2022.

Our Operations

AAG maintains a substantial global presence, with dedicated teams located across four continents and established offices in various strategic locations.

- Our corporate headquarters is situated in Brisbane, Queensland, Australia.
- Our in-house design team operates from the bustling Garment District of New York City, USA.
- The heart of our primary manufacturing operations is in the Jiale Industry Zone, Gulin Town, Haishu District, Ningbo, Zhejiang Province, China ("Ningbo site").
- Additionally, our offices in Los Angeles and Milan serve as vital hubs for our operations.

A Global Presence



Los Angeles
New York

Brisbane
Milan

Ningbo

Our Team

As of the reporting period, 1 January 2023 to 31 December 2023, AAG employed 1928 team members, 97% of which are based in China. This is a 28% decrease in total workforce since 2022.

Employee Breakdown by Employment Type

- >99% are full-time employees
- <1% are part-time employees
- <1% are contractors who AAG engages on a temporary basis

Employee Breakdown by Region

- China - 97%
- US - 2%
- Australia - 1%
- Italy - <1%

Employee Breakdown by Type (Profession)

Inside China

- Production, Production Support – 90%
- Administration & Other – 5%
- Executive, Finance, HR, IT – 3%
- Post Production (Logistics, Packing etc.) – 2%

Outside China

- Product Development, Design, Graphics, Production Support – 58%
- Executive, Finance, HR, IT – 27%
- Administration, Logistics & Other – 15%

Our Supply Chain

Number and Type of Suppliers

During the reporting period, AAG had a total of 66 key direct suppliers (Tier 1), representing approximately 80% of our total annual spend. This was an increase of 32% in the key supply base compared to the 2022 reporting year.

In addition to these key direct suppliers, AAG had approximately 250 smaller 'one off' or 'tail end' suppliers in 2023. AAG had limited or non-ongoing commercial relationships with these 'tail end' suppliers, and together, they represented the remaining 20% of our annual procurement spend.

Of the 66 key suppliers within AAG's supply chain, 21 are designated as nominated suppliers through partnerships with our clients and brands.

"Nominated suppliers" refers to specific suppliers that have been selected, designated, or formally identified by our partners (clients and brands) to provide goods or services within our supply chain.

Supplier Categories

Our top procurement spend categories across key suppliers is broken down as follows:

- Raw Materials (fabric, trims, excludes cotton): 54% of total spend
- Cotton: 11% of total spend
- Freight & Logistics: 9% of total spend
- Product or Garment Manufacturers: 6% of total spend

Supplier Region

Our key suppliers remained predominantly international, with the following breakdown by location (listed in order of highest proportion of direct supplier expenditure to lowest):

- China - 70%
- Italy - 14%
- USA - 7%
- Australia - 6%
- Taiwan - 3%
- Turkey - less than 0.5%

3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls

During the reporting period, AAG thoroughly examined our operations and supply chain but did not identify or receive any reports of actual or suspected instances of modern slavery. We understand that the absence of reports does not guarantee that modern slavery risks are minimal or non-existent and we remain committed to continuously assessing and addressing the risks associated with modern slavery.

As an apparel manufacturer primarily operating in China, we recognize that our industry as a whole is categorized as having a relatively high level of modern slavery risk. This recognition underscores our determination to proactively address and mitigate modern slavery risk within both our operations and supply chain.

Risks in our Supply Chains

Inherent Country and Commodity Risk

AAG faces significant risks in our supply chain, particularly given that 70% of our supply chain operations are based in China. China's manufacturing landscape presents inherent challenges related to modern slavery, including forced labour, debt bondage, poor working conditions, and the risk of child labour. These risks are exacerbated by the concentration of our supply chain operations in a single geographic region, making us more vulnerable to disruptions and human rights concerns.

Furthermore, 11% of our category spend is allocated to cotton, a significant portion of which is sourced in China. The cotton industry in China, especially in regions like Xinjiang, has been associated with reports of forced labour and human rights abuses. The use of coercive labour schemes, surveillance, and restrictions on workers' freedom of movement are prevalent concerns. Additionally, our sourcing practices may inadvertently contribute to modern slavery if proper due diligence and oversight mechanisms are not in place throughout the cotton supply chain in China.

Risks from Nominated Suppliers

We also acknowledge the risks associated with working with nominated suppliers rather than direct suppliers. While the use of these suppliers offers strategic advantages in terms of alignment with client needs and enhanced collaboration, it also introduces potential compliance and ethical risks, including that nominated suppliers do not uphold AAG's standards for ethical conduct, environmental sustainability and labour practices.

Risks in our Operations

Geographical

AAG Group recognizes the geographical risks associated with having over 80% of our workforce based in China. While China is a critical hub for global manufacturing, it also poses specific challenges related to modern slavery and labour rights. The high prevalence of labour-intensive industries, coupled with regulatory and enforcement inconsistencies, increases the vulnerability of workers to exploitation and unethical labour practices.

To mitigate these risks, AAG Group has strategically decided to own and operate our factory in China, choosing to manufacture as much as possible in-house. This approach allows us to maintain direct oversight and control over our manufacturing processes, reducing the risk of outsourcing certain functions that many other manufacturers might rely on. By managing operations internally, we can enforce stringent labour standards, ensure compliance with ethical practices, and better protect our workforce from potential exploitation.

Risks Associated with Temporary Workers

We acknowledge the labour risks associated with employing temporary workers. Temporary workers often face greater vulnerability due to the nature of their employment, which can include lack of job security, limited access to benefits, and heightened risk of exploitation. These risks are particularly pronounced in regions, like China, with high demand for seasonal or short-term labour, where oversight and regulation may be less stringent.

4. Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes

Given the inherent risks relating to AAG's primary operating context, particularly in relation to geographical, industry category, and key raw material inputs, we recognise the critical importance of actively, comprehensively, and continuously addressing the risk of modern slavery.

This section provides an overview of the key activities that we have pursued to address these risks across our own operations and within our supply chain. These activities include implementing extensive supplier due diligence processes, conducting regular risk assessments, engaging in training and awareness programs for employees and suppliers, and establishing clear policies and procedures to combat modern slavery.

Through these various audits and assessments, a key risk theme of excessive overtime has emerged. This issue is compounded by challenges in ensuring compliance with labour laws and ethical standards. This underscores a gap in labour standards and ethical practices within our supply chain. To address this issue, robust remediation steps are necessary and have been implemented, such as revising work schedules to adhere to legal overtime limits and implementing stricter monitoring mechanisms.

Monitoring Compliance and Due Diligence within our Operations

Mitigating risks associated with temporary workers & nominated suppliers

Temporary Workers:

Acknowledging the vulnerability of temporary workers within our operations, AAG partners with Ningbo Yijia Human Resources Co., Ltd., our sole labour hire agency. This agency undergoes rigorous screening to ensure compliance with our standards, including:

- Compliance with all local laws and regulations
- Adherence to international human rights and labour standards
- Payment at or above industry benchmarks

- Provision of employee benefits
- Adherence to a comprehensive code of conduct emphasizing ethical practices and worker welfare

By exclusively partnering with a labour hire agency that meets these criteria, we aim to mitigate the risk associated with temporary labour and ensure all workers in our supply chain are treated ethically and with dignity.

Nominated Suppliers:

While recognizing the potential compliance and ethical risks associated with nominated suppliers, we implement thorough vetting and selection processes, and require adherence to our comprehensive code of conduct. Continuous monitoring and due diligence are maintained to effectively mitigate these risks.

Ningbo Longson Garment Factory: 2023 WRAP Audit Findings

AAG has been certified under the Worldwide Responsible Accredited Production (WRAP) since 2016. We have maintained our WRAP certification since our last lodged statement, and independent audits have confirmed our compliance with key anti-slavery measures, among other requirements.

In March 2024, AAG conducted its annual 2023 WRAP (Worldwide Responsible Accredited Production) audit at the Ningbo Longson Garment factory. The audit confirmed that the facility complied with WRAP's 12 Principles, which encompass lawful, humane, and ethical manufacturing and include the following:

- Compliance with Laws and Workplace Regulations
- Prohibition of Forced Labor
- Prohibition of Child Labor
- Prohibition of Harassment or Abuse
- Compensation and Benefits
- Hours of Work
- Prohibition of Discrimination
- Health and Safety
- Freedom of Association and Collective Bargaining

- Environment
- Customs Compliance
- Security

Observations

While the facility was found to be in compliance with all 12 WRAP principles, the audit identified an observation related to labour law compliance, specifically excessive overtime hours among the workforce. A review of time records from a sample of 105 employees across three months (October 2023, December 2023, and January 2024) revealed that all sampled employees exceeded the legally mandated overtime limit of 36 hours per month. Instances included 88 hours of paid overtime in October 2023, 102 hours in December 2023, and 94 hours in January 2024. It is important to note that while the overtime hours were still in excess of mandated maximums, these hours were all paid hours.

Corrective Action Plan

Recognizing the potential risk to workers' well-being and compliance with local labour laws, the facility's management committed to immediate corrective actions. These steps include revising work schedules to adhere to legal overtime limits, implementing stricter monitoring mechanisms to ensure compliance, and conducting regular training sessions for management and workers on labour rights and WRAP principles.

Ningbo Longson Garment Factory: 2023 SEDEX SMETA Audit Findings

In March 2024, AAG conducted our annual SMETA (SEDEX Members Ethical Trade Audit) at the Ningbo Longson Garment factory. In recognition of the heightened risk environment across our manufacturing operations at the Ningbo site, the audit's scope included a SMETA 4 Pillar audit, which provides a more comprehensive assessment than the standard 2 Pillar audit, covering not only the fundamental labour standards but also additional aspects such as environmental standards, business ethics, and governance. This broader scope enables us to gain a more holistic understanding of our social and ethical performance, allowing us to address a wider range of risks and make more informed decisions to enhance sustainability and responsible business practices within our operations. The SMETA Best Practice Version 6.1 (March 2019) guidelines were used for this comprehensive audit, which included all

types of workers at the site, such as direct employees, agency workers, and those employed by service providers or other contractors.

Labour Standards Pillar Findings

The audit identified issues with managing working hours, resulting in excessive overtime and inadequate rest days for workers. While the overall wages were found to be competitive and in line with industry standards, the facility's management acknowledged the need for stricter monitoring and adherence to labour standards. It is important to note that while the overtime hours were still in excess of mandated maximums, these hours were all paid hours.

Corrective Action Plan and Wage Adjustments

Following the audit findings, the Ningbo Longson Garment factory's management committed to immediate corrective actions, including stricter monitoring of working hours, ensuring proper rest days, and revising wage calculation methods to meet legal and ethical standards.

Bureau Veritas 2023 Living Wage Audit

The living wage audit conducted by AAG, in collaboration with key retail partner Lorna Jane in 2022, served as our first proactive measure to assess and address modern slavery risks within our operations. The audit revealed that workers in the Ningbo factory were paid slightly above the calculated living wage for the region, with a margin of approximately 5 Yuan per hour, demonstrating the group's commitment to fair compensation practices.

Despite the minimum wage being lower than the calculated living wage, AAG pledged to ensure that their entire workforce receives and continues to be paid a living wage. The assessment also identified areas of focus, including the prevention of excessive working hours, maintaining accurate payroll processes, and addressing gender-based pay disparities.

Building on this initiative, in 2023 AAG commissioned a standalone living wage audit through a verified third party, Bureau Veritas, to further verify compliance with living wage standards. The audit process utilized the Anker methodology, involving meticulous calculations based on local data and employee surveys to estimate a more accurate living wage that covered essential needs.

The findings confirmed that employees consistently received basic wages

exceeding the calculated living wage, with measures taken to rectify any discrepancies. Notably, the living wage estimate surpassed the local minimum wage by 29% and significantly exceeded poverty line wages, demonstrating AAG's commitment to employee well-being beyond legal requirements.

Key actions implemented as a result of the audit included the establishment of a living wage protection measure and ensuring that all sampled employees' basic wages met the net living wage. Additionally, AAG paid an additional amount to ensure that employees' basic wages from January 2023 to August 2023 were aligned with these calculated living wage standards.

Monitoring Compliance and Due Diligence within our Supply Chain

Key Supplier Screening & Supplier Risk Assessment

AAG Longson implemented a comprehensive supplier screening process in 2023 as part of a larger supply chain mapping initiative, conducted through a third party, The Growth Activists. This initiative aimed to illuminate critical issues or risk areas within the company's supply chain and to drive continuous enhancement across key pillars: Labour Standards, Health + Safety, Environment, Materials Transparency, and Business Ethics. The process involved an extensive analysis of data from the Supplier Self Audit Questionnaire (SAQ), voluntarily completed by our significant suppliers, representing over 80% of expenditure.

For the purpose of this statement, our findings will focus on the Labour Standards Pillar, which addresses risks associated with modern slavery, including overtime practices, freedom of association, and child labour prohibitions. This effort was specifically undertaken to gain further improvements in transparency and accountability within our supply chain.

Key Findings

While it was found that suppliers generally complied with national labour laws and minimum wage standards, challenges persisted in various areas. Notably, the audit revealed instances where workers were compelled to work overtime to complete tasks, raising concerns about the voluntary nature of such practices. Additionally, certain suppliers had policies allowing workers to take home production materials, potentially exacerbating vulnerabilities and risks of exploitation. Furthermore, there were gaps in procedures to counteract discrimination in the workplace, with a notable number of

suppliers providing "Don't Know" responses to inquiries on this matter.

Risk Mitigation & Remediation

To address the risks identified within the Labour Standards Pillar, AAG Longson has implemented a series of robust remediation steps. Firstly, clarification processes have been initiated to engage suppliers on high-risk responses to the questionnaire and to provide guidance on how to remediate any identified issues. Prioritization of actions is conducted, focusing on the most significant suppliers, to ensure efficient allocation of resources. Additionally, AAG Longson collaborates closely with suppliers to reinforce compliance with national labour laws and ethical standards, particularly concerning overtime practices and the prohibition of workers taking home production materials. Moreover, ongoing efforts include the establishment of internal management structures to oversee environmental and social performance, along with the implementation of training programs for the supply chain team.

Managing Modern Slavery risks in cotton supply chains

At AAG Longson, we recognize the critical importance of managing modern slavery risks within our cotton supply chains. Cotton, as a significant raw material in our products, presents unique challenges in terms of traceability and ethical sourcing. Our Supplier Self Audit Questionnaire (SAQ) revealed inherent risks associated with the traceability of cotton materials within our supply chain. A significant proportion of our suppliers expressed uncertainty regarding the sourcing and traceability of cotton, which poses substantial challenges in ensuring transparency and accountability. This insight has driven us to implement rigorous measures to address these risks and enhance the integrity of our supply chain.

Key Findings

Our analysis of the SAQ responses highlighted several critical issues. Firstly, many suppliers lacked the practices necessary to trace materials back to their origin, with suppliers providing "No" or "Don't Know" responses concerning key aspects such as the location of ginning, cotton cultivation, and the identities of raw material suppliers and transportation documentation. Additionally, several key cotton garment suppliers were unable to trace materials back to their point of origin or provide essential production documentation. These findings underscore significant gaps in traceability, which hinder our ability to

ensure the ethical sourcing of cotton and compliance with regulations like the Uyghur Forced Labor Prevention Act (UFLPA).

Risk Mitigation & Remediation

Addressing these material traceability risks is paramount. To remediate these challenges, AAG Longson has consulted legal experts and embraced guidance from key clients, emphasizing the importance of robust traceability measures. We are undertaking several strategic initiatives to enhance traceability and mitigate the associated risks, with a particular focus on our cotton suppliers due to their substantial risk exposure.

- Social Compliance and Environmental Certifications: Ensuring our suppliers comply with social and environmental standards is crucial. All four of our primary Chinese cotton suppliers are certified by OEKO-TEX, and additionally hold certifications from the Better Cotton Initiative (BCI), Global Organic Textiles Standard (GOTS), and Global Recycled Standard (GRS).
- Comprehensive Supply Chain Mapping: Due to the complexity of our operations, we are dedicated to the continuous development of a detailed map of our supply chain. This ongoing effort involves meticulously identifying and documenting every stage, from raw material sourcing to final production.
- Traceability Initiatives: We are exploring traceability protocols using digital solutions like Retraced or TrusTrace to track the journey of cotton materials through our supply chain. These efforts are aligned with our Supplier Code of Conduct, reaffirmed through signed agreements in 2023.
- Long-Term Supplier Relationships: We maintain long-term relationships with suppliers, ranging from five to thirteen years. Most are located within 80 kilometres of our primary facilities in Ningbo, fostering close oversight and collaboration.
- Transparency and Organic Cotton: While certified organic cotton doesn't guarantee the absence of modern slavery, efforts to improve supply chain transparency are more effective with organic inputs. Purchases of GOTS-certified products include Transaction Certificates detailing adherence to standards and product origin.

Through these concerted efforts, AAG Longson is committed to ensuring that our cotton supply chains are free from modern slavery and human trafficking,

upholding the highest standards of ethical sourcing and transparency.

Modern Slavery Training – Building Internal Capability

While no specific training was conducted in 2023 beyond the training and standards embedded in our employee policies, AAG is committed to enhancing our employees' understanding and capability in addressing modern slavery risks. In May 2024, we initiated mandatory group-wide training focused on modern slavery, our code of ethics, and related labour rights topics. This training is currently underway at all our locations, and the results will be included in our 2024 statement. By embedding these standards in our employee policies and conducting comprehensive training sessions, we aim to ensure that all employees are equipped with the knowledge and tools necessary to identify and address modern slavery risks effectively.

Policies to manage Modern Slavery Risks

To effectively manage and mitigate the risk of modern slavery within our operations and supply chains, AAG has implemented a comprehensive set of internal policies. These policies reflect our commitment to ethical business practices, legal compliance, and social responsibility, ensuring that our actions and decisions contribute to the eradication of modern slavery. Our approach includes stringent guidelines for suppliers, ethical conduct standards for employees, and robust mechanisms for reporting and addressing violations.

Supplier Code of Conduct: AAG has a robust Supplier Code of Conduct that prohibits child and forced labour, requires freedom of association, and mandates ethical practices across our supply chains. We regularly review and update this code to reflect evolving best practices and legal requirements. All of our key suppliers are required to provide written confirmation that they agree to be bound by the Code.

WRAP Certification Manual: Our WRAP Certification Manual includes policies and procedures to ensure compliance with the 12 WRAP principles, many of which are directly relevant to combating modern slavery. These include strict prohibitions on forced and child labour, harassment, and discrimination; adherence to laws and regulations; fair compensation and benefits; regulated working hours; and the promotion of a safe and healthy working environment. Additionally, these principles support workers' rights to freedom of association and collective bargaining, enforce environmental and customs compliance,

and enhance supply chain security. Maintaining WRAP certification reinforces our commitment to ethical labour practices and the prevention of modern slavery.

Code of Ethics: Our Code of Ethics outlines our commitment to compliance with laws and regulations, ethical conduct, and social responsibility. By promoting integrity, avoiding conflicts of interest, and safeguarding confidential information, we foster a culture that does not tolerate modern slavery. Key outcomes of adhering to our Code of Ethics include the prevention of unethical practices and the protection of human rights within our operations and supply chains.

Anti-Corruption Policy: This policy establishes guidelines to prevent and detect corruption within our organization. By promoting integrity, transparency, and accountability, we reduce the risk of corrupt practices that could facilitate modern slavery. Corruption often intersects with human rights abuses; hence, our zero-tolerance approach to corruption also serves as a preventive measure against modern slavery.

Whistleblower Policy: Our Whistleblower Policy encourages reporting of any wrongdoing, including concerns related to modern slavery. It provides a safe and confidential mechanism for reporting, ensuring protection for whistleblowers who expose modern slavery. The Whistleblower Protection Officer and appointed investigators conduct fair, independent, and timely investigations into all reports, helping to identify and address any incidents of modern slavery within our operations or supply chains.

Grievances & Remediation

Our Ningbo factory facilities feature an operational, site-specific, worker grievance mechanism. This mechanism allows all supply chain workers at the factory to make anonymous complaints using a QR code. Posters with the details of the QR code are displayed throughout the factory and, including at the entrance.

The mechanism has received a total of 22 complaints as of 31 December 2023. None of these complaints concern issues relating to modern slavery risks but instead are related to more general workplace issues, such as food selection at the on-site canteen, department allocations for certain workers, management styles, complexity of assigned sewing tasks and quality of sewing machinery. This demonstrates that the grievance mechanism is accessible and useful for workers and there does not appear to be any internal or external impediments (such as undue pressure from supervisors) preventing its free use.

Continuous Improvement

As demonstrated AAG's approach to continuous improvement focuses on enhancing supplier due diligence, ensuring traceability in supply chains, conducting regular audits and compliance monitoring, implementing an anonymous grievance mechanism, and engaging in ongoing training and stakeholder collaboration. These efforts are supported by regular updates to policies and procedures, reinforcing a commitment to ethical practices and transparency throughout their operations and supply chains.

5. Describe how the reporting entity assesses the effectiveness of these actions

Our approach to combating modern slavery is rooted in continuous improvement and proactive engagement. In 2023, we developed an internal framework for measuring the progress of our actions through the implementation of our 3-year ESG roadmap. This framework, which benchmarks our practices against B Corp certification standards, is managed by a social and environmental management system (SEMS) owned by the Group Commercial Manager and is audited quarterly by a third-party. The framework serves as a credible assessment of the effectiveness of all actions AAG Group is taking to address modern slavery risks.

AAG also assesses the effectiveness of our measures through regular audits, continuous monitoring, and comprehensive employee training. Corrective action plans are developed based on audit findings, with progress tracked to ensure compliance with ethical standards and legal requirements.

The measures outlined in our previously lodged modern slavery statement have all been fully implemented. These include:

- Strengthening due diligence assessments of identified high-risk areas, particularly in textile supply chains.
- Building expertise among our employees to better identify and respond to modern slavery risk indicators.
- Ongoing review and updating of policies and procedures to further embed the management of modern slavery aspects in standard form documents.
- Engaging with external experts and industry partners to benchmark our practices and identify areas for improvement.

This structured and thorough approach allows us to continuously improve and effectively combat modern slavery within our operations.

6. Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)

AAG Group has consulted with its subsidiaries and controlled entities in the preparation of this statement and throughout the reporting period to ensure that our modern slavery risk is being assessed and addressed across the entire Group entities. The Group Commercial Manager, who oversees the ESG strategy and manages the supply chain risks globally, ensures consistent communication and consultation through regular meetings, updates, and collaborative efforts.

At the factory level, where the majority of the risk is concentrated, the local Compliance Manager, who reports both to the local China CEO and the Group Commercial Manager, plays a critical role. They ensure alignment of policies, sharing of best practices, and joint development of strategies for risk mitigation and compliance. The Supply Chain Director at the factory is operationally responsible for all supplier vetting and ongoing compliance monitoring on a daily basis.

ESG updates, including modern slavery risks, are provided to the Board at all Board meetings on a quarterly basis. These updates encompass findings from SAW (Supplier Assessment and Worker) audit risks, living wage audit reports, third-party audit updates, and other relevant findings. Modern slavery is a core foundation of our developed and Board-adopted 3-Year ESG roadmap.

The governance structure of AAG Group allows for comprehensive oversight and coordination across all entities. This ensures a unified and effective approach to combating modern slavery, consistently assessed and addressed across all entities within the Group.