

Shaver Shop Group Limited

Modern Slavery Statement For the year ended 30 June 2022



1 About us

This modern slavery statement is made pursuant to the *Modern Slavery Act 2018* (Cth), and sets out the actions taken by Shaver Shop Group Limited (ACN 150 747 649) and our subsidiaries (**SSGL, Shaver Shop, Company, we, us or our**) to assess and address modern slavery risks in our operations and supply chains for the financial year ended 30 June 2022. Our company is an Australian and New Zealand speciality retailer of male and female personal grooming products and aspires to be the market leader in personal care and grooming solutions for men and women across Australia and New Zealand. We pride ourselves on having the best product knowledge in our core categories of any retailer in the world.

Shaver Shop was founded in 1986 in Melbourne and retains its head office in this city. As at 30 June 2022, we operated 121 Shaver Shop stores across Australia and New Zealand. All of Shaver Shop's stores are wholly corporate-owned which allows us to have consistency in values and policies across all our sites. We offer customers a wide range of quality brands at competitive prices, supported by excellent staff product knowledge and customer service. The Company's specialist knowledge and strong track record in the personal care and grooming segments enable it to negotiate exclusive products with suppliers.

Shaver Shop sources products from major manufacturers who seek to create functional and innovative products to meet customer's needs and wants in the hair removal and personal care product categories. The Company's core product range includes male and female hair removal products such as electric shavers, clippers and trimmers, long term hair removal solutions for women and men as well as wet shave items. Complementary to its core product range, Shaver Shop retails various products across the oral care, hair care, massage, air treatment, and female beauty categories.

Shaver Shop staff and franchise owners have been servicing the wants and needs of customers for 30 years. We have built up a business that is passionate about providing customers with the right advice for their individual needs, at the right price.

Governance structure

Shaver Shop's Board and Audit, Risk and Compliance Committee has responsibility for establishing a framework of risk management across the Shaver Shop group. The Audit, Risk and Compliance Committee assists the Board in its responsibilities relating to:

- Identifying areas of risk and assessing the effectiveness of Shaver Shop's risk management framework;
- Supporting a prudent risk and risk aware approach to business decisions within the Shaver Shop organisation

The Audit, Risk and Compliance Committee is chaired by an Independent non-executive director and meets at least four times per year.

Shaver Shop has a cross functional working group with representatives from Buying and Merchandising, Human Resources and Finance that is working with external counsel to help identify modern slavery risks and implementing our modern slavery compliance activities. Where material modern slavery risks are identified, these are dealt with initially by the working group and depending on the magnitude of the risk, reported to the Board. No material risks of this type have yet been identified.

The governance structure supporting Shaver Shop's approach to managing modern slavery risks within its supply chain are set out below:



Our operations and reporting entities

SSGL is a holding company with no operations other than shareholder relations and shareholder management. SSGL wholly owns Lavomer Riah Pty Ltd (**LRPL**) which is also a non-operating holding company. Shaver Shop Pty Ltd (**SSPL**) is wholly owned by LRPL and is the main operating subsidiary in Australia. SSPL is a party to all leases, employs team members in Australia, generates sales and purchases and sells trading stock. Shaver Shop (New Zealand) Limited (**SSNZ**) is wholly owned by SSGL and is the operating subsidiary in New Zealand. SSNZ performs the equivalent functions as SSPL in New Zealand but SSPL provides the supporting office activities such as human resources, compliance, finance, procurement and general management. SSNZ employs approximately 30-40 people. There were no changes in our legal structure or the nature of our operations during the year.

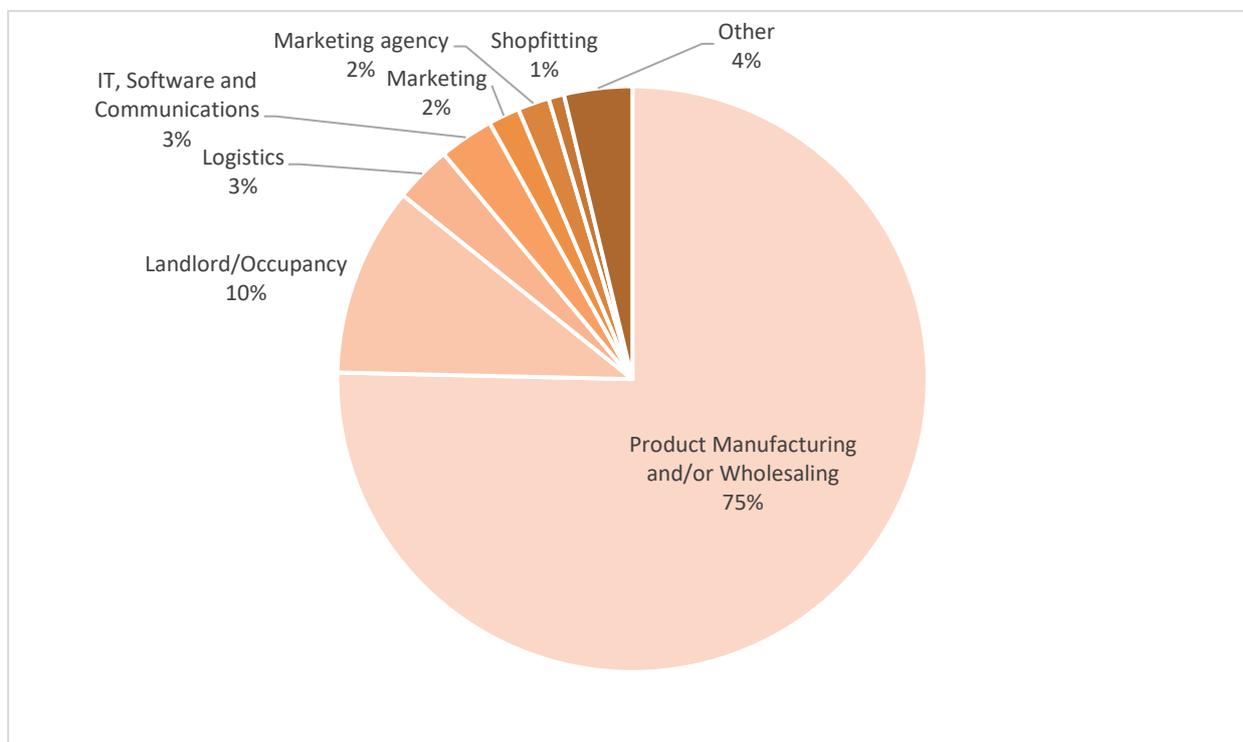
We employ more than 850 staff, in 123 locations around Australia and New Zealand, including our national support office in Chadstone, Victoria. These staff are employed full time (30% of team members), part time (7% of team members) and on a casual basis (64% of team members). They hold a variety of positions, from staffing our retail premises, to managing stock to head office executive and administrative roles. Our workforce scales up significantly in the lead up to our key trading periods around Black Friday (late November) and through the Christmas and Boxing Day promotions in December with the addition of casual staff to help meet increased customer demand within our stores. In the 2022 financial year, Shaver Shop made payments of approximately \$31.8 million in relation to employment and employment related costs.

Our primary operations relate to the purchase and resale of personal care and grooming products for men and women. As at 30 June 2022, we operated via 121 retail locations across Australia and New Zealand as well as through our websites (www.shavershop.com.au and www.shavershop.co.nz) and various online marketplaces. Our stores are largely located within large shopping centres. Online orders are generally allocated to the nearest store to the customer's delivery address and picked, packed and despatched by our retail store team members. We also fulfil online orders from a third party warehouse facility primarily during peak trading periods in the lead up to Christmas and offer customers the option of buying online and collecting from store (Click & Collect).

Procurement and other corporate and administrative responsibilities for the group are managed centrally at Shaver Shop's national support office. SSNZ procures some products from New Zealand distributors.

Supply chain

Supply chain spend by industry



Shaver Shop had approximately 450 active suppliers in the 2022 financial year with approximately \$190 million in total procurement expenditure (excluding employee related costs). Approximately 75% of all purchases were for products that Shaver Shop has either sold or expects to sell through its stores or online. We have approximately 60 direct suppliers from which we source products to resell to our customers. These products are manufactured or assembled in many different countries around the world including: China, Germany, the United Kingdom, the United States of America, Australia and Japan. The organisations in this category are generally either the subsidiaries of the large multinational organisations that develop and manufacture personal care and grooming appliances or licenced distributors for these global companies. Shaver Shop does not directly source products from overseas manufacturers. For our private label ranges of products, we source from third parties with a proven track record of product safety and ethical sourcing practices.

Shaver Shop's second largest category of supply chain expenditure (10% of total expenditure) are lease payments for our retail stores as well as for our national support office. Shaver Shop operates predominantly in large shopping centres in major metropolitan and regional cities across Australia and New Zealand. Shaver Shop's landlords are predominantly divisions of large, publicly listed entities that own and operate a number of shopping centres across Australia.

The remaining 15% of total spend is spread across freight and logistics providers, marketing agencies and advertising companies, IT, telecommunications and software development companies as well as those businesses that provide Shaver Shop with shop fitting services and retail consumables that are critical for operating our retail stores and offices.

2 The risks of modern slavery in our operations and supply chain

As SSGL and LRPL are holding companies, there are inherently lower modern slavery risks in their operations and supply chains. SSPL and SSNZ operate in the same sector and have many shared suppliers, and therefore, we have provided a single, consolidated description of modern slavery risks in this Part 2.

In seeking to identify the modern slavery risks in our operations and supply chain, we considered the potential for our business to cause, contribute to, or be directly linked to modern slavery. In doing so, we looked at:

- the risk that our operations may directly result in modern slavery practices;
- the risk that our operations and/or actions in our supply chains contribute to modern slavery; and
- the risk that our operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

In our operations

The risk of modern slavery in our workforce remains low. This is largely due to:

- a) our values as a business and our recognition of the importance of our team members in delivering a unique retail experience for our customers;
- b) the policies and procedures we have implemented within our company to ensure employee rights are protected
- c) regulations that exist within the retail sector, and
- d) the contractual rights of our employees.

Our full-time and part-time staff are paid above the rates outlined in the General Retail Industry Award. Shaver Shop employs all team members directly and does not use labour hire or similar firms. Shaver Shop prides itself on having unparalleled product knowledge in our core categories and providing exceptional customer service. Our team members are therefore Shaver Shop's most important assets. Accordingly, Shaver Shop regularly invests in education and training of our team to ensure we continue to provide the exceptional customer experience we have become known for. In addition to product and sales-based education, our training program includes reviewing Shaver Shop's suite of policies including its Code of Business Ethics, Diversity Policy, Whistleblowing Policy and Anti-bribery and Corruption Policy as well as our Modern Slavery Policy. The policies support our core values which are:

- a) Customer focus
- b) Drive for results
- c) Accountability
- d) Adaptability

The impact of COVID-19 on our team members, particularly our retail team members, was a major focus for our business since March 2020. Since that time, we have maintained a COVID-19 management and response plan that has been designed to maximise the health and wellbeing of our team members and customers. The program includes hygiene training and the provision of cleaning and sanitation products, mental health support activities, training around social distancing as well as physical protections at our work locations to support safe interactions between individuals.

Throughout the pandemic, we have rapidly adapted to changes in regulation as well as the human and operational challenges that we were faced with particularly during times of extended government mandated store closures. We continue to proactively monitor and manage our business in-line with the latest government health advice to minimise the risk to team members with the highest potential exposure. We also continue to offer counselling and other mental health support initiatives.

In our supply chain

Shaver Shop's top 10 stock suppliers that make up approximately 75% of its total procurement expenditure (excluding employment related expenditure). While these suppliers are mostly the local subsidiaries of reputable global companies, we recognise that they may have risks of modern slavery in their own supply chains given their size, global presence, and mass variety of product offerings.

In line with the United Nations Guiding Principles on Business and Human Rights, we maintain a risk-based approach in assessing the human rights risks in our supply chain. We are also aware that the consumer electronics industry has an elevated risk level in relation to modern slavery risks. Given our largest suppliers manufacture in many countries around the world, we believe there is a higher inherent risk with

these suppliers. We also looked at the industry of each of supplier in order to assess the modern slavery risks associated with that supplier.

We recognise that our top suppliers by spend, may have a higher risk of modern slavery in their supply chain by virtue of their sector risk, but are also conscious that some of our smaller suppliers may also have inherent risks as set out in the table below:

Sector	Generally known modern slavery risks ¹
Stock	<p>The stock that we supply to customers is our greatest modern slavery risk, including forced labour and debt bondage, by virtue of the utilisation of low skilled labourers in manufacturing facilities as well as in the sourcing of raw materials. This stock is manufactured in a variety of different locations, including China, Germany, United Kingdom, United States, Australia and Japan. Although modern slavery exists in all countries, the risks are heightened in jurisdictions where worker protections are weaker. We understand many of these suppliers source parts or inputs to their products from many other suppliers which are then assembled into a finished product that is sold to Shaver Shop.</p> <p>Because the bulk of our stock purchases are for electrical appliances that are produced in large volumes, there are strict ANZ codes of compliance that our suppliers and Shaver Shop must adhere to in order to meet required safety standards. We understand that the manufacture and/or assembly of these products (in most cases) is a highly automated process using robotics and automation to drive efficiency and consistency.</p> <p>Whilst there is inherent risk with this area of our supply chain, based on the feedback received so far from stock suppliers, many of which are also required to report on their own modern slavery compliance, we have been comforted by their understanding of, and commitment to, addressing modern slavery risks in their businesses and supply chains.</p>
Premises	<p>Some of our major suppliers are our landlords. They provide us with premises, as well as maintaining common areas and security. We appreciate that the construction, maintenance and cleaning of common areas is exposed to modern slavery risk. Typically, security services are also provided by our landlords, which is also an industry that has been linked to modern slavery. Subcontracting and labour-hire arrangements in the private security industry have been reported in the media as leading to slavery-like conditions for workers.</p>
Cleaning	<p>Workers in the cleaning sector do not require qualifications and as such the workforce is often low-skilled and are vulnerable to opaque subcontracting arrangements resulting in exploitation and modern slavery. Workers from migrant populations are vulnerable given their limited understanding of their legal rights and limited understanding of English. As a result, those employed in the cleaning industry, who fall into the aforementioned circumstances, have a restricted ability to bargain with their employers, or those with whom they contract.</p> <p>Whilst there is inherent risk in this industry, Shaver Shop does not generally employ external contractors for cleaning its stores. Shaver Shop employs a cleaning contractor for its National Support Office in Melbourne.</p>
Uniforms	<p>There are increased risks of modern slavery in the materials used in the production of uniforms e.g. cotton, and in the manufacturing of garments in factories. Factories for clothing manufacturing have been implicated for non-compliance with employment regulations, laws and standards, and many large clothing companies have been found to have such suppliers in their supply chain.</p>
Transport	<p>Most of the products we sell are manufactured overseas and are primarily delivered to local distributors by ship and by air. Shaver Shop purchases substantially all of the products we sell from these local distributors. We understand that there is a significant risk of modern slavery in shipping, which can involve crew being on board for extensive periods and not being able to leave the ship.</p> <p>Shaver Shop engages logistics companies to transfer stock between stores within our store network. We also use transportation companies to deliver online orders to our retail customers. Australia Post is our predominant transportation provider for these services and they have provided a comprehensive modern slavery statement that we have reviewed.</p>

¹ The risks outlined in this table are general and not relate to any actual instances of modern slavery in the supply chain of our first tier suppliers.

IT equipment and software	Modern slavery risks are present in the supply chains that provide IT companies with the necessary materials to produce electronic goods, and parts of those goods. For example, cobalt is an essential component of rechargeable lithium-ion batteries. More than half of the world's cobalt is mined by the Democratic Republic of Congo, where according to UNICEF, approximately 40,000 miners are children. Another problematic material sourced for IT equipment is mica. India produces 60% of the globes mica. The most prevalent areas of mica production are in Jharkhand and Bihar where a third of the population in these areas live below the poverty line.
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3 Actions taken in the financial year 2022, including due diligence and remediation processes

SSGL and its subsidiaries use the same policies and processes, and therefore, we have provided a single, consolidated description of actions taken to address modern slavery risks in this Part 3.

Our focus over the last 12 months has been on:

- a) Acquiring a greater understanding of the modern slavery risks within our supply chain, most particularly with the larger suppliers that we work with. Many of these suppliers have very large and complex supply chains across many geographies that manufacture components that ultimately are assembled into the finished products that we sell to our customers. Shaver Shop's buying and merchandise teams work very collaboratively with our suppliers and have sought to better understand the areas of risk within our suppliers' supply chains. Our expectations regarding ethical sourcing of products were discussed with many of these suppliers and depending on their approach and response to these conversations, helped us to better assess the level of risk inherent in their supply chains. Shaver Shop also developed and adopted a new Supplier Charter in March 2022 that clearly discloses our expectations in relation to modern slavery risks.
- b) Configuring an online, third-party software solution that will assist us with categorising our suppliers based on their inherent risks and then issuing questionnaires to those suppliers and contractors to better assess the level of unmitigated modern slavery risks within their supply chains. This solution will also help to better assess the level of risk with new suppliers with which Shaver Shop seeks to do business.

As described in our first modern slavery statement, Shaver Shop adopted a Code of Business Ethics, Whistleblower Policy, Anti-Bribery and Corruption Policy and Modern Slavery Policy. These policies, together with Shaver Shop's values continue to set the minimum standards Shaver Shop expects from its employees and third party suppliers. In 2021, Shaver Shop adopted and rolled out our Environmental and Social Governance Policy which provides a framework within which Shaver Shop's employees, suppliers and contractors are expected to operate. Shaver Shop has continued to ensure our team members (through annual training) and our stakeholders (through ongoing dialogue) are aware of our expectations for environmental and social governance.

The multi-departmental working group that Shaver Shop created to assist in managing modern slavery and other ethical sourcing risks includes representatives from Buying and Merchandising, Finance and Accounting and Human Resources. Members of this group met on a number of occasions during the reporting period to discuss the progress that was made with suppliers to identify areas of risk, configure the new software solution that will help evaluate supply chain risks and create a more formal process for performing further investigation into areas of heightened concern. Training is also undertaken by our store teams every year to ensure compliance with our current policies and procedures for the group.

As noted in our Modern Slavery Policy, any concerns relating to modern slavery risks in our operations or the operations of our business partners must be reported through the same internal communication channels established under our Whistleblowing Policy. Current and former contractors, suppliers and agents are permitted to make a disclosure under our Whistleblowing Policy. We expect and encourage anyone involved with our business to report known or suspected violations of our Modern Slavery Policy and applicable laws, regulations, policies and ethical standards related to modern slavery. Retaliation for raising these concerns is strictly prohibited.

Where our business is found to have caused or contributed to modern slavery, we would take guidance from the United Nations Guiding Principles on Business and Human Rights (UNGPs) to ensure the safety and wellbeing of the victim, provide remedy and ensure that a root cause analysis is undertaken to prevent it from occurring again. Where our business becomes directly linked to modern slavery via the conduct of our business partners, we would seek to prevent and mitigate the impact. The appropriate steps that we take may depend on our leverage, the availability of alternate vendors, the significance of the contractual relationship, the severity and consequence of termination.

4 How we assess the effectiveness of our actions

As noted in our 2021 modern slavery statement, we sought to assess the effectiveness of our actions by tracking our progress against goals that we set for ourselves year to year. Our work with suppliers to raise awareness of modern slavery is ongoing and we continue to incorporate modern slavery terms and conditions into new and existing supplier contracts.

During the course of the next reporting period, we will seek to finalise the configuration of the new third-party software solution designed to identify and mitigate modern slavery risk.

We will work to continue incorporating modern slavery terms and conditions into new and existing supplier contracts and ensure all new suppliers are aware of and agree to comply with our Supplier Charter. Where we identify a supplier with a modern slavery risk, we will work to verify the supplier's compliance with modern slavery terms and our expectations that supplier (as outlined in our Supplier Charter).

The modern slavery working group will review our progress against our modern slavery plans at least annually and provide an update to the Board on our progress in addressing inherent or actual modern risks in our business.

We will also review, at least annually, our grievance mechanisms (including any whistleblower reports) to identify whether any of the reports reflect modern slavery incidents or risks.

5 Consultation with any entities owned or controlled

During the reporting period, we consulted with our subsidiaries via the modern slavery working group which comprises individuals working across all of our business, including within our operating subsidiaries. They all contributed to our modern slavery project and to the development of this statement.

This statement was approved by the Board of SSGL on 29 December 2022.

Signed



Cameron Fox
CEO and Managing Director
29 December 2022