

# MODERN SLAVERY STATEMENT

This statement is a joint statement made on behalf of the following companies within the Cotton On Group:

- Cotton On Australia Pty Ltd;
- Cotton On USA, Inc;
- Cotton On South Africa Pty Ltd;
- Cotton On Singapore Pte Ltd; and
- Cotton On New Zealand Limited.

Together, these reporting entities, and the entities owned and controlled by the reporting entities, are referred to as **Cotton On** (or '**we**', '**us**', or '**our**') pursuant to the *Modern Slavery Act 2018 (Cth) (Act)*. This statement is made in relation to the financial year ending 30 June 2022. References to the **Cotton On Group** or the **Group** are references to the broader group of COG Pty Ltd and the entities it owns and controls (which includes the reporting entities).

## PURPOSE AND COMMITMENT

The Group takes a zero-tolerance approach to any form of modern slavery including servitude, human trafficking and forced labour. We are committed to an ethical and transparent approach to business, ensuring effective systems and controls are in place to safeguard against any form of modern slavery within our business operations or our supply chain.

This statement sets out the steps The Group takes to address the risks of modern slavery and human trafficking in our operations and supply chains. This is relevant to the *Modern Slavery Act 2015 (UK)*, the Transparency in Supply Chains Act of 2010 in California and the *Modern Slavery Act 2018 (Cth)*.

## OUR ORGANISATION'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Established in 1991, the privately owned Cotton On Group is one of Australia's largest fashion retailers. The Group's operations consist of over 1,500+ stores in 22 countries with a team of approximately 18,000 people. Our support offices are located in Australia, New Zealand, Asia, Africa, Brazil, UK and the USA.

Our operations include distribution centres across Australia, New Zealand, the United States, South Africa, Singapore, Malaysia, and the United Kingdom. We also distribute products through third parties in Brazil and Thailand. We have joint venture partners located in the Middle East, Philippines, Indonesia and Vietnam.

Over the last 30 years, the Group has grown to eight brands including Cotton On, Cotton On KIDS, Cotton On BODY, Rubi Shoes, Factorie, Typo, Supre, Ceres Life and its philanthropic arm, the Cotton On Foundation. The Group also owns and operates Southern Cross Shopfitting, employing people in retail store development and construction.

Since day one, our purpose has been to make a positive difference in people's lives. It sounds simple but it's something we take really seriously and it's embedded firmly in our culture. As a global fashion business, we know we have a responsibility to do the right thing, and this responsibility includes ensuring our supply chain is both ethical and sustainable and as set out in more detail in [The Good Report](#).

We source our materials and products from many countries worldwide, with the majority of our suppliers located in China and Bangladesh. We're proud of the great working relationships we have with each of our suppliers and factories, and we continually work closely with them, guided by our Ethical Framework which we describe in more detail below, to ensure the environments in which our products are made are safe, fair, sustainable, and responsible.

## RISKS IDENTIFIED

Cotton On recognises that it sources from countries which are associated with higher levels of modern slavery risk and that we operate in a higher-risk sector. To effectively identify the most pertinent risks faced by the Cotton On Group, we have a robust audit programme as part of our 14 Rules to Trade (described below). Through our audit program, as well as NGO engagement, we have been able to determine the high-risk areas of our supply chain and implement steps to mitigate risk in these areas. The Cotton On Group consider its most pertinent modern slavery risks to exist in our product manufacturers, suppliers of inputs such as raw materials and components and subcontracted manufacturing processes such as printing, dyeing and finishing. Our specific countries of risk include China and Bangladesh where the majority of The Group's goods are manufactured.

We have also identified some specific product risks. One of these risks being the potential link to modern slavery through our supply chain because a high proportion of our products contain cotton. We work hard to find the right suppliers who share our ethos towards sourcing quality, more sustainable fibres and materials. We partner with our suppliers to ensure they are certified to the relevant globally recognised textile standards, enabling us to deliver products made with sustainable attributes while verifying the sustainability claims of our fibres and materials, from raw materials through to the final product. You can read more about our commitment to ethical sourcing in our Good Report. ([Link again](#))

## **ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS**

### **Ethical Sourcing Program**

Our Ethical Sourcing Program, including our 14 Rules to Trade, was formalised in 2009 and governs the sourcing, manufacturing and supply of our products. This supplier code of conduct aims to protect workers' rights, the environment, and strengthen our supplier relationships through our commitment to traceability transparency, and sustainability. Forced labour, child labour and minimum wage are all very serious matters that are addressed with a zero-tolerance stance in our Rules to Trade. Before partnering with a supplier, we make sure they understand our expectations when it comes to operating ethically, and how to adhere to our 14 Rules to Trade.

We identify opportunities to maximise our positive impact. We therefore concentrate our efforts on identifying and remediating modern slavery risks related to our operations and the supply chains supplying products for our customers. We recognise that other business relationships may also contribute or be linked to modern slavery risks and endeavour to expand the scope of our program in the future.

Over the last 10 years, we have continued to build our Ethical Sourcing Program through the addition of new resources and initiatives, working closely with suppliers, industry leaders, government and NGOs to ensure our practices are reflective of industry standard.

Under our Ethical Sourcing Program, we have implemented stringent policies including the biannual re-signing by each supplier of our 14 Rules to Trade, to ensure suppliers have a clear understanding of the Group's expectations and our zero tolerance approach to breaches.

### **Frameworks and Policies**

We have a number of internal policies to ensure we are conducting business in an ethical and transparent manner, these include:

- **Supplier Agreements:** These are signed biannually by our suppliers and outline the expectations for suppliers who work with us. All suppliers including any subcontractors engaged by our suppliers must agree to and abide by our code of conduct.
- **Supply chain mapping and traceability:** Cotton On, and the Group more generally, has traced 100 per cent of its Tier 1 factories and is working towards mapping its entire supply chain, including T2 (inputs processing), T3 (components) and Tier 4 (raw materials) with a target date of 2025.
- **Auditing:** Our suppliers and factories are audited regularly by our audit teams on the ground, or accredited third parties in our sourcing regions, to ensure they're adhering to our 14 Rules to Trade. Our Ethical Sourcing Audit consists of 160 questions across safety, wages, working hours, entitlements, environment, chemical management, facilities/amenities and factory management. It is a requirement that all suppliers disclose the details of their inputs, components and raw material factories. Our Ethical Sourcing Program is underpinned by a robust auditing, corrective

action and remediation process, managed by our team in Australia and on the ground in the regions where our products are made.

- **Child Labour and Forced Labour Policy:** This policy sets out our stance on modern slavery, human trafficking, child labour and forced labour and explains the response and actions in the event that instances are identified.
- **Whistleblower Policy:** We operate a whistleblower policy so that all team members know that they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals.
- **Confidential Reporting Service:** We operate in-country, confidential services through hotlines and website platforms for workers to report any misconduct or concerns about human rights breaches, illegal actions, workers' rights, fair wages, health and safety, unauthorised subcontracting or bribery and corruption. Posters are displayed in all production facilities manufacturing items for The Group.
- **SEDEX Platform:** In 2018 we joined the SEDEX platform for the secure exchange of ethical sourcing data with suppliers. Tier 1 suppliers are required to complete the SEDEX registration process and share external ethical sourcing audits, non-conformances and corrective action plans. When needed, we also work with third party auditors to ensure our factories remain within their 12 month audit cycle.
- **High Risk Materials:** We have introduced our policy against the use of cotton from high-risk regions and have implemented traceability studies through our supply chain to attempt to identify the potential use of such materials.

### **Due Diligence and Monitoring**

Before engaging with a new supplier, The Group conducts due diligence checks on the supplier as against our code of conduct or 14 Rules to Trade. In doing so, the Group maintains an approved supplier list and factory list, and only these suppliers may be used for any stage of production. These due diligence checks and ethical sourcing audit assessment, which also extend to the supplier's subcontractors, and includes a review of working conditions and building safety and remuneration for all workers in line with the country's national minimum wage and local labour laws. In some instances, we also partner with third parties to conduct an independent review prior to entering into a supplier agreement. In addition to the above, and as outlined in our code of conduct, we require all existing suppliers to confirm to us that:

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

### **Training**

We conduct internal training of our buying and sourcing teams to ensure they have a clear understanding of the Group's expectations for purchasing practices and ethical sourcing. This includes training on understanding the signs of modern slavery and what to do if they suspect any form of modern slavery is taking place within our supply chain.

To ensure a strong two-way dialogue with our production partners, we hold supplier conferences in our sourcing regions. These conferences are an opportunity to talk openly with suppliers on matters relating to ethical sourcing, while providing them with an opportunity to update us on the challenges they face and the steps they are making to ring about positive change.

In addition, the Group holds online training and education sessions on all areas of human rights with owners, managers and factory workers to ensure they understand the expectations to comply with our Code of Conduct and 14 Rules to Trade. Training and capacity building for team members, third party auditors and suppliers is carried out on a regular basis to maintain proactive dialogue across all stakeholders.

### **Corrective Action and Remediation Process**

Factories that have been audited are required to return their detailed Corrective Action Plan to our Ethical Sourcing team. The ground auditor will work with the factory to close findings based on the received Corrective Action Plan, the improvement evidence and the follow-up audit. Our ground auditor and Ethical Sourcing team provide technical support to

suppliers and factories during the whole remediation process. Supplier training focusing on COG audit standards are provided to suppliers and factories as well. A supplier improvement strategy project is in place to support our key supplier and factory to take their corrective action as well.

## **ASSESSING THE EFFECTIVENESS OF OUR ACTIONS**

Our framework of risk assessment, policies, internal controls, and due diligence are central to our approach to managing the risks of modern slavery in our supply chains. We review our policies and practices annually to ensure that we learn from our experience and adapt to our evolving supply chain. A robust governance structure has been developed including the formation of our Sustainability Steering Committee which supports the development of strategic frameworks and objectives on how we govern our ethical sourcing and sustainability programs in accordance with the business values. The committee is made up of senior leaders from across the business and is further supported by our advisory Board. Ethical sourcing status is reported to the Board monthly and any significant matters are reported accordingly. This ensures that risks and issues identified in our audit program or confidential hotlines are escalated and mitigating actions are taken.

We monitor the effectiveness of our Ethical Sourcing Program to ensure that slavery and/or human trafficking is not taking place within our business or supply chain, through:

- Reviewing any reports received from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified.
- Remediation and management reporting of breaches identified by our audit program or confidential hotlines.
- Annual review of our risk assessment process and audit programs to ensure they are relevant and up to date.
- Our Group Sustainability Steering Committee oversees the ethical sourcing strategy and framework in strict accordance with our values and ethical framework.
- Regular training and capacity building for team members, third party auditors and suppliers.
- Engagement with stakeholders to maintain a proactive dialogue on our performance.

## **COVID SUPPORT**

Like many businesses around the world, 2020 and 2021 have challenged us, but with our Ethical Framework guiding our every move, it's been our priority to stand side by side with our suppliers.

Our people come first in every decision The Group makes. It's no different for our suppliers and their factory workers who are an extension of our global family.

- At the beginning of COVID-19, we immediately communicated our plan to our suppliers, detailing the ways in which we were able to support them with all existing orders.
- We committed to all orders in our supply chain that were already in production pre-COVID-19, honouring existing payment terms and pricing, redirecting excess stock to other markets where seasonally relevant and repurposing fabrics into ranges landing later in the year.
- We expanded our Supplier Finance Program, enabling our partners in China and Bangladesh to access payment within days of an invoice being issued.
- We worked closely with our partners to support them to create a safer work environment in their factories.
- In all that we do, the Group's Ethical Sourcing Program is our baseline; it's how we do business and aims to protect workers' rights and strengthen supplier relationships and commitments.

## **CONSULTATION**

During the reporting period this statement covers, Cotton On has actively engaged and consulted with all companies we own or control in the development of this statement, overseen by our Board. Cotton On also collaborates globally with industry initiatives such as Action, Collaboration, Transformation (**ACT**) on Living Wages, Accord on Fire and Building Safety in Bangladesh and the Better Cotton Initiative, to inform and support the management of modern slavery risks.

Approval for this statement

This statement was approved by the Board of Directors for COG Pty Ltd in its capacity as the parent entity of the Cotton On reporting entities on 9 November 2022.



.....  
Peter Johnson  
Chief Executive Officer - Cotton On Group