

# MODERN SLAVERY STATEMENT

This statement is made by Cotton On Australia Pty Ltd as the reporting entity pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**). Cotton On Australia Pty Ltd is hereinafter referred to as **Cotton On** (or 'we', 'us', or 'our').

This statement is made in relation to the financial year ending 30 June 2024.

## PURPOSE AND COMMITMENT

Cotton On is committed to ethical and transparent operations. We recognize the risks of the fashion industry and take a zero-tolerance approach to any form of modern slavery including servitude, human trafficking and forced labour. We are constantly evolving our systems and controls to safeguard against any form of modern slavery within our business operations or supply chain.

This statement details how Cotton On 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 (being the broader group of COGI Pty Ltd and the entities it owns and controls, which includes the reporting entity) is one of Australia's largest fashion retailers. The Cotton On Group's operations consist of over 1,500 stores in 22 countries with a team of approximately 20,000 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 party warehouses in Brazil. We have licensed partners located in the Middle East, Philippines, Indonesia, Central America, Venezuela and Vietnam.

We have wholesale operations through third parties including The Iconic, Zalora, NEXT, ASOS, Superbalist, BASH, Namishi, Hudson Bay, Nordstroms, Stitchfix and Macy's.

Over the last 33 years, the Cotton On 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.

Since day one, our purpose has been to make a positive difference in people's lives. As a global fashion business, we know we have a responsibility to do the right thing, and this responsibility extends to our partners. We're proud of the great working relationships we have with each of our suppliers and factories. Cotton On is committed to 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 worldwide, with the majority of our supplier partners located in China and Bangladesh. We also source product from Vietnam, India, Indonesia and Australia. Using our Ethical Framework to guide us (described in more detail below) we work closely with them to ensure the environments in which our products are made are safe, fair, sustainable, and responsible.

## RISKS IDENTIFIED

Cotton On acknowledges it sources product from countries which are associated with higher levels of modern slavery risk. We have implemented practices and controls to enable us to identify pertinent risks faced by the Cotton On, including a robust audit program as part of our 14 Rules to Trade (described below). Through our audit program, we determine and review the high-risk areas of our supply chain and implement steps to mitigate risk in these areas. Cotton On considers 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, Bangladesh, India and Vietnam where the majority of our goods are manufactured.

Additionally, we have identified specific product risks we may face. One of these risks being the potential link to modern slavery through our supply chain because a high proportion of our products contain cotton. As described below, we have clear contractual obligations to address this risk and maintain a rigorous Ethical Sourcing Program that ensures we engage the right suppliers who share our ethos towards sourcing quality, more sustainable fibres and materials. We ensure our suppliers are certified to the relevant globally recognised textile standards, enabling us to deliver products made with sustainable attributes where possible, 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 impact report, [The Good Report](#).

## 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 works to protect workers' rights, the environment, and strengthen our supplier relationships through our commitment to traceability transparency, and sustainability. Before partnering with a supplier, we ensure they understand our expectations when it comes to operating ethically, and how to adhere to our 14 Rules to Trade. We take a zero-tolerance stance on a variety of serious matters, including: forced labour, child labour and minimum wage. This is addressed in our Rules to Trade, with regular education provided to suppliers regarding our expectations. We monitor for opportunities that will maximise our positive impact across the globe. 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 modern slavery risks are not confined to our supply chain and may exist in other business relationships. We are always looking at how we may expand the scope of our Ethical Sourcing Program in the future. Our dedicated Ethical Sourcing Team works year-round to ensure that our 14 Rules to Trade are implemented across all suppliers via our auditing program. Further information is available below. Over the last 15 years, we have evolved 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.

We have implemented stringent policies including the re-signing of each supplier to our 14 Rules to Trade, to ensure they have a clear understanding of Cotton On's expectations and our zero-tolerance approach to breaches. We continuously educate suppliers and any other third parties we may work with. In the event a Zero-Tolerance finding, the auditor will report the issue to us within 24 hours and corrective action plans are issued within 7 days. Cotton On will work closely with the supplier regarding the continuation of their relationship as a supplier, having regard to our 14 Rules of Trade and any other relevant policy in place at the time. A failure of satisfactory remediated action may lead to a formal termination of our relationship with a supplier.

In the interest of transparency, our Supplier Disclosure list is publicly available at [cottonongroup.com.au](http://cottonongroup.com.au). This is updated bi-annually to accurately reflect where our product is sourced from.

## 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:** In May 2024, all Cotton On suppliers signed a new Supplier Agreement. We are constantly evolving our partnership with our suppliers and our new Supplier Agreement reflects the way we do business today including:
  - a. enhancing visibility of suppliers' entire supply chain (which must be traceable) including Cotton On's right to audit;
  - b. enhanced obligations to adopt practices which safeguard human rights, workers' employment rights, safety and the environment.
- **Supply chain mapping and traceability:** Cotton On, and the Cotton On Group more generally, has traced 100 per cent of its Tier 1 factories and have mapped the entire supply chain, including Tier 2 (inputs processing), Tier 3 (components) and Tier 4 (raw materials).
- **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 compliance with the Supplier Agreement and 14 Rules to Trade. We have upgraded our Ethical Sourcing Audit program to cover safety, wages, working hours, entitlements, waste, electricity and water usage, decarbonisation plan, 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 robust auditing program is supported by corrective action and remediation process, as necessary.
- **Child Labour and Forced Labour Policy:** Our Child Labour and Forced Labour Policy includes additional education for all suppliers regarding excellent hiring practices. 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.
- **Child Protection Policy and Child Safeguarding Framework:** The Policy and Framework have been updated in the last reporting period to re-define the guiding principles, accountability and reporting structure applicable to all individuals and partners, including Cotton On employees, representing or working with Cotton On Foundation in Australia and Internationally. In line with its zero tolerance stance of child abuse and exploitation, annual reviews and risk assessments will be conducted to identify and mitigate any potential risks to children.
- **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. Suppliers are expressly included in our whistleblower policy,
- **Confidential Reporting Service:** We operate in-country, confidential services through hotlines and website platforms for workers to anonymously report any misconduct or concerns about human rights breaches, illegal actions, workers' rights, fair wages, health and safety, unauthorised subcontracting or bribery and corruption. This service extends to our suppliers and is accessible 24 hours a day, 7 days a week. Posters with contact information translated to local languages are displayed in all production facilities.
- **SEDEX Platform:** Since 2018, we have been a member of SEDEX, a sustainable business and supply chain platform solution, headquartered in London England, to enhance 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.
- **Worker Sentiment Survey:** Partnering with a third party consulting firm, we introduced an anonymous and voluntary worker survey in India, distributed in local languages. The survey provides insight into HR-human rights due diligence to identify where additional support is required. The survey is conducted in addition to our regular audits.
- **Living Wage Gap Analysis:** We completed an analysis across all factories, using available data from SEDEX. The findings from the analysis will assist Cotton On to gain greater wage transparency. Cotton On will now work together with suppliers on their action plans and strategies to actively

improve and advance living wages. We've concurrently revised interview training and techniques for our in-house auditors to ensure further data transparency and accuracy.

- High Risk Region Productions: We develop and implement the high-risk region productions strategy to manage the risk of forced labor in alignment with market legislative frameworks via supplier engagement to gain supply chain visibility and assurance of products and production traceability.

### **Due Diligence and Monitoring**

Before engaging with a new supplier, Cotton On conducts due diligence checks against our code of conduct or 14 Rules to Trade. As discussed above, this list is publicly available to ensure transparency. These due diligence checks and subsequent ethical sourcing audit assessments, which also extend to the supplier's subcontractors, includes a review of working conditions, 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. Throughout a supplier's onboard process, we also extended the approval of a mutual recognition audit from other international social compliance frameworks.

In FY24, we conducted 506 audits across our global supply chain. 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 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 Supplier Agreement 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 Cotton On's expectations for purchasing practices and ethical sourcing. We recently launched a mandatory ethical sourcing e-learning training module for all Cotton On employees who are involved in supplier relationships and/or product development. 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 main sourcing regions and Cotton On's global support centre. This year, Cotton On welcomed 250 of our global suppliers to Geelong, Australia for the bi-annual Supplier Connect conference. 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. Monthly meetings are held between our Ethical Sourcing Team, Production and a number of suppliers, advising on the practical application and remediation of our 14 Rules of Trade and other ethical sourcing commitments. Our Ethical Sourcing Team also raise any performance trends seen within the business.

In addition, Cotton On 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**

The Cotton On Group provides audit training to suppliers, with reference to the 14 Rules of Trade. All audit reports and corrective action plans are provided to the relevant factory and supplier for improvements. Factories that have been audited are required to return their detailed Corrective Action Plan to our Ethical Sourcing team. The in- country auditor will review and advise on findings based on the received Corrective Action Plan to suppliers on the improvement evidence and the follow-up audit. Supplier performance is rated through a supplier scorecard system. More information regarding this process is available in [The Good Report](#).

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

We have a framework in place that involves regular review of our risk assessments, policies, internal controls and due diligence practices. Our framework of risk assessment, policies, internal controls, and due diligence combined, are central to our approach to managing the risks of modern slavery in our supply chains. We review our policies and practices regularly 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, with advisory from an external sustainability consulting firm. This structure 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 Cotton On Group.

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:

- Review and investigation of any complaints 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.
- Benchmarking our risk assessment process and audit programs against the industry to ensure they are relevant and up to date.
- Our 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.
- Engaging with stakeholders to maintain a proactive dialogue on our performance.

In all that we do, Cotton On'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 Accord on Fire and Building Safety in Bangladesh to inform the support and management of certain modern slavery risks.

Approval for this statement

This statement was approved by the Board of Directors for COGI Pty Ltd in its capacity as the parent entity of Cotton On Australia Pty Ltd, the reporting entity, on 23 December 2024.



Peter Johnson  
Chief Executive Officer - Cotton On Group