

# **LORNA JANE**

## **Modern Slavery Statement**

**Lorna Jane Pty Ltd - ABN 91 065 384 616**

Reporting period:

1 July 2022 – 30 June 2023

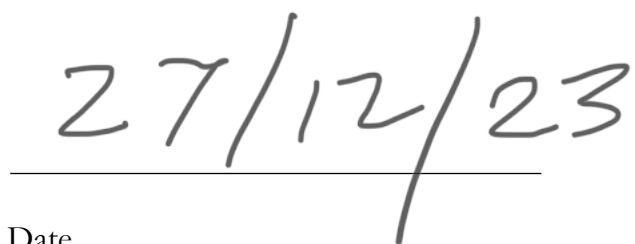
This Modern Slavery Statement was approved by the Board of Lorna Jane Pty Ltd as the principal governing body on 23<sup>rd</sup> December 2023.

Pursuant to the requirements of the *Modern Slavery Act 2018 (Cth)*, the contents of this Statement have been reviewed and confirmed as accurate by a duly authorised person.

This statement is signed by Bill Clarkson in his role as the Director on 27<sup>th</sup> December 2023



Signature



Date

**Bill Clarkson**

Name

## **Table of Contents**

**The reporting entity**

**Our operations, structure, and supply chains**

**Identifying and assessing areas of modern slavery risk**

**Our approach to addressing modern slavery risk**

**Measuring effectiveness**

**Consultation with owned entities and other information**

## **The reporting entity**

Lorna Jane Pty Ltd (ABN 91 065 384 616) is a mandatory reporting entity under the *Modern Slavery Act 2018* (Cth). The reporting entity is referred to in this Statement as “Lorna Jane”, “we” and “our”.

This is our fourth modern slavery statement under the Act. It describes Lorna Jane’s approach to identifying, assessing, and addressing modern slavery risks for the 2022-2023 Australian financial year.

## **Our operations, structure, and supply chains**

### **Operations**

Our core business and operational activities have not materially changed since our previous statement.

Lorna Jane is a leading women’s activewear and lifestyle brand retailer with products, including women’s tights and leggings, shorts, tops, pants, jackets, tanks, sports bras, swimwear, shoes, and accessories. We also sell lifestyle related books and digital gift cards

We have retail premises in locations across Australia (98 stores) and New Zealand (10 stores). Lorna Jane has warehouse facilities and an online sales presence in the United States, and an online sales market in China.

During the reporting period, we opened three new stores in New Zealand (Milford, Albany and Bayfair) and refitted our store in Northlakes, Queensland.

We also carried out major upgrades of existing stores in 20 locations across Australia.

We ceased direct retail operations in the United Kingdom. Although the controlled UK entity still exists (see below), that company is not currently trading.

Our corporate operations include team members working in the areas of finance, procurement, human resources, distribution, marketing, strategic partnerships, sales, operations, IT, design and product development. These activities continue to be primarily undertaken at our headquarters in Eagle Farm, Queensland.

### **Our team**

Lorna Jane employed a total of 1110 team members across Australia, New Zealand, the United States and China. 90% of our team (1004 total staff) are employed in Australia. We also have 11 full time employees based in China, who are directly engaged in a professional role, to facilitate our online sales in China.

Lorna Jane's total employee numbers grew from the previous reporting period (819 total staff), which reflects our ongoing overall growth and expansion as a business.

Below is a further breakdown of our workforce characteristics:

- 918 staff are employed in retail roles (83% of our total workforce).
- 114 staff are employed in executive, professional and administrative roles at our Queensland Headquarters (10% of our total workforce).
- 71% of our workforce is employed on a casual basis, 24% are employed on a fulltime basis and 5% are employed on a part-time basis.

Lorna Jane has utilised the services of reputable Australian recruitment agencies to source a small number of Australian based staff, who are all directly employed on a full-time basis. We do not use the services of labour hire companies.

### **Lorna Jane's Corporate Structure**

Lorna Jane Pty Ltd is a privately owned Australian company.

The reporting entity also owns and controls fifteen entities, none of which individually meet the statutory criteria to be reporting entities under the Act. These entities are as described in our previous statements:

- LJ GP No 1 Pty Limited.
- LJ GP No 2 Pty Limited.
- Lorna Jane Gold Coast Pty Limited.
- Lorna Jane Rewards Pty Limited.
- Move Nourish Believe Pte Limited.
- LJ USA General Partnership
- LJ USA Holdings Inc
- Lorna Jane USA, Inc
- Lorna Jane B.V
- Run Girl Run (Shenzhen) Co. Limited
- Lorna Jane Hong Kong Ltd
- Lorna Jane New Zealand Ltd
- Lorna Jane Limited (CAD)
- Move Nourish Believe (UK) Limited

### **Our supply chains**

Our total number of direct (first-tier) suppliers over the reporting period was very consistent with our previous period, through our engagement with a total of **628 unique suppliers**.

*Primary supply chains – manufacturing our products.*

Our largest spend category remains unchanged and continues to be the direct supply chain of manufacturing our core range of activewear apparel products for retail sale.

The predominant feature of our core supply chain remains our long-term engagement with a single and trusted supplier, which, although engaged in overseas apparel manufacturing, is also a reporting entity under the Act. Our relationship with this single Australian company continued account for 100% of our total procurement spend for the reporting period.

We have also continued to engage with the two knitwear and woven fabric apparel sub-suppliers described in last year's statement. These sub-suppliers have a direct commercial relationship with our long-term primary apparel manufacturer (described above) and distribute their goods to Lorna Jane via our primary supplier's factory in Ningbo. Lorna Jane does not have a direct commercial relationship with these suppliers (referred to throughout the statement as our 'sub-suppliers'), however we have continued to take an active role in engaging with them as part of our anti-slavery commitments.

Lorna Jane also purchases hat /headwear products from another trusted long-term sub-supplier. This sub-supplier comprised approximately 1.5% of our total per unit production volume for the reporting period. Like our other sub-suppliers of woven and knitwear products, our headwear sub-supplier has a contractual relationship with our primary manufacturing supplier and distributes their goods via our primary supplier's factory.

We also commenced a trial process with another supplementary garment sub-supplier during the reporting period. This trial supplier has expertise in manufacturing using a specific fabric technology that is important to one of our product areas. Lorna Jane's upfront screening actions in relation to potential modern slavery risks associated with this additional supplier are discussed further below in relation to our due diligence approach.

Our apparel manufacturing supply chains remain the core focus of Lorna Jane's overall modern slavery response. Specific initiatives undertaken during the reporting period are discussed in detail in later parts of this Statement.

*Service providers and non-primary supply chains*

In addition to our primary apparel manufacturing supply chains to produce our activewear for retail sale (described further below), our ongoing process of refurbishing and upgrading stores across our network has resulted in ongoing engagement with building and construction services.

We also continue to procure goods and services in support of our core operations, including across the following Australian industry categories:

- Delivery, postal, courier, and road freight services
- Marketing and advertising services
- Construction and design services
- Professional and business services including legal, tax, accounting, consulting, or IT services
- Maintenance and cleaning services for our Corporate Office facilities

Through our engagement with this broad range of service providers, based on individual supplier numbers, our overall supply chain characteristic of is predominantly Australian based. Despite this, in line with focus on maximizing impact in the areas of highest assessed risk, our due diligence activities remain heavily concentrated on supplier apparel manufacturing activities in China (discussed further below).

## Identifying and assessing areas of modern slavery risk

### Supply chains

The latter part of the reporting period featured the long-awaited release of the Walk Free Foundation's updated and pre-eminent **2023 Global Slavery Index (GSI)**. The GSI confirmed that global garment manufacturing remains the most widely recognised at-risk worldwide sector for modern slavery, from harvesting cotton to manufacturing textiles. Such published findings on identified global risks continue to underscore the importance of the role that companies such as Lorna Jane in continuously improving our approach to identifying, assessing, and addressing modern slavery risk.

As part of the process of high-level risk identification, we recognise that the prevalence of migrant workers in global apparel manufacturing activities, typically low skilled positions, and generally reduced overall supply chain transparency all contribute to the globally elevated risk.

With our primary supplier continuing its garment manufacturing activities for our major product lines in China, this continues to be overwhelmingly the most significant area of modern slavery risk exposure in our supply chains and operations.

We remain vigilant of the reality that forced labour, bonded labour and deceptive recruitment are common forms of modern slavery practices occurring in this sector, including within China. Lorna Jane continues to recognise ongoing and industry-wide factors that drive these elevated modern slavery risks, as we have identified and described at length in previous statements.

Our primary apparel supplier's Chinese factory is located in Ningbo, Zhejiang. This locality is in a completely different part of China from the Xinjiang region. We are not aware of any documented instances of alleged deployment of Uyghur forced labour workforces within either of these regions in China.

Although Lorna Jane's modern slavery risk exposure is clearly concentrated in its primary apparel manufacturing supply chain, with a location-based focus on China, we also believe it is important to maintain a holistic approach that continues to acknowledge our potential exposure to modern slavery as not being limited to offshore activities.

In that regard, recurring areas of potentially elevated risk (within the Australian context) include construction and building services (principally for our shop refurbishment and upgrades), commercial cleaning and security services (both for our head office facilities and for the shopping centres where our stores are located and for which we have ongoing tenancies), catering services, and freight / logistics (including delivery of online orders). Beyond these common-place engagements with service providers and suppliers that support our day-to-day business activities, we do not consider our Australian (or New Zealand / US-based) operations to have significant direct connections with any of the other 'hot-spot' domestic sources of modern slavery within Australia that are comprehensively identified in the 2023 Global Slavery Index.

**Overall, we do not consider that our overall assessed modern slavery risks have changed materially from previous reporting periods.**

We recognise that, through our supply chain, we continue to have substantially elevated risks of potential linkage to modern slavery, and that this continues to be due to our core operation in the global garment and apparel industry, with the manufacturing activities of our major apparel supplier occurring in China. However, just as importantly, we consider our (now well-established) risk mitigation framework to provide real-world protection for those individuals who work at the facilities in our primary manufacturing supply chain, thereby greatly reducing the **actual** (as opposed to theoretical) level of risk that those workers are exposed to.

## **Our approach to addressing modern slavery risk.**

As with previous reporting periods, Lorna Jane did not receive any reports, or otherwise become aware, of any actual or suspected incidences of modern slavery practices in our operations or supply chains.

Our focus remains on proactively addressing identified areas of elevated risk, particularly within our core manufacturing supply chains. Whilst several areas of concern were identified through the process of comprehensive onsite factory auditing at various key manufacturing premises in China, these supply chain due diligence outcomes (now rectified through corrective action plans – discussed further below), whilst undoubtedly important, were assessed as falling well short of any accepted definitions of any kind of modern slavery practice.



### *Onsite factory audits for our apparel manufacturing suppliers*

Lorna Jane recognises that, far beyond seeking written commitments from companies in agreeing to abide by measures such as Supplier Codes of Conduct, there is no substitute for the in-depth due diligence insights that can be obtained through onsite audits being carried out by reputable third-party providers. That is particularly so in relation to inherently elevated risk contexts such as our suppliers' apparel manufacturing factories in China.

In recognition of the importance of such due diligence action, onsite social compliance audits were conducted at the factories of both our primary apparel manufacturer, and our sub-suppliers described above. This also included the new prospective supplier described above in relation to manufacturing processes using specific fabric technology relevant to one of our discrete product groups. We received comprehensive reports detailing the results of each of these audits.

The onsite factory audits were carried out by recognised third-party experts including certified providers under: QIMA, Amfori BSCI and/or SMETA.

From the perspective of addressing modern slavery risks, the most significant issue that we identified from the onsite factory audit process related to working hours, particularly with regards to overtime. A significant proportion of detected potential non-compliances across all the audited Chinese factories related to this issue. We understand that, in general terms, excessive working hours is a recognised indicator of worker exploitation. However, based on our review of the subject reports, it was clear to us that, in the specific context of these onsite audits, the performance of such overtime hours appeared to be very much worker driven. For example, a consistently observed outcome from associated random worker interviews was that workers expressed a desire to work extra hours from time to time (when available) to increase their earning capacity. Such disclosure was accompanied by what appeared to be a clear understanding that workers were free to decline opportunities to work overtime, should they wish to do so.

At the time of lodging this Statement, our primary apparel supplier and one apparel sub-supplier are both in the process of implementing remedial steps in corrective action plans relating to issues identified in the audit reports. None of the issues identified as requiring remedial action by our manufacturing suppliers were characterised as involving any kind of suspected modern slavery practice.

Our primary manufacturing supplier, in response to a WRAP audit report received approximately mid-way through the reporting period, promptly developed and implemented a tailored "working hours action plan", which includes detailed commitments and action areas to systematically addressing underlying issues contributing to the recurrent incidence of excessive working hours.

The plan makes a factory-wide commitment to continuous improvement in seven key performance areas, with a strong focus on improving the efficiency and skillsets of individual teams within the factory.

The onsite supplier factory audit process also provided important insight in confirming that many of the typical indicators for elevated modern slavery risk on an industry and country-wide basis are **not** present at our suppliers' factories:

- No factory demonstrated any evidence of using child labour.
- No factory employed foreign migrant workers.
- No factory used labour hire agencies.
- No factory withheld any worker identification documents or required workers to lodge deposits.
- Interviewed workers all expressed comfort at raising complaints and discussing issues and expressed general satisfaction with working conditions.

We see such positive confirmation as important progress in our overall modern slavery response – as it allows us to go deeper than theoretical or potential risks levels, and to better understand actual risk areas.

### ***Cotton traceability and deeper tier supply chain visibility***

Beyond addressing potentially elevated modern slavery risks associated with the manufacturing activities at our direct suppliers' factories in China, we also recognise the importance of pursuing multi-tiered visibility for international cotton supply chains.

Cotton is a raw material that has been long been identified as high-risk for modern slavery at a global scale. As the product spotlight for global cotton in the 2023 Global Slavery Index recognised<sup>1</sup>:

“During processing, raw cotton is ginned, spun, and woven into textiles. Fibres sourced from multiple countries are combined into a singular fabric at a textile mill, complicating efforts to trace the origins of a finished product.”

Our primary manufacturer has continued to pursue improved visibility into the deeper tiers of the cotton that is used in its factories to produce Lorna Jane's core product lines.

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<sup>1</sup> <https://www.walkfree.org/global-slavery-index/findings/spotlights/stitched-with-slavery-in-the-seams/>

Both Lorna Jane and our core apparel manufacturer recognise that one of the most important issues confronting supply chains of the kind at the core of both our businesses is mitigating, insofar as is practicable, any risk of material inputs being influenced by Uyghur forced labour, especially in the context of the high proportional volume of cotton production originating from the Xinjiang region.

Our supplier has taken, and continues to take, important steps to seek to ensure that none of its sourced cotton originates from Xinjiang, including:

- recognising the effect that import bans on cotton from Xinjiang under legal mechanisms such as the *Uyghur Forced Labour Prevention Act* in the United States, including resulting in the ‘dumping’ of product into other markets; and
- continually monitoring and seeking specific disclosure from its cotton suppliers to ensure the product is not produced through the exploitation of the Uyghur people.

Our primary manufacturer has four primary Chinese cotton suppliers, which are described as having the following characteristics:

- All cotton suppliers have been in long-term partnerships with our primary supplier. The shortest period of engagement was reported by our supplier in its most recent disclosure (in mid-2023) as being 5 years (60 months). The longest period of supplier engagement (which is ongoing) is 13 years (156 months). The two other cotton suppliers have been engaged by our primary supplier for 11 years.
- All but one of supplier is located within 80km of our supplier’s primary factory. The fourth supplier’s headquarters is within 322kms (200 miles) of that factory.
- All suppliers adopted our primary manufacturer’s Supplier Code of Conduct during 2022.
- All four suppliers’ products are third-party certified by OEKO-TEX. One supplier is certified by the Global Organic Textiles Standard (GOTS). Another supplier is also certified under the Global Recycled Standard (GRS).
- Two out of the four cotton suppliers are majority owned by women.

Our long-term partner supplier has increasing willingness of its key raw material suppliers to provide greater levels of disclosure relating to the source origin of products. For example, a significant shipment of US-grown, certified cotton that ultimately formed part of our supplier’s direct supply chain during its most recent reporting period (as at the date of lodgment of this Statement) specifically certified that the cotton was not from named hot spots for forced labour and other modern slavery practices but instead was sourced from areas of relatively low risk.

Lorna Jane has also collaborated with its primary supplier throughout the reporting period to obtain full details in relation to its Tier 2 suppliers. These companies are yarn and fabric mill suppliers. At the time of finalising this Statement, our primary supplier advised that it is currently awaiting the results of consultation with these Tier 2 suppliers, which has been facilitated by third-party experts. Lorna Jane expects to receive all results from this 2<sup>nd</sup> tier supplier engagement process, once it is completed.

### **Living Wage Audit**

In our last statement, we described the process of undertaking a living wage audit (in line with the Global Living Wage Coalition's definition and methodology) and the results of that audit for our primary manufacturers factory in Ningbo, China.

During this reporting period, we further expanded the ongoing initiative of confirming the living wage status of our direct manufacturing suppliers through a living wage audit of one of the apparel sub-suppliers that we onboarded during last financial year.

Lorna Jane engaged QIMA as a third-party provider to complete the living wage audit of this supplier towards the end of this reporting period. The QIMA audit used the Anker methodology (as advocated by the Global Living Wage Coalition) as a benchmark for its analysis.

Consistent with the findings of other onsite audit reports, and in a further example of the tension of balancing the self-determined wishes of workers, all workers who were interviewed as part of the audit process expressed a positive attitude towards company management and remuneration. However, such positive indicators were accompanied by a desire to work more overtime hours to earn more money.

The initial QIMA audit report indicated that, although all employees were being remunerated in accordance with the applicable local laws and wage requirements, it appeared that complete coverage for payment of a living wage was not yet being achieved. As at the time of lodging this Statement, the apparel sub-supplier reported to us that it was introducing employee subsidies so that the calculated local living wage figure was reached. We expect to be in a position to confirm a living wage for this manufacturing facility for the supplier in our next statement.

Lorna Jane intends to continue in advancing our long-term commitment to confirm payment of living wage across our apparel manufacturers in the next reporting period and beyond.

### **Continually improving our Policy and Governance Framework**

#### **Responsible Purchasing Policy**

In our last statement, Lorna Jane described the development of our Responsible Purchasing Policy. This policy was adopted during the reporting period, and it has been integrated into our Code of Conduct for Suppliers ("CoC").

All of our apparel manufacturing suppliers with which we have executed a manufacturing agreement / purchase order form since the adoption of the Responsible Purchasing Policy have signed and agreed to the CoC.

### **Forced labour provisions**

Lorna Jane has formally integrated the forced labour provisions described in our last statement into our onboarding supplier manual.

The updated manual has been executed by all our apparel suppliers that are currently onboarded.

### **Corrective action plan template**

Lorna Jane has developed a corrective action plan template during the reporting period. This template has already been deployed as an actual plan for one of our manufacturing suppliers and covers a range of key areas, including:

- Strategic approach for remedial action including clear timelines, ownership designation for responsible teams and individuals, and opportunities for engagement with local communities, NGOs and other third-party stakeholders.
- Implementing living wage awareness and pathways to achievement.

### **ESG Road Map**

At Lorna Jane, we are continuing to develop our overarching ESG-strategy as a roadmap for achieving long-term impact in the areas of social responsibility, corporate governance, environment, and circularity. We recognise that our modern slavery statement is not the setting for outlining detailed descriptions of broader ESG-related goals, and so have only included here an overview of the road map's adoption and implementation of the United Nations' Sustainable Development Goals 8 (Decent Work and Economic Growth) and 10 (Reduced Inequalities), which are most directly relevant from a modern slavery perspective. High-level targets that are captured under our ESG Roadmap include:

- Payment of a living wage across all our primary manufacturing suppliers' workforces
- Meeting all the ILO's Fundamental Principles and Rights at Work
- All placed orders in line with Responsible Purchasing Practices
- Complete factory audits for our Tier 2 manufacturing supply chain factories
- Increase access and implementation for our tier 1 suppliers' factory teams to effective worker-led grievance mechanisms.

We are currently in the process of developing a step-by-step plan towards achieving these targets and expect to further describe its implementation in our next Statement.

***Continuing internal training***

During the reporting period, our entire Design and Production team completed a 'Watchdog Compliance' training program released by the Australian Consumer and Competition Commission (ACCC), which included a substantive component covering a broad range of modern slavery issues.

## Measuring effectiveness

In line with what has now become a multi-year approach, Lorna Jane assesses the effectiveness of our modern slavery response through closely tracking our progress across our identified key action areas.

The following Table outlines our progress on planned measures during this reporting period, as identified in our last statement.

Key Action Area in our Previous (FY2021/22) MSS	Progress during this reporting period
<p><b>Continued engagement with primary manufacturing supplier</b></p> <p><b>Undertaking a yearly audit of our primary supplier &amp; review of their procedures</b></p>	<p><b>Completed.</b></p> <p>Our primary manufacturing supplier has provided us with a copy of its annual WRAP Audit Report (and a copy of its gold level certification), SEDEX Report and a Living Wage Audit Report.</p> <p>Our primary manufacturing supplier has also completed due diligence on cotton supply chains, including in relation to country/region of origin tracing.</p> <p>The supplier has also provided a copy of its working hours action plan, which was developed to address issues identified in onsite audits.</p> <p>The supplier has also engaged with us in relation to its existing worker grievance policy and has confirmed that factory workers are actively involved in a current review process relating to the workability of the mechanism and potential areas for improvement.</p>

<p><b>Increased (internal) stakeholder engagement with modern slavery</b></p>	<p><b>Completed.</b></p> <p>Internal modern slavery training completed for the design and production team.</p> <p>Our ESG Working Group has continued to meet on regular basis, facilitated by our Sustainability Lead. The ESG Working Group has day-to-day responsibility of our modern slavery response, including reviewing and instigating follow-up action on all audit findings relating to our manufacturing suppliers.</p>
<p><b>Operationalising policies and procedures</b></p>	<p><b>Completed.</b></p> <p><u>Forced labour provisions</u> have been integrated into supplier onboarding manual, which has been executed by all our onboarded apparel suppliers.</p> <p><u>Responsible Purchasing Policy</u> has been integrated into the Code of Conduct for suppliers, which has been executed by our apparel suppliers (see description above).</p>
<p><b>Due diligence of suppliers through the planned expansion of preferred supplier network</b></p>	<p><b>Completed.</b></p> <p>(See discussion above in relation to extensive onsite auditing activities of our primary and sub-supplier's manufacturers' factories in China).</p>



<p><b>Increased (external) stakeholder engagement</b></p>	<p><b>Completed.</b></p> <p>In addition to our continuous engagement with our primary manufacturing supplier and our apparel sub-suppliers on modern slavery issues (particularly surrounding the results of onsite auditing activities), Lorna Jane continued in external engagement with OXFAM in relation to our living wage activities, and through industry webinars arranged by Baptist World Aid, which focused on promoting worker voices in the fashion manufacturing sector.</p>
<p><b>Increased transparency for all key aspects of our modern slavery response</b></p>	<p><b>In progress.</b></p> <p>Our aim with the descriptions provided in this Statement is to provide a significantly more detailed picture of the modern slavery risks and responses associated with our core supply chains than the descriptions that would be required to simply achieve compliance with the Act's reporting requirements.</p> <p>Lorna Jane did not disclose further details on its website in relation to location of suppliers during the reporting period. This decision has sought to balance what is a relatively new manufacturing supplier relationship (other than our primary manufacturing supplier), which is still in the earlier stages of developing a long-term partnership with high levels of mutual trust. We have also considered the reality that this new supplier accounts for a very small proportion of our apparel manufacturing procurement spend.</p>
<p><b>Continued commitment to ensuring a living wage is paid to all workers in our direct supply chains</b></p>	<p><b>Completed.</b></p> <p>Living wage audit completed by QIMA on our apparel sub-supplier (first engaged by us during the last reporting period).</p>

	<p>Our primary manufacturing supplier also completed an additional living wage audit using a reputable third-party provider. (This occurred after conclusion of reporting period, but prior to lodgement of this Statement).</p>
<p><b>Practical implementation of our Supplier Onboarding Manual</b></p>	<p><b>Completed.</b></p> <p>Agreement to the Manual (including its updated forced labour prohibitions) has been communicated to us by all onboarded manufacturing suppliers.</p>
<p><b>Incorporation of additional provisions in our Whistleblower Policy that expressly address modern slavery issues</b></p>	<p><b>Substituted action taken in place of previously foreshadowed measure.</b></p> <p>We did not undertake a formal update to our Whistleblower Policy or Grievance Mechanism to include express references to modern slavery. Instead, given the clear concentration on identified modern slavery risk at the level of our primary apparel manufacturing suppliers and our apparel sub-suppliers, we shifted our focus to reviewing the sufficiency of the grievance mechanisms of these companies, including through monitoring of onsite audit results and the implementation of corrective action plans.</p>

## **Consultation with owned entities and other information**

Appropriate consultation occurred with all of Lorna Jane's owned and controlled entities (as listed above), both in relation to the preparation of this Statement, and for our overall and ongoing modern slavery response.