



## Addressing Modern Slavery Risks: Our Ethical Supply Chain Program

Our Ethical Supply Chain Program, in partnership with Verisio, represents our commitment to upholding Human Rights, preventing Modern Slavery and fostering ethical and sustainable practices throughout our supply chain. Launched in 2023, the program is designed to enforce and uphold rigorous ethical and environmental standards, increase compliance and ensure that the products we stock are produced under fair conditions.

Over the course of this program, we have made significant progress, collaborating closely with suppliers to conduct comprehensive factory audits, address identified risks, and elevate ethical and environmental standards across our supply chain.

Our Ethical Supply Chain program segments our suppliers into three key supplier groups:

1. **Overseas Trade Suppliers** – Where we import products directly to NZ.
2. **Local Trade Suppliers** – Where suppliers supply products to us in NZ.
3. **Non-Trade Suppliers** – Service providers operating locally and internationally.

We have tailored our approach to each supplier group based on a high-level risk screening and feasibility assessment. We have phased our efforts to ensure our programs are comprehensive and adequately mitigate the nuanced issues and risks associated with each group. We endeavour to strengthen each program as our understanding of our supply chain risks evolves.



### 1. Overseas Trade Supplier

Our initial focus has been on Overseas Trade Suppliers, as this is where we see our key risk lie due to the nature of these trading relationships (often involving direct dealings with factories). For these suppliers, the program requires their declaration of all factories used to manufacture products sold to us, and their provision of a current approved audit (e.g. BSCI, SMETA, Amfori) for each factory. We have made significant progress with these suppliers. Highlights include:

- All active supplier factories (over 200 factories as of year-end) have undergone third-party ethical audits.
- 34% of factories are graded at our lowest risk level, low risk.
- Through the program we have reduced the number of factories graded high risk to 16%. High risk factories will continue to receive support to address identified issues and achieve a lower risk grading, ensuring they meet our compliance standards.

In 2024, we ceased trading with six factories because they either failed to provide an audit report or refused to make necessary improvements to meet our compliance standards. Terminating a trading relationship is considered a last resort, and in cases of non-compliance, we follow a clear process that prioritises engagement and remediation efforts.

### 2. Local Trade Suppliers

This is the largest supplier group within our program, encompassing a diverse range of trading relationships, including agents, large brands, licensees, and small New Zealand businesses. Given the complexity and varied structures within this group, we identified a Code of Conduct (COC) as the most effective first step to engaging with these suppliers. Unlike our overseas trade suppliers, many of the factories used by these suppliers already fall under established brand audit and due diligence programs.

- Currently, 95% of Local Trade Suppliers have signed our COC, which covers the Ethical Trading Initiative (ETI) base code.
- We are currently engaging the remaining 5%, who have not signed primarily because they have their own brand COC.

As we continue strengthening our Ethical Supply Chain program, we are exploring ways to enhance our due diligence for local suppliers. This includes performing a more detailed risk-assessment to identify the most suitable audit type for each supplier sub-category within this group.

### 3. Non-Trade Suppliers

Throughout 2024, we engaged our top 50 non-trade suppliers (making up approximately 70% of non-trade spend). These suppliers were asked to complete a comprehensive survey to allow us to evaluate their environmental and ethical risks. Association of Professional Social Compliance Auditors (APSCA)-accredited auditors were then used to assess the responses against our compliance criteria and an initial risk grading was given to each supplier. Following this, these suppliers have been given the opportunity to collaborate with us, to address and improve the identified issues and risk areas. We have been encouraged by the steady progress we have seen in reducing these risk gradings.

### Looking Ahead

In FY26 we are working to expand and strengthen our Ethical Supply Chain Program to improve compliance through;

- A rewards and recognition scheme for our overseas trade suppliers.
- Strengthening due diligence of our local ethical supplier program.
- Adding increased ethical and environmental considerations into the non-trade onboarding process.
- Policy implementation.
- Increased training and communication to our internal team and suppliers.

