

MODERN SLAVERY STATEMENT

JULY 2020 - JULY 2021

Universal Store

SECOND STATEMENT

This document is Universal Store's second Modern Slavery Statement. It outlines the steps Universal Store has taken to assess and address Modern Slavery across the supply chain.

This statement was prepared in accordance with the criteria set out in the Modern Slavery Act 2018 (Cth) for the year ending 30 June 2021.

This statement covers Universal Store Holdings Limited (ABN 94 628 836 484) as reporting entity as well as its owned subsidiaries:

- Universal Store Pty Ltd,
- US Australia Pty Ltd,
- US 1A Pty Ltd, and
- US 1B Pty Ltd

Universal Store Pty Ltd (ABN 89 085 003 158) is our trading company which undertakes all operational activities and maintains relationships with our suppliers.

US Australia Pty Ltd, US 1B Pty Ltd and US 1A Pty Ltd are administrative companies, are not undertaking operational activities and therefore have a very low Modern Slavery risk profile. The owned subsidiaries share the same Board and management as the reporting entity.

Consultation on the identification and management of Modern Slavery risks for the reporting entity and its subsidiaries has occurred as part of the preparation of this Modern Slavery statement.

Universal Store's Board and executive management are committed to respect human rights principles as described in the UN Universal Declaration of Human Rights and the workplace rights of the International Labour Organisation conventions.

Universal Store acknowledges its responsibility to reduce the incidence of Modern Slavery in its supply chain. Universal Store has zero tolerance for Modern Slavery in all forms.

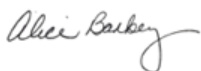
EXECUTIVE SUMMARY

Transparency is one of the key pillars of Universal Store approach to sustainability. The broader business strategy includes sustainability objectives and key results, and we are continuously striving to improve our performance around supply chain transparency and accountability.

Further information is available on the Universal Store website:
<https://www.universalstore.com/sustainability>

This modern slavery statement for period July 2020 to June 2021 was approved by the principal governing body of Universal Store Holdings as defined by the Modern Slavery Act 2018 on 21 October 2021.

This modern slavery statement is signed by a responsible member of Universal Store Holdings as defined by the Modern Slavery Act 2018,



Alice Barbery

Chief Executive Officer, Universal Store
21 October 2021

OUR PROGRESS

Since 2020, Universal Store has implemented a range of activities to identify, reduce and prevent modern slavery risks in its supply chain.

FY20 Baseline

- **Set up a dedicated internal Project team** composed of representatives from Production, Human Resources, Project Management and senior representatives from the Product team to work collaboratively and develop an approach to Modern Slavery.
- **Consulted on the risks** specific to each area of the business.
- **Completed a desktop audit** of Universal Store's supply chain.
- **Developed a modern slavery risk management plan.**

FY21 Review

- **Engaged experts** to assess the effectiveness and performance of existing processes.
- **Hired dedicated resources** increasing expertise on ethical sourcing.
- **Reviewed the ethical policy framework** to set expectations on suppliers' ethical practices.
- **Developed a Modern Slavery Framework** to guide implementation activities.
- **Introduced a Supplier Code of Conduct.**
- **Provided in depth training** on Modern Slavery to relevant teams.
- **Published first statement** (FY20 period).
- **Introduced Board discretion** to reduce LT bonus should major ESG breach occur.

FY22 Embed

- **Continue supplier engagement.**
- **Leverage technology** to assess and address inherent risks in the supply chain.
- **Evaluate and select** independent grievance mechanisms.

CRITERION 1 & 2

ABOUT OUR COMPANY

Universal Store is a public company listed on the Australian Securities Exchange (ASX).

We design, source, market our own private brands, and we procure and sell third party brands online and via our network of physical stores.

Universal Store

1425

team members



1225 Retail



107 Support Office



93 Distribution centre

Product Categories



menswear, womenswear, footwear, accessories and gifts

Stores

67

across Australia:
QLD (20), NSW (18), ACT (2),
VIC (13), WA (11)
SA (2), NT (1)
1 online store

Product Brands

Private Label

Perfect Stranger
Common need
Luck & Trouble
L&T
Token
Neovision

100+
3rd Party Brands

Thrills
Neuw
Tommy Hilfiger Wrangler, Bonds
Kiss Chacey

23 private label suppliers
producing across



39

factories owned by
suppliers

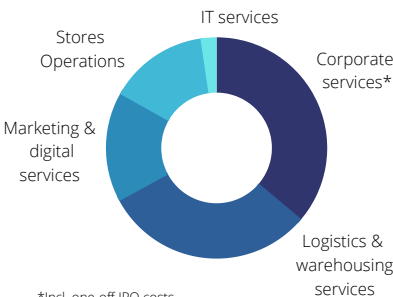
Third party brands'
own supply chain and
distribution

Operations

Support Office &
Distribution Centre
located in

Brisbane, QLD

Services
% Spend by category



Supply

144
Product
suppliers

157
Services
suppliers

300+
suppliers

GOVERNANCE

The Board Audit and Risk Committee (ARC) approved our Modern Slavery framework aimed at reducing risks in the supply chain.

The committee receives regular reporting on its implementation and risk management activities.

Risk Management & Reporting

The Chief Executive Officer and Leadership Team are responsible for ensuring Universal Store meets our human rights obligations across our business activities. The CEO is a member of the Board of Directors and the Audit and Risk Committee, and reports regularly to Universal Store governance bodies on the progress of Universal Store's ethical sourcing programmes.

The Leadership Team engaged risk consultants to review existing management systems and assess their effectiveness in managing Modern Slavery risks. Recommendations for improvement were discussed at Board level and decisions made regarding the development of future systems.

The 'Due Diligence Process' section of this statement highlights the governance, policy, operational and technology solutions we have activated in FY21 to increase Universal Store's capabilities in the identification and assessment of Modern Slavery risks.

The sustainability and ethical sourcing team is responsible for developing our ethical sourcing policies and implementing initiatives in collaboration with relevant internal teams and suppliers. Progress on these initiatives is regularly reported to the Board of Universal Store.

For further details on Universal Store's Corporate Governance structure and risk management framework, please review the company's Corporate Governance Statement.

<https://investors.universalstore.com/investor-centre/>

OUR OPERATION

Modern Slavery risk in Universal Store own operations is low.

At year end, we employed 1,425 team members, across retail operations, our Brisbane Support Office and our Distribution Centre.

The number of team members employed by Universal Store fluctuates throughout the year depending on the business activity.

Team members representation

Universal Store recognises the rights of team members to be represented and their ability to request collective bargaining aligned with the Fair Work Act.

All team members in our stores are paid in accordance with the General Retail Industry Award 2020. Other employees in our Support Office and Distribution Centre are on individual agreements based on the Modern Award that outline minimum pay, hours of work, deductions and leave entitlement, health and safety and conditions for termination of employment.

Vulnerable employees

International migrant labour hires may be at heightened risk of exploitation including deceptive recruitment practices. At year end, we had 36 team members residing in Australia on a working visa, the majority of which were retail casual employees and 7 in administration and distribution centre positions.

We comply with the (Visa Entitlement Verification System (VEVO) requirements outlined by Australian law. Universal Store hires casual labour team members directly and does not currently make use of intermediary labour hire firms. If the need should arise in the future, we would only use labour hire that provided conditions aligned with the General Retail Industry Award.

Payroll practices

Universal Store payroll practices are audited annually by an independent third-party.

Misconduct

Employees, contractors, suppliers, and associates of Universal Store who may want to report a disclosable matter or potential misconduct are protected under the Universal Store Whistleblower Protection policy.

CRITERION 2

Universal Store does not own or operate any manufacturing facilities overseas.

OUR SUPPLY CHAIN

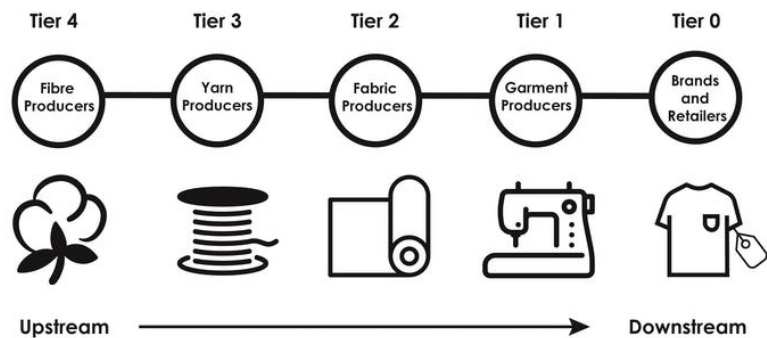


Stock suppliers

The products Universal Store sells in store and online (i.e. stock) are sourced from a combination of suppliers. Stock products are either sourced from third party brands or manufactured for our private label brands by third party manufacturers.

Industry Risks

It is generally accepted that each stage in the clothing industry's value chain is referred to as 'tier', numbered backwards from the retail stage, as shown below:



Universal Store has direct relationships with suppliers and their production factories (together operating in Tier 1), allowing us to set ethical expectations and compliance requirements through contractual obligations.

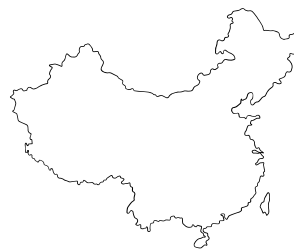
Universal Store's terms of trade outline an obligation for the supplier to respect our code of conduct and its ethical principles. Exercising oversight of human rights risks beyond Tier 1 suppliers is a significant commercial and operational challenge.

Country Risks

Modern slavery is more likely to occur in countries with weak rule of law, high levels of corruption, civil unrest and where population groups are vulnerable due to inequality, poverty, membership to persecuted groups or migrant population.

The majority of our private label brand products are supplied from factories located in China and one factory in Cambodia.

The prevalence of people living in slavery in China according to the Global Slavery Index is estimated to be 2.77 out of 1000 people, placing the country in a relatively low category of Modern Slavery risk.



Counterparty Risks

As part of our ethical sourcing programme, Universal Store requires suppliers to provide details of management systems as part of its supplier on-boarding process.

This allows Universal Store to assess counterparty risk and identify relevant improvements required to reduce risks of Modern Slavery practices in its supply chain.

The assessment process focuses on Labour Standards, Health and Safety, Environmental Performance and Business Ethics which are reliable indicators of good corporate governance thereby reducing the risk of Modern Slavery practices in our supplier's operations.

Product Risks

The cotton supply chain has high likelihood of Modern Slavery practices. The international community, including the Australian government, has concerns over forced labour and oppression of the Uyghur Muslim minority in the cotton supply chain from the Xinjiang province in China.

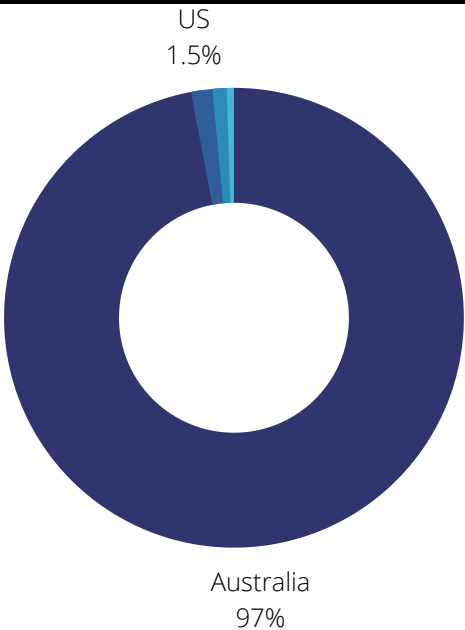
Universal Store is closely monitoring the situation and will comply with any future government guidance. Meanwhile, we have provided policy guidance to our suppliers on this issue.

Non-Stock Suppliers

Universal Store procures goods (not for resale) and services from other suppliers to support its retail and support office activities.

During 2021, we concentrated on mapping the supply chain for non-stock suppliers to get a better understanding of the potential risks:

157
non-stock
suppliers



We procure equipment and services from suppliers predominantly based in Australia operating in the following sectors:



Corporate services
Banking,
professional services
(incl. one off IPO costs)



Logistics services & Warehousing equipment
Transport and couriers,
handling equipment,
packaging materials



Marketing & Digital services
Advertising,
e-commerce,
production services,
printing



IT services & equipment



Operations
Utilities,
cleaning,
repairs and maintenance

Modern Slavery risks when sourcing from Australian suppliers

The risk of Modern Slavery occurring in Australia exists and is considered low in comparison with other countries. Whilst some industries are more likely to be impacted than others by Modern Slavery practices, in FY22, we will ensure that our contracts include provisions to ensure dealings are undertaken in alignment with Australian laws and regulations and the principles of the Universal Store’s Supplier Code of Conduct.

CRITERION 3

RISK OF MODERN SLAVERY PRACTICES

The 2018 Global Slavery Index estimates that there are more than 40.3 million people in Modern Slavery around the world.

71% of these are female and 24.9 million in forced labour.

Risk of Modern Slavery practices in our industry

Modern slavery practices refer to situations of criminal exploitation including deprivation of liberties, human trafficking, forced or bonded labour, child labour, and forced marriage.

The clothing industry is unfortunately one of the industries the most likely to have Modern Slavery victims in its supply chain. This is partly due to the fact the industry's supply chain is global, complex, multi-layered, and fragmented.

The Modern Slavery risks prevalent in our industry include:

- Unauthorised sub-contracting: Outsourcing labour needs to meet production demand introduces complexity into the supply chain. Contractors may not have the relevant licenses to conduct the work.
- Forced labour - The most common type of forced labour is overtime imposed through threats and punishment, penalty, or force.
- Child labour – Workers may be either too young to work, younger than the minimum age for employment or below the minimum age of compulsory education as per local laws and regulations.
- Deceptive recruitment / migrant labour – Engaging labour hire third parties to source workers increases the risk by reducing visibility over recruitment practices. Workers may be charged high fees to secure employment which they are unable to repay.
- Exploitation of vulnerable workers – 70% of garment workers are female therefore it is imperative they work in an environment free of discrimination, and can benefit from equal pay, dignified working conditions and work security.

Action we take to assess and address risk

Policy framework

Universal Store has a set of policy standards to articulate the business' position in respect to ethical conduct and modern slavery. Our corporate policies incorporate commitments to comply with laws and regulations and prohibits the worst forms of modern slavery.

Corporate Code of Conduct

Universal Store's Code of Conduct applies to all employees and guides the business' conduct in compliance with laws and regulations. The Code outlines the responsibilities that all employees must observe including acting with integrity, comply with all laws and regulations and act ethically and responsibly. Universal Store Code of Conduct is available on the company website and all employees are required to abide by the Code as a condition of their employment at Universal Store.

Supplier Code of Conduct

Universal Store developed a new Supplier Code of Conduct to better align with industry standards, practices, and stakeholder expectations. The code applies to all suppliers of Universal Store and is available online.

The code includes minimum requirements, compliance and auditing mechanisms, and relevant audit standards to ensure its effective implementation. Universal Store Supplier Code of Conduct is based on the Ethical Trading Initiative Base Code founded on the conventions of the International Labour Organisation (ILO) and the SEDEX Member's Ethical Trade Audit (SMETA) methodology.

Universal Store will continue to provide training sessions on the Code of Conduct requirements for both employees with procurement responsibilities and suppliers.

The 13 minimum requirements to be observed by suppliers are listed below:

1. No Child Labour
2. No forced Labour
3. Legal Migrant Labour
4. Respecting Human Rights in all operations
5. Working conditions are safe and healthy
6. Fair wages paid
7. Fair work hours
8. No bribery or corruption and act with integrity
9. Factory transparency
10. Valid business license
11. Environmental Protection
12. No use of banned raw materials or banned practices
13. Protect Animal Welfare

CRITERION 4

Universal Store does not own or operate any manufacturing facilities overseas.

OUR DUE DILIGENCE PROCESS

External expertise

Universal Store has access to a range of consultants and industry experts that can provide guidance on best practices. During the reporting period, we engaged risk consultants to review our management systems, assess their effectiveness and make recommendations on the development of future systems.

Transparency

Universal Store completed the mapping of Tier 1 private label suppliers and collected social compliance audit information for all Tier 1 manufacturing factories during the reporting period. In addition, Universal Store engaged in industry transparency initiative led by Baptist World Aid Australia (BWA) to benchmark our practices and identify potential process improvements that can be made to our due diligence practices.

Governance

Universal Store developed a structured framework to identify, manage and report on human rights issues and modern slavery risks in our supply chain. This framework will guide the implementation of initiatives in the coming period and provide transparency and accountability for governing bodies.

Team training

Universal Store, in cooperation with experts, provided an in-depth training on Modern Slavery to key teams to raise awareness of risk drivers and outline steps that teams can take to reduce the risk of Modern Slavery in our procurement activities.

Supplier engagement

Universal Store seeks to build long lasting relationships with suppliers that share our values. Our Product teams work collaboratively with suppliers to ensure our suppliers' business practices align with the principles of our Supplier Code of Conduct. Suppliers' acceptance of the policy is a requirement of our terms of trade.

- We expect all factories manufacturing private label goods to undertake annual social audits using a third-party auditor and provide us with copies of the audit reports, corrective action plans, and follow-up audit reports.
- We also started to engage with our 3rd party brands to get assurance that adequate policies, systems and processes are available to manage Modern Slavery risks in their supply chain. We will continue this work in FY22.

Technology

Universal Store has evaluated tools available for leveraging ethical sourcing data on supply chains in the view of improving the efficiency of audit data analysis, monitoring and reporting for private label suppliers. The selected solution will assist Universal Store assessing inherent risks in the supply chain, engaging with suppliers on their social performance, increase transparency and achieve continuous improvement.

Reporting

Universal Store published its first annual Modern Slavery Statement in October 2021 for the FY20 period. The company also published information on the location of factories online. Universal Store will continue to meet its reporting requirements under the Modern Slavery Act and provide updates in subsequent statements on the progress of initiatives and their effectiveness in reducing modern slavery risk.

Impacts of COVID-19 on modern slavery risk

Our private label supply chain continued to be impacted by the COVID-19 pandemic during the reporting period. COVID lockdowns also affected some employees movements and ability to travel to their place of work in some lockdown areas.

We continued to work with our suppliers and negotiated reasonable timelines for delivery of the goods considering available capacity and restrictions.

The factories maintained COVID-19 safe workplace practices and worked in alignment with government and health authorities' guidance.

Disruptions due to COVID-19 impacted the timeliness of some factories audit programme. Universal Store was understanding of restrictions imposed and allowed suppliers some flexibility in the timing of audits.

Remediation processes

The Code of Conduct is provided to all suppliers in their local language and is expected to be communicated across their operations. Currently, Universal Store relies on its Whistleblower Policy, our contact details provided in the Supplier Code of Conduct and workers interviews held during independent audits as grievance mechanisms. To date, no instances of serious harm have been detected or communicated to Universal Store.

- For private label suppliers, third-party audits outline non-conformances in suppliers' operations and identify remediation actions. We then request our suppliers to implement remediation actions and undertake follow-ups audits to verify continuous improvements.
- We expect our 3rd party brands to be transparent and communicate to us any breaches to our Supplier Code of Conduct.

Should any material findings or breaches be discovered, Universal Store is committed to work collaboratively with our suppliers towards efficient resolution. However, should agreed remediation actions remain unaddressed, Universal Store would consider taking action to exit the supplier as a last resort.

CRITERION 5

MEASURING EFFECTIVENESS

Universal Store is continuously seeking to improve its policies, procedures and actions in relation to Modern Slavery.

In our first statement, we defined some key measures to monitor the effectiveness of our actions.

Our FY21 commitments

Most activities were completed whilst some are continuing.

Focus Area	Measure	Target	Status
Training	• Train team members in Buying Design and HR teams.	-	●
	• Provide optional modern slavery training to all team members.	-	●
Transparency	• Undertake T1 supply chain mapping.	-	●
	• Complete audits for private label suppliers by a third-party.	90%	●
	• Upkeep annual audits of Tier 1 supply chain.	-	●
	• Resolve non-compliances discovered in audits.	80%	●
	• Publish factory list to our sustainability webpage.	-	●

Key

Completed activity

Continuing activity

●

●

Future Commitments

Universal Store is committed to continue implementing the activities outlined in its Modern Slavery framework to assess and reduce modern slavery risks.

Focus Area	Commitment
Supplier Code of Conduct	<ul style="list-style-type: none"> Continue to implement the Supplier Code of Conduct through provision of staff training and supplier engagement.
Training	<ul style="list-style-type: none"> Continue to develop and provide ongoing basic training on human rights and modern slavery risks to existing staff and new members of staff through e-learning.
External Engagement	<ul style="list-style-type: none"> Continue to participate in industry disclosure initiatives to improve understanding of areas of improvement.
Transparency	<ul style="list-style-type: none"> Continue assessing our supply chain risks across 3rd party brands, non-stock suppliers and in further tiers of our private label supply chain. Engage with key suppliers (incl. private label suppliers, 3rd party brands, business services providers) to discuss ethical sourcing principles.
Technology	<ul style="list-style-type: none"> Leverage reporting functionalities provided by the ethical auditing platform to provide regular internal information on the social performance of suppliers to management. Evaluate technology enabled grievance mechanisms.
Reporting	<ul style="list-style-type: none"> Continue to meet reporting requirements under the Modern Slavery Act. Continue to publish factory lists and locations to our sustainability webpage.

Universal Store will use the following measures in FY22 to monitor the effectiveness of its actions:

Focus Area	Measure	Target
Training	<ul style="list-style-type: none"> Supplier facing employees completing MS training. 	100%
Transparency	<ul style="list-style-type: none"> Undertake Tier1 & Tier2 private label suppliers mapping. Obtain audits for Tier2 private label suppliers. 	100% 100%
Supplier Code of Conduct	<ul style="list-style-type: none"> 3rd party brands and other business services suppliers with Code of conduct endorsed. 	100%

CRITERION 7

OTHER
INFORMATION

The table below outlines where information related to each mandatory reporting criteria can be found:

Modern Slavery statement mandatory criteria		Location of information in this statement
Criterion 1	<ul style="list-style-type: none"> Identify the reporting entity. 	2
Criterion 2	<ul style="list-style-type: none"> Describe the Reporting entity's structure, operation and supply chain. 	8
Criterion 3	<ul style="list-style-type: none"> Describe the risk of Modern Slavery practice in the operations and supply chain of the reporting entity, and in any entities that the reporting entity own and controls. 	11
Criterion 4	<ul style="list-style-type: none"> Describe the action taken by the reporting entity and any entity it owns or controls, to assess and address those risks, including due diligence and remediation processes. 	13
Criterion 5	<ul style="list-style-type: none"> Describe how the reporting entity assesses the effectiveness of these actions. 	15
Criterion 6	<ul style="list-style-type: none"> Describe the process of consultation with any entities that the reporting entity own and controls. 	2
Criterion 7	<ul style="list-style-type: none"> Provide any other relevant information. 	17

UNIVERSAL STORE HOLDINGS LTD
ABN 94 628 836 484

Registered Office
 Unit 6/2 Jenner Street, Nundah,
 Queensland 4012, Australia

T: 1300 553 520

sustainability@universalstore.com.au