



22 October 2022

To Our Stakeholders,

Piping Hot Australia reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We continue the integration of the Global Compact and its principles into our business strategy, culture, and daily operations, with direct actions that contribute to our impact framework and the UN Sustainable Development Goals. This report covers the period October 2021 to October 2022. We have also shared our impact results on our website www.pipinghot.com.au.

We have ambitious targets and have achieved some promising results as we work to build scalable solutions that help families save money and protect oceans.

Sincerely,

A handwritten signature in black ink, appearing to read "Stanley Wan", is positioned above the printed name.

Stanley Wan
Managing Director
Piping Hot Australia

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Human Rights Overview

We are committed to responsible business practices and have been taking steps to improve and manage our social impact to protect human rights. As a brand that designs and produces apparel and fashion, we are conscious of the human right risks within the production supply chain.

Mapping our supply chain has been our priority. We recognise that having a clear picture of our entire supply chain means we are better able to identify health and safety risks and implement systems to improve the working conditions and rights of the people who make our products.

In 2020 we introduced the Piping Hot Supplier Code of Conduct. All garment and dye facilities in our supply chain are required to sign and adhere to the conduct. This is based on the International Labour Organisations base code and includes our policy against human rights violations.

We have experienced disruptions and increased complexity in supply chain management due to COVID, with resource limitations that have impacted our actions in this area. Managing human rights risks remains high on our agenda.

Human Rights Actions

Responsible Sourcing and Compliance

- We have developed a Responsible Sourcing Policy with a focus on human rights and labour standards. This includes audit requirements, corrective action plan management and a plan to implement a Worker's Grievance Mechanism by end 2022.
- Social audits of all Tier 1 suppliers (Garment Factories) have been reviewed to identify key areas of risk such as harassment, discrimination, workplace health and safety.
- We enacted a Supplier Code of Conduct that ensures basic human rights of workers are protected.
- We translated the Piping Hot Supplier Code of Conduct into the local language of our suppliers. The Piping Hot Supplier Code of Conduct has been signed and acknowledged by all Tier 1 and Tier 2 (Wet Processing and Fabric Mills) suppliers.
- As a customer of Wesfarmers Limited, we support our appointed suppliers to meet and respond to requirements with regards to the *Australian Modern Slavery Act 2018 (Cth)* and the Target Australia Sourcing Standards.
- We require all product ticketing to be sourced with certifications from the Forest Stewardship Council (FSC). In addition to sustainable forestry practices, FSC standards consider social and economic wellbeing of workers, to ensure harvesting sites are free from forced or bonded labour.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

- Piping Hot is aware of the risk of enforced labour in cotton farming in Xinjiang Province. Piping Hot sources 100% of cotton from Better Cotton Initiative (BCI) programs.

We have reduced our dependence on cotton sourced through the BCI program, preferencing recycled cotton for environmental impact and reduction of human rights risk. We continue to monitor this risk in our supply chain, referring to global best-case practices to address this issue.

Transparency

- Traceability is important to Piping Hot. To ensure greater accountability and visibility of the human rights of workers, the entire supply chain has been traced.
- Piping Hot has 100% transparency across Tier 1 (Garment Factories), Tier 2 (Wet Processing/ Fabric Mills) and Tier 3 (Fibre and Yarn Facilities).
- We have published our Tier 1 factories on the Open Apparel Registry.

Innovation and Research

- Textile processing is known to negatively impact workers and communities residing close to factories. To minimise exposure, Piping Hot has produced a Dyes, Prints and Washes Report to eliminate the use and treatment of harmful chemicals that threaten human health and the ecosystem.
- In addition to eradicating toxic chemicals, Piping Hot has also begun working with suppliers to implement systems for the responsible treatment of effluents.

Team Training

- Piping Hot's Brand Director and Sustainability Manager completed the UN SDG Ambition Accelerator program to progress our brand goals and commitments and alignment with the Global Compact principles including human rights, labour rights, environmental practices, and anti-corruption.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Labour Overview

At Piping Hot, we acknowledge there are risks in the fashion supply chain. We are working towards improving labour standards, refining auditing processes and implementing effective compliance systems to protect worker safety and rights.

In 2021 we developed our Responsible Sourcing Policy. The policy outlines key requirements including audit procedures, corrective action plan processes and goals focused on effective grievance mechanisms. Developing specific requirements and clear processes for onboarding suppliers gives us the ability to make meaningful change happen.

We continue to improve our systems to better manage risk throughout our supply chain.

Labour Actions

Responsible Sourcing and Compliance

- In late 2020 we completed a Labour Standards Report for internal use. This identified potential risk areas in Piping Hot's supply chain. These included excessive overtime and inaccurate record keeping of wages and entitlements that ensure appropriate wage standards are adhered to.
- Our Supplier Code of Conduct includes requirements regarding human rights and labour standards. We have translated this document into the local language of our suppliers to better reduce risk in the identified areas and ensure suppliers meet expected labour standards.

These standards are based on the Ethical Trading Initiative base code and include minimum wages standards. They specifically exclude forced/bonded labour and child labour.

- Our Responsible Sourcing Policy prescribes a management system that protects human rights and labour standards. This includes audit requirements, corrective action plan management and a plan to implement a worker's grievance mechanism by end 2022.
- As part of Piping Hot's Responsible Sourcing Policy, Corrective Action Plans will be reviewed by Piping Hot's sourcing team, with a third-party accreditor to take effective action to address any systemic issues in non-conformance.

Transparency

- Piping Hot has made the entire Tier 1 supply chain transparent and accessible to the public. Our garment factory suppliers have been published on a third-party database called Open Apparel Registry.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Certification

- All Piping Hot suppliers have been audited against the Global Recycling Standard which includes minimum labour standards.
- Piping Hot Headquarters has been audited against the Global Recycling Standard. This process includes the review of minimum labour standards, wage rates and workplace safety for direct employees.
- All Tier 1 suppliers undergo a BSCI (Business Social Compliance Initiative) appraisal conducted by a third-party accrediting body.
- As part of Piping Hot's Responsible Sourcing Policy, Piping Hot preferences third party audits by APSCA members (Association of Professional Social Compliance Auditors).
- All paper products must be certified by the Forest Stewardship Council (FSC). In addition to sustainable forestry practices, FSC standards consider social and economic wellbeing of workers, to ensure harvesting sites are free from forced or bonded labour.

Grievance Mechanisms

- As part of Piping Hot's Responsible Sourcing Policy, a grievance mechanism in the form of an anonymous workers survey will be implemented and is required for all new suppliers.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Environment Overview

We are committed to protect and conserve oceans. We have redesigned our entire model from mission and material design, to operations and marketing, to be able to provide our customers with affordable and sustainable products.

Being tied to the ocean, our framework is focused on water stewardship, preventing plastic pollution and developing a circular model that minimises harm to our ecosystems. Our environmental actions reflect these principles.

Key milestones include Piping Hot achieving certification to the Global Recycling Standard and meeting our July 2021 goal of sourcing more sustainable fibres for 100% of our products. Beyond materiality, Piping Hot has implemented an Environmental Code of Practice which all Tier 1 and Tier 2 suppliers must sign and adhere to.

As part of Piping Hot's mission to defend the oceans, we are investing in marine biotechnology and material science. In February 2022 we began a research partnership with the University of Technology Sydney (UTS) to develop a sustainable fibre made from algae. Piping Hot has commissioned this innovative biomaterial research as a vital investment in its mission for clean oceans.

Environment Actions

Environmental Sourcing and Compliance

- Piping Hot has developed an Environmental Code of Practice which outlines best practices in sourcing and manufacturing to reduce environmental impact and the minimum requirements we expect our suppliers to meet.
- This has been translated into the local language to ensure that suppliers can comprehend the requirements. All Tier 1 and Tier 2 suppliers have signed the Piping Hot Environmental Code of Practice.
- From July 2021, 100% of Piping Hot products are made from more sustainable fibres. We prioritise low impact materials for all our products and have been steadily removing conventional fibres from our portfolio. We have now eliminated use of virgin polyester from our supply chain.
- Piping Hot utilises material and fibre life-cycle assessments (LCA) in the development of new fabrics and products. We also refer to industry tools such as the HIGG Material Standards Index to determine the environmental impact of materials.
- Piping Hot implemented a Forest Policy to protect ancient growth forests. The policy has been published on the Piping Hot website and outlines our commitment to the responsible sourcing of wood fibre, which is relevant for viscose materials and paper packaging.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

- Bloom, an innovative biomaterial derived from Algae, was introduced into our footwear products in August 2021, further reducing our use of finite resources. Use of this biomaterial also contributes to clean air and water.

Industry Participation

- We have joined industry wide initiatives such as Textile Exchange and the Better Cotton Initiative to contribute to progressing environmental practices and operations.
- All Piping Hot polyester and recycled cotton suppliers have been audited against the Global Recycling Standard which includes environmental practices.
- Piping Hot became a brand partner with Canopy, a non-profit working to protect old growth and endangered forests.
- We have increased our participation in ocean advocacy with integrated partnerships that expand the global dialogue for ocean protection.
- We contributed an officially endorsed action to the UN Decade for Ocean Science for Sustainable Development.

Innovation and Research

- In February 2022 UTS climate scientists began building a prototype textile fibre developed in response to Piping Hot's ambition to protect oceans for future generations. This biomaterial innovation is a commitment to cleaner oceans with the potential to sever the textile industry's dependence on fossil fuels to produce synthetic fibres.
- We participated in the UN Global Compact Australia Network's research sharing our business approach on the integration of the UN SDGS.

Design

- Team training has been completed on best environmental practices in design and operations this includes workshops on circular design principles, best practices for dyes, washes and treatments and education on environmental certifications and standards.

Marketing

- We have actively provided information to consumers and stakeholders about potential environmental risks and the impact of the fashion industry.
- All Piping Hot swing tickets have been updated to provide more detailed information on the sustainable benefits for each fibre. All claims have been evidenced by clear data.
- We partnered with Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO) to share marine science priorities with Australian families, communicating the latest science on product and digital assets.
- We sponsored citizen science and community involvement in ocean activism at the Ocean Lovers Festival and industry-focused Blue Solutions Summit.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Anti-Corruption Overview

At Piping Hot we do not tolerate corruption or bribery. We value long term supplier partnerships to build trust and transparency. Our key suppliers have been working with us for over five years and we believe these strong relationships reduce the risk of bribery and corruption.

Good governance is important to our business to ensure integrity in our supply chain and material portfolio. The Piping Hot Responsible Sourcing Policy was developed to reduce the risk of corruption and bribery. Steps to reduce this risk include a focus on reputable third-party accreditors for audits and compliance requirements, as well as implementing a grievance mechanism in the form of a Worker's Survey. We believe utilizing third-party audits can reduce the risk of corruption especially in the mismanagement of tracing fibre sources.

Suppliers are required to provide documentation throughout the chain of custody of our products which gives us visibility and further reduces the risk of bribery.

We believe greater transparency is important to fight bribery and corruption. At Piping Hot we acknowledge that we must improve our systems and are in the process of strengthening our policies around corruption and bribery.

Anti-Corruption Actions

Transparency

- A SWOT analysis has been completed on the risks of corruption and bribery throughout the business operation and supply chain, especially in areas with low visibility.
- Supply chain traceability has improved visibility and reduced the risk of corruption in the supply chain.
- Transparency of costs, quantities and terms of trade reduce the risk of corruption and bribery. Our product orders require detailed documentation including QA checklists, invoices and shipping documentation. Clear visibility of these transactions are recorded by both Piping Hot and the licensee company.

Auditing

- Piping Hot has implemented third-party auditing under the Global Recycling Standard. The audit process requires detailed evidentiary reporting as the standard does not tolerate corruption.
- The Piping Hot Responsible Sourcing Policy includes requirements for all auditors to be APSCA (Association of Professional Social Compliance Auditors) members that undergo significant training on anti-corruption and bribery.

Grievance Mechanisms

- Piping Hot is focused on implementing a grievance mechanism such as a worker's survey, to help identify corruption and bribery or breaches of Modern Slavery regulations.

PIPING HOT AUSTRALIA

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

Reporting Period: October 2020 - October 2021

Measurement of Outcomes

Internal Assessment

- We have reviewed and extended our initial three-year sustainability plan into a five-year roadmap that outlines incremental growth using the SMART goals (Specific, Measured, Actionable, Realistic, Timebound) within our impact framework, which spans design, materials, processes, social impact and business operations. The roadmap is reviewed bi-annually to ensure outcomes are achieved.
- Completion of annual review of social and labour audits.
- Bi-annually, all fibre use has been measured to ensure targets are achieved and goals are being met.

External Assessment

- We have achieved GRS (Global Recycled Standard) certification which includes auditing of environmental and social practices across the entire supply chain and within the Piping Hot business.
- Annual Participation in the Textile Exchange Corporate Fibre Benchmark, which involves measuring and publishing Piping Hot's annual fibre use in detail. The benchmark provides an assessment of our sustainable material sourcing in comparison to industry peers.