

Give your clothes
a second life



Modern Slavery Statement 2021

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SCRgroup is currently reviewing this statement in line with the independent review of the Modern Slavery Act 2018, which was tabled in Parliament on 25 May 2023 and will update accordingly.

Statement from the Managing Director

SCRgroup's business model is about paving the way for a more sustainable future in Australia and around the world. However we cannot be change-makers for the environment without leading in the social arena as well. That is why we have prepared this report outlining our philosophy and approach to mitigating the risk of forced labour in our supply chains.

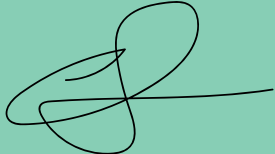
Our efforts to prevent Modern Slavery stem from our fundamental commitment to upholding human rights, as well as our core belief that no one should have to pay recruitment fees or other expenses just to work.

The exploitation of vulnerable workers is not ethical practice and goes against our values. Our Executive Management Team (EMT) is committed to ensuring accountability and compliance at every level of our supply chain. Additionally, all SCRgroup's efforts in mitigating and reporting on forced labour are voluntary. What sets us apart is that we are not just relieving liability from suppliers; we are ensuring that even our customers are complying with the highest standards to end Modern Slavery.

In publishing this statement, our purpose is to help our customers and other stakeholders both understand and adopt these values into their business practices. Forced labour is an extremely complex, multinational problem; if we want to eradicate it, we need to work together with the same end goal.

This statement was approved by the Executives of SCRgroup.

Signed

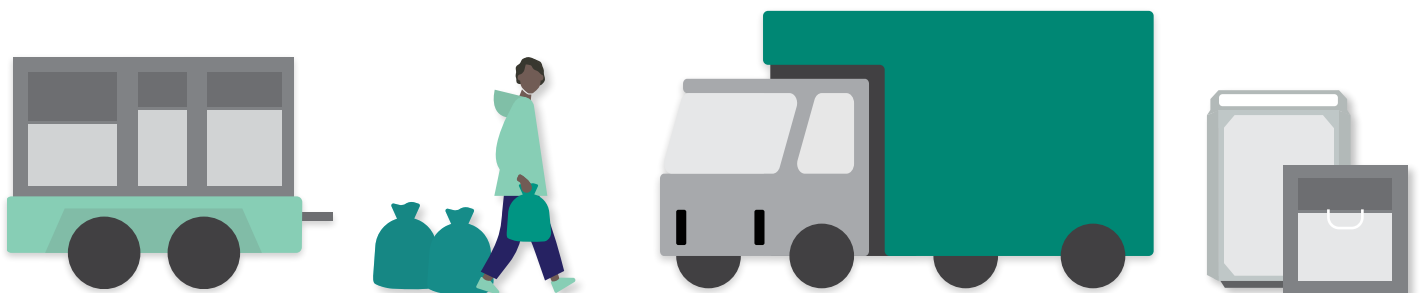


Chris Todorovski
Managing Director
SCRgroup

“Adoption of this act is fundamental to combating the exploitation of forced labour, and trafficking migrant workers in our supply chain, and represents an important step in achieving decent working conditions for all.”

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“We are passionate about driving significant change and impact to accelerate positive long term development towards a more sustainable and inclusive economy.”



Modern Slavery Statement 2021

This voluntary statement is pursuant to the Australian Modern Slavery Act 2018 (Cth) and outlines SCRgroup's policies to forced labour, and mandating the actions taken by SCRgroup to address forced labour risks in our business. As used in this statement, forced labour includes Modern Slavery, prison labour, indentured labour, bonded labour, human trafficking, or other similar conduct that is unlawful and forces people to work against their will.

Purpose of the Policy

SCRgroup is committed to advancing sustainable practices and contributing to a more resilient economy. Our purpose, strategy and responsibility to society are all interconnected, and our long-term strategy is guided by our purpose. We are passionate about driving significant change and impact to accelerate positive long-term development towards a more sustainable and inclusive economy.

At SCRgroup, we respect human rights. SCRgroup fosters a culture of high ethical standards, including compliance with applicable laws, contracts and other obligations in our operations and extended value chain.

SCRgroup expects the same commitment from our stakeholders to combat forced labour to promote long-term value creation. This statement draws on relevant international conventions, treaties and protocols such as the UN Global Compact Network.

Background

Established in 2008, SCRgroup is Australia's largest and most innovative company for the recovery of Australia's post-consumer product. Each year, we divert tens of millions of kilograms of clothing, shoes and household items from landfills, giving them a second life in local and global communities where they are needed most.

Our business model is based on maximising social and environmental impact. We work with Australian Disability Enterprises (ADEs) and social enterprises to provide employment opportunities for people living with disabilities and youth at risk. We also support and work with Australian charities such as Vinnies, Lifeline and Save The Children, providing sustainable incomes to go towards their important cause.

SCRgroup offers solutions for local government, national and local shopping centres, schools, private organisations, charities and retailers.

Our Approach

Monitoring and reporting

- Evaluation of existing KPIs (5).
- New internal reporting Frameworks.
- External reporting.

Embedding: Training

- Training of own Employees (4).
- Training of Suppliers' staff.

Embedding: Grievance & Remediation

- Grievance mechanisms.
- Remediation processes.
- Communication to stakeholders.



Governance

- Policy (1).
- Assigned responsibilities.
- Communication of Governance arrangements.

Risk Assessment

- Deeper dive risk Assessment (2).
- Risk validation.
- Stakeholder Engagement.

Embedding: Due diligence

- Supplier requirements (3).
- Audit strategy and protocols.
- Engagement with, and Standards for, suppliers.

By incorporating global frameworks such as the Ten Principles of the UN Global Compact into our business strategies, policies and procedures, and establishing a culture of integrity, SCRgroup is setting the stage for long-term success.

This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. SCRgroup is fully committed to these principles, which are derived from the UDHR, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UNCAC.

SCRgroup's headquarters are located in Melbourne, Australia. Our system of hubs, or street collections for clothing donations, are located nationally. We partner with private businesses, commercial operators and social enterprises to who service our hubs around Australia. Our work with certified ADEs provide disabled and at-youth Australians with dignified and work at fair wages.

Our suppliers provide us with collection services throughout Australia. Our customers include sorting facilities, as well as businesses that recycle textiles as rags and/or convert them into bio-fuels, located in Malaysia and the UAE.

The geographical locations of our customers expose our supply chain to various risks. In preparation for our voluntary Modern Slavery statement, we have been instituting processes and systems to work towards eradicating Modern Slavery to the extent it exists in our supply chain.

Our approach to assessing Modern Slavery risks is based on leading industry guidance, as shown in the table.

Source; PwC, Modern Slavery reporting in Australia, 2019.

Abbreviations:

(UDHR) Universal Declaration of Human Rights

(ILO) International Labour Organisation's Declaration

(UNCAC) United Nations Convention Against Corruption.

(PwC) Pricewaterhouse Coopers

Our Structure, Operations and Supply Chain

Our global supply chains are extensive, with a high proportion of our extended suppliers located in Australia and customers located across Asia and the Middle East. SCRgroup's commitment to the highest ethical practices complying with local laws comes from the highest level: SCRgroup's Managing Director, Chris Todorovski and the Executive Management Team (EMT).

In accordance with Europe's Zero To Waste hierarchy SCRgroup are striving for Net Carbon Zero, whilst supporting a circular economy. SCRgroup considers the social and environmental impacts of sustainable development through reuse and recycle methods, considering geographical scopes and transport.

To minimise risk, we looked to well-known NGOs and other leading voices on this issue. This includes the Ten Principles of the UN Global Compact, which is informed by Universal Declaration of Human Rights. We are also utilising the Dhaka Principles, a framework dedicated to responsible recruitment and employment of migrant workers. These principles were developed by the Institute

for Human Rights and Business.

This is our first report on Modern Slavery, which forms a baseline of our ecosystem. Using these frameworks, we have outlined our biggest risks according to UN Global Compact principles #1-6, which focus on human rights and labour, and the data we require to ensure our partners meet our minimum standards.

SCRgroup fully acknowledges and supports national and international efforts to end forced labour. We are progressively raising the standards and expectations for all our stakeholders to develop a more comprehensive supply chain map. This will help to better demonstrate the geographic location and nature of products and services sourced, as shown on the info-graphic on the following page.

“SCRgroup fully acknowledges and supports national and international efforts to end forced labour. We are progressively raising the standards and expectations for all our stakeholders to develop a more comprehensive supply chain map.”

Where Does Everything Go?

1 You clean out your wardrobe.



2 Drop-off your clothes at the SCRgroup hub.



3 We collect your clothes, give them a second life and divert 100% from landfill.



4 We work with Australian charities.



5 We create local jobs, supporting our economy.



6 Your clothes are sorted for reuse and recycling at our partner sorting facilities all around the world.



7 Local and global communities in need get access to everyday essential items.



“SCRgroup will continue to expand and **raise the standard** to evolve our work in our industry with our peers, including our customers, suppliers and external organisations.”



Human Rights, Labour Risks and Remediation Efforts.

We have performed a deeper dive risk assessment using the UN Global Compact principles and frameworks regarding the potential risks and our response, as shown below.

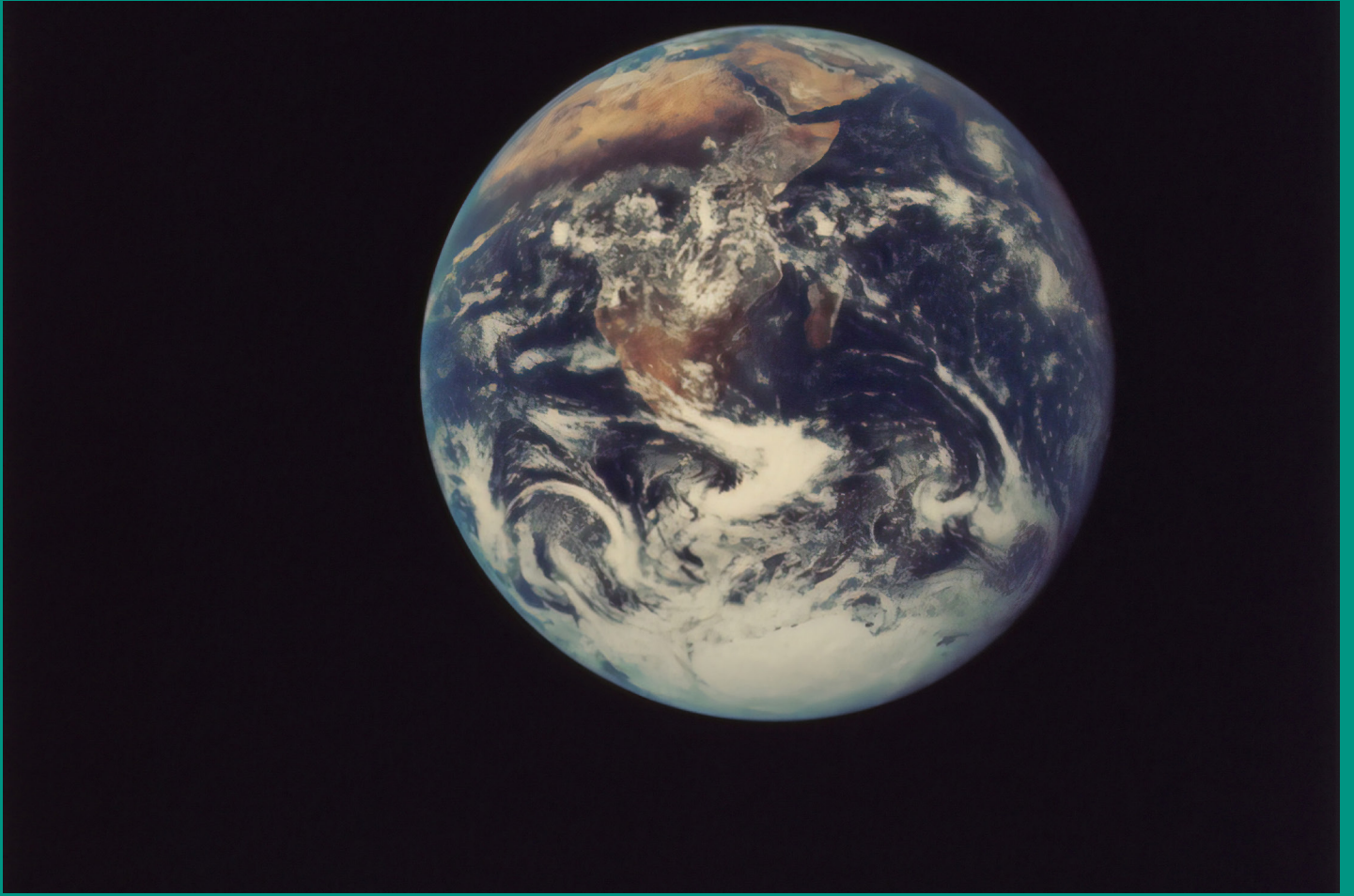
Principle Name	Why do we care?	Potential risks	Our response
Principle One: Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	Lack of procedures ensuring worker well-being.	<p>We inquire and inspect customers' Universal Rights policies, noting the key management personnel responsible for code implementation.</p> <p>We require completion of our Modern Slavery questionnaire to:</p> <ul style="list-style-type: none"> • Obtain copies of written policies on Modern Slavery. • Understand how Modern Slavery is monitored at their place of work. • Evidence that policies have been reviewed or updated. • Evidence of training provided to workers around their rights. • Understand documentation of due diligence checks for ensuring suppliers don't use Modern Slavery. • Suppliers are asked to complete the on-line training via the link supplied.
Principle Two: Human Rights	Businesses should make sure that they are not complicit in human rights abuses.	Indirectly enabling forced labour and other human rights violations.	<p>We have considered external geographic risks including country-specific risks in our human rights assessment.</p> <p>Our customers are provided with SCRgroup's Modern Slavery policy and questionnaire containing information to protect human rights of workers, requiring completion and submission to SCRgroup.</p> <p>SCRgroup makes announced and unannounced visits to customer warehouses and openly engages in dialogue with stakeholders on the significance of exceeding local laws, privately and publicly condemning systematic and continuous human rights abuses.</p> <p>We inquire and inspect customers' Universal Rights policies, noting the key management personnel responsible for code implementation.</p> <p>We also seek to understand how our customers:</p> <ul style="list-style-type: none"> • Perform analysis of their own Modern Slavery risks in their supply chains. • Documentation of remediation practices. • Record of compliance history. • Appoint dedicated staff to monitor and prevent forced labour on the front lines.
Principle Three: Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Workers are denied their local legal rights around contract negotiation and collective bargaining.	<p>We inspect the human resources policies of our customers, including Modern Slavery Policy, Business Ethics, Human Resources (including Anti-Corruption) and Supplier Code of Conduct.</p> <p>We consider our customers' freedom of association and right to collective bargaining is respected where applicable by the local law.</p> <p>We seek to understand:</p> <ul style="list-style-type: none"> • Information on dedicated staff who work for these efforts. • Documentation of these processes. • Payroll processing and policies for staff. • Hiring procedures including use of any third party agency. • Worker understanding and rights to objection when presented with employment terms. • Considerations to providing workers with written contracts that are understood in the workers preferred language or English. • Documentation around how frequently workers are paid, how clearly pay records are marked as part of an approved payroll process.

Human Rights, Labour Risks and Remediation Efforts.

We have performed a deeper dive risk assessment using the UN Global Compact principles and frameworks regarding the potential risks and our response, as shown below.

Principle Name	Why do we care?	Potential risks	Our response
Principle Four: Labour	SCRgroup should uphold the elimination of all forms of forced and compulsory labour.	The direct use of forced labour, especially among vulnerable populations like migrants, women, minorities, the elderly, and children.	<p>We seek to understand the causes of forced labour through analysis of customer answers submitted in our questionnaire, our announced and unannounced visits to our customer warehouses and our review of applicable audit reports conduct by external organisations.</p> <p>We are aware of countries, regions, industries and sectors where forced labour may be prominent among vulnerable worker groups.</p> <p>Our customers are provided with SCRgroup’s Modern Slavery policy and questionnaire containing information about SCRgroup’s policy on forced labour.</p> <p>We obtain where available:</p> <ul style="list-style-type: none"> • Copies of written policies on Modern Slavery. • Inform dedicated staff who work to prevent forced labour on the front lines. • Evidence that policies have been reviewed or updated Evidence of being signatory to or member of Modern Slavery initiatives or charters. • Evidence of training provided to workers around their rights • Mechanisms for whistle-blowing and reporting grievances.
Principle Five: Labour	SCRgroup should uphold the effective abolition of child labour.	Labour is being provided by children, who are at additional risk of being underpaid.	<p>We are aware of countries, regions, industries and sectors where child labour may be prominent.</p> <p>We engage in open dialogue with customers at an executive level on social and environmental issues, SCRgroup’s zero-tolerance to employment of under aged workers and the significance on adherence to minimum age provisions or national labour laws.</p> <p>We conduct announced and unannounced visits to our customer warehouses and review of independent audit reports conduct by external organisations over our customers’ operations.</p> <p>We inspect the human resources policies specifically applicable to child labour, such as the Modern Slavery Policy, Business Ethics and Human Resources policy.</p> <ul style="list-style-type: none"> • Compliance with established standards preventing child labour.
Principle Six: Labour	SCRgroup should uphold the elimination of discrimination in respect of employment and occupation.	Workers from marginalised backgrounds are treated differently.	<p>We inspect our customers Human Resources business policy and other staff benefits such as annual leave, sick leave, maternity leave and private sector holidays.</p> <p>We conduct announced and unannounced visits to our customer warehouses and review of independent audit reports conduct by external organisations to ensure the customer has established non-discrimination practices with regards to hiring, national origin, age, religion, disability, gender, sexual orientation, compensation, training, promotion and termination.</p>

Principles 7-10 have been considered and are not deemed directly relevant to our assessment under our Modern Slavery assessment.



“It is our duty to continuously seek improvement and enhance our capabilities and those of all stakeholders in our value chain.”

Our Assessment and Mitigation

To ensure that we minimise the risk of Modern Slavery and the potential exposure to human rights risk more broadly, we utilise tools to strengthen our risk assessment program. These include risk profiling based on location, and key and emerging areas of risk identified through our engagement with external stakeholders.

We also consider information and resources made available through organisations such as the UN Global Compact, Transparency International, Corruptions Perceptions Index, Department of Premier and Cabinet, and other relevant NGOs.

Our Modern Slavery questionnaire has been devised in accordance with global best practices and Australian standards to include detailed criteria to assesses our supplier and customer compliance with our requirements and local laws.

We expect all relevant suppliers and customers to complete our questionnaire. Our analysis and assessment of answers provides us with greater understanding of risks identified.

If we are provided with evidence of an issue of non-compliance through completion of the questionnaire, our charter mandates that we investigate the matter promptly to correct issues and engage in discussions to address root causes to prevent future recurrences.

SCRgroup will continue to expand and “raise the standard” to evolve our work in our industry with our peers, including our customers, suppliers and external organisations. Together, we will increase respect for human rights to accelerate positive impact in our value chain.

A copy of our questionnaire can be [found here](#)

Our Actions and Looking Forward

Since the Modern Slavery Act of 2018 (Cth), Australian organisations are building knowledge of best practices and metrics. We will continue to reflect on our actions and enhance our processes to always make sure we are growing and improving in this area.

We believe that a baseline understanding, combined with deep analysis, training, and third-party certification, will improve outcomes for vulnerable workers downstream in our supply chains.

During the 2021/2022 financial year, we will institute the following initiatives:

Collecting responses from our surveys

The data will help us understand how our partners are performing against international standards and each other. It

will also inform us about relative risks in the regions in which they operate.

Developing meaningful metrics to assess our performance

Once we have a better understanding of where there are gaps, we will focus on the most meaningful, highest-leverage metrics to help us understand where to improve.

Conducting remediation with customers who have fallen short of our standards

Our metrics will provide a sound knowledge base from which to help partners target effective ways to become compliant.

Getting certified

Diversity and inclusion training
Planet Ark and Circular Economy Victoria (CEV) – Circular Advantage Program

Training

We have undertaken training programs to increase awareness on all forms of Modern Slavery, the indicators of Modern Slavery, protections that are available, best practice and referral pathways.

SCRgroup is working towards external certifications. These will hold us accountable to third-party experts. It will also bring us into networks of like-minded professionals with a large knowledge base of best practices.

This training includes:

- Understanding Modern Slavery.
- Understanding and knowing how to apply Australian Modern Slavery legislation, and other relevant standards and safeguards.
- Identifying Modern Slavery risks in operations and supply chains.
- Developing an action plan to address the Modern Slavery supply chain mandatory criteria.
- Learning about the business and human rights framework set out in the UN Guiding Principles on Business and Human Rights with a particular focus on due diligence and remediation.
- Learning about examples of collaboration with civil society and businesses Learning how to respond when people in or at risk of Modern Slavery are identified Discovering ways to harness good practice.

SCRgroup places high priority on its employees to understand our commitment to `to our ethical and correct implementation of the Modern Slavery Act. Training will prepare us to do all of our initiatives well.

Make Plan for In-Person Unplanned Factory Monitoring

SCRgroup believes suppliers that prioritise the well-being of their workers, by engaging with them to understand their needs, have better factory performance. We also believe that our ability to influence suppliers is dependent, in part, on building the right incentives and sanctions into our business relationships.

The best way to make sure our partners are compliant is to visit them. It is not currently possible to gain full visibility into our partners work practices, with Covid 19 imposed travel restrictions preventing warehouse visits, but once we are prepared with the necessary training, context, and knowledge base to understand risks, it will be important to do this essential step of due diligence regularly.

We have a long road ahead of us but are engaged, attentive, and determined as we embark on this process.

“SCRgroup believes suppliers that **prioritize the well-being of their workers, by engaging with them to understand their needs,** have better factory performance.”





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