



# The Good Report 2022

**COTTON:ON**







## Founder's Note

None of us remain unchanged by the events of the last few years and now, at a unique turning point in our history, we're up against the most urgent crisis of all - our planet's livelihood. Without it, we have no platform to do *Good* and no chance of fulfilling our purpose to make a positive difference in people's lives. Our planet is our most important stakeholder for the future.

At times of great change, we reflect on our heritage and the reasons we started down this path more than 30 years ago, using it to motivate us to do more. Unlimited opportunities exist every day to do *Good* but, like many parts of our journey, the next chapter won't be easy.

Guided by our purpose for three decades and counting, we've always known that our vision to take our Aussie brands to the world needed to go well beyond the bottom line, and this will guide us every day into the future.

Our eternal sense of optimism remains strong, our roots are firmly planted, and the last few years have reinforced what we've known since the beginning: we are stronger together.

Nothing is possible without our team and our customers. Our culture is built on our commitment to being Ever Better - and our commitment to each other. Today, that commitment is the hope for a thriving planet and leaving it in a better place than where we started.

These days we might be scattered across all corners of the globe, but every voice is heard as loudly as it was in our very first store in Geelong. We are standing shoulder to shoulder as we grow our business but, more importantly, as we grow our ability to do *Good*.

We are creating something bigger than any one individual or brand. And it's going to take all of us to get there.

We're building momentum and, together, we are an unstoppable force for *Good*.

**Nigel Austin**, Founder / Director





## Acknowledgement of Country

Wadawurrung Country  
Surf Coast, Australia  
Photographer: Judah

We honour and pay our respects to Wadawurrung Elders past, present and emerging, and extend that respect and appreciation for the thousands of years that they have cared for and conserved this Country's lands, waters and culture, and continue this role today.

Cotton On is proud to be an Australian-born business on First Nations lands. We Acknowledge Aboriginal and Torres Strait Islander Peoples as the original custodians of the lands upon which we live and work.

We acknowledge our Global Support Centre is located on Wadawurrung Country. We pay our respects to Wadawurrung People and value their continuing connection to their lands, waters, Language and traditions.

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## About This Report

Twelve months ago, we shared our inaugural impact report. It was the start of something big and our formal commitment to the annual reporting of our work to make a positive difference. One year on, we remain steadfast in these commitments and determined to keep going, knowing that our work is far from finished.

This year we came back together and, as the world opened back up, so did our opportunity to drive more positive change. Throughout this report, we reflect on the last 12 months of impact, identify where we still have work to do, and introduce some big things that will guide us as we head into 2023.

## The Good

Our purpose is to make a positive difference in people's lives. It's not just how we do business, it runs deep in our DNA.

*The Good* is a movement to create meaningful change and channel our focus on what matters most - encouraging others to join in.

And every year, *The Good* keeps growing. It's what guides us, drives us, pushes us forward and holds us accountable. It's putting it all on the table to make our purpose a reality, and it's finding mates who feel the same, working together to get us there.

It's our work to expand the Cotton On Foundation and our impact. It's about building sustainable futures, and supporting and protecting our people and the planet. And it's about celebrating differences while strengthening connections - because we know we're stronger together.

### There are three ways we approach delivering Good:

#### Our Business

Acknowledging our responsibilities as a global fashion retailer to lead by example, including our Ethical Sourcing Program, sustainability efforts and caring for our people.

#### Our Customers

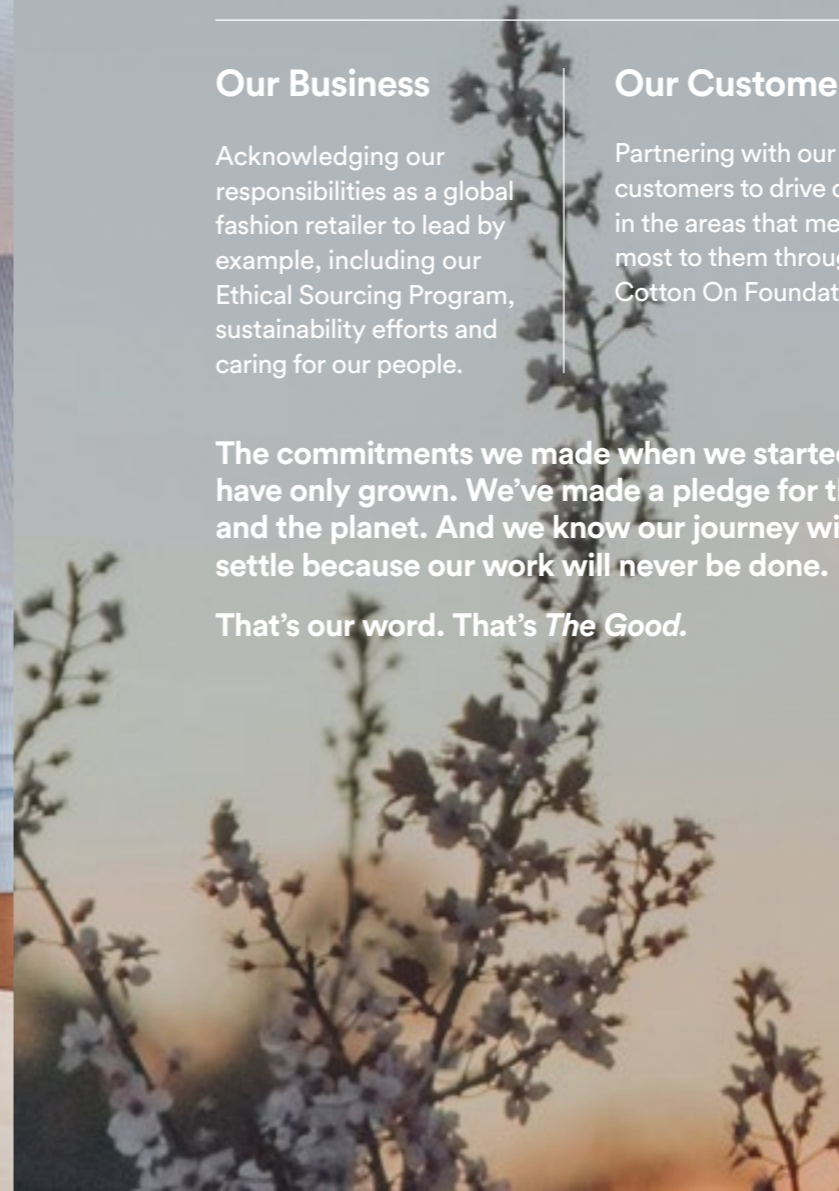
Partnering with our customers to drive change in the areas that mean the most to them through the Cotton On Foundation.

#### Our Partners

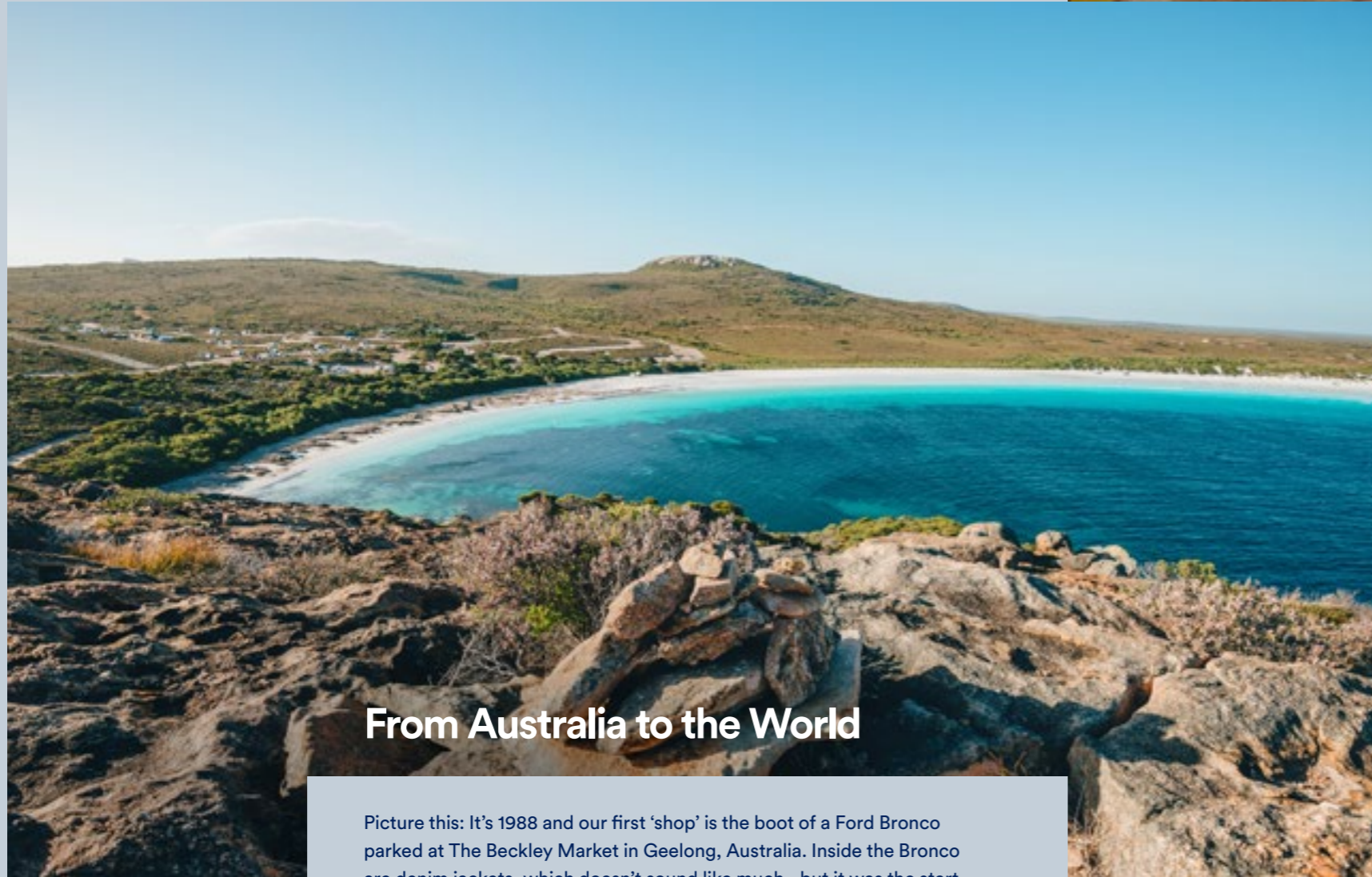
Rolling up our sleeves and investing in partnerships that build strong, resilient and equitable communities in the places where we live and work.

**The commitments we made when we started out, like our business, have only grown. We've made a pledge for the future. For our people and the planet. And we know our journey will never stop. We'll never settle because our work will never be done.**

**That's our word. That's *The Good*.**







## From Australia to the World

Picture this: It's 1988 and our first 'shop' is the boot of a Ford Bronco parked at The Beckley Market in Geelong, Australia. Inside the Bronco are denim jackets, which doesn't sound like much - but it was the start of something big.

Growing up in Australia, our founder started Cotton On with an epic vision in mind. He wanted to take our Aussie lifestyle to the world, delivering *Good* along the way. It's this simple beginning and the lessons learnt from those early years that forged the path for how we still work today. And it's what set us on track to fulfilling our purpose of making a positive difference in people's lives.

Our Aussie spirit means we don't take ourselves too seriously, except when it comes to the way we do business. The way we go about things is bold, and different, and we're OK with that. We believe some of the best plans are made over beers in the backyard. And so for the last three decades, beers were had and plans were made. Again and again. That's what put us on the map. 20,000 people. 8 brands. 22 countries. 1,500 stores. And counting.

**TYPOO**

### Purpose, Vision, Values

#### OUR PURPOSE:

**We exist to make a positive difference in people's lives.**

#### OUR VISION:

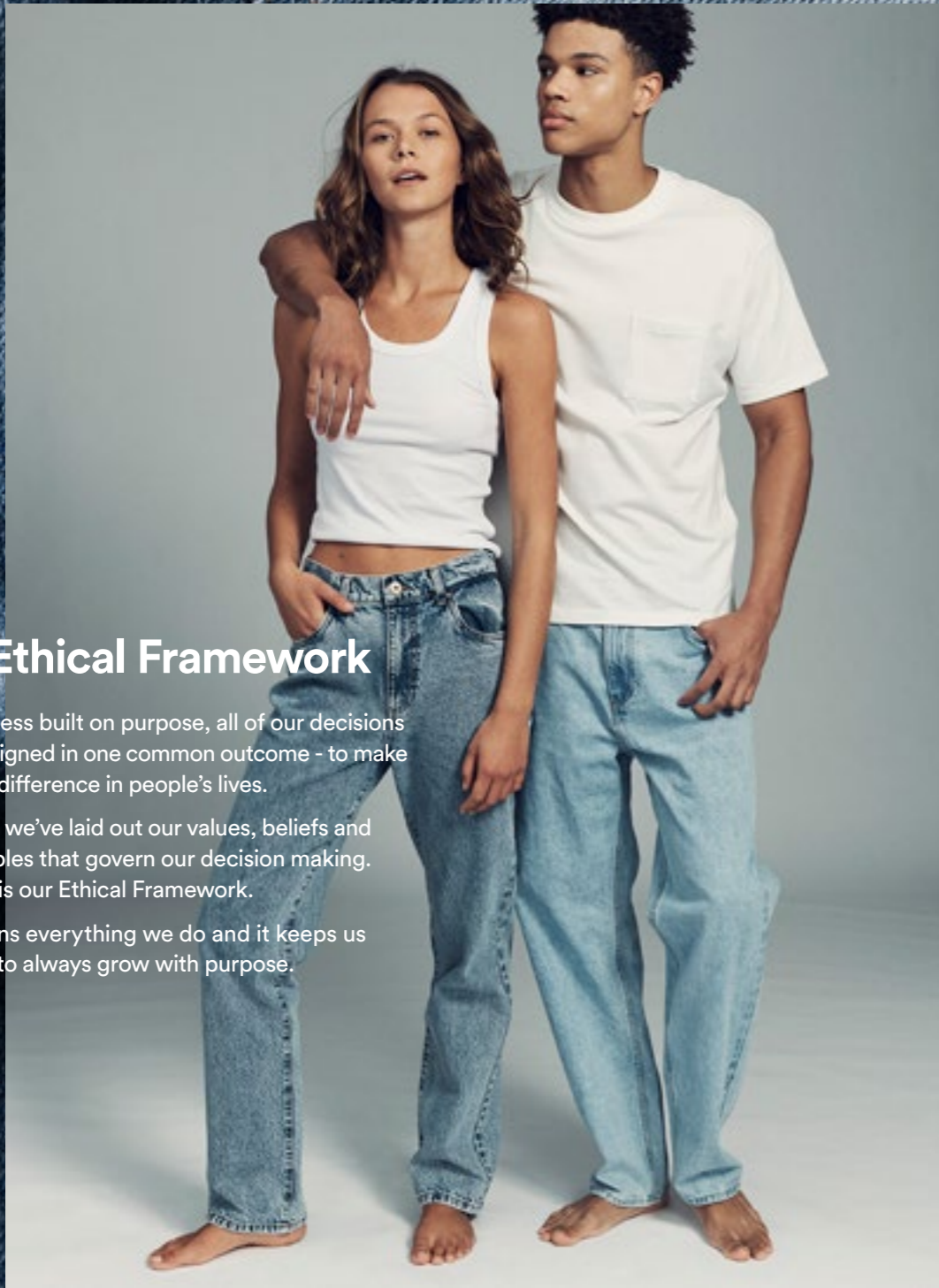
**Take our Aussie lifestyle brands to the world, delivering *Good* along the way.**

#### OUR VALUES:

**Ever Better  
Personal Leadership  
People First  
Keeping It Real  
Fun  
Integrity**







## Our Ethical Framework

As a business built on purpose, all of our decisions must be aligned in one common outcome - to make a positive difference in people's lives.

To do this, we've laid out our values, beliefs and the principles that govern our decision making. We call this our Ethical Framework.

It underpins everything we do and it keeps us on a path to always grow with purpose.

**We exist to make a positive difference in people's lives.**

OUR PURPOSE



Ever Better    Personal Leadership    People First    Keeping It Real    Integrity    Fun

OUR VALUES



### What We Believe

- 'Doing Good' (*The Good*) in society is as much a measure of our long-term success as our commercial outcomes
- Robust discussion, authentic relationships and critical thinking drives ever-better results
- Our culture empowers our people to exercise good judgement and encourages freedom within the framework
- Respecting all cultures and diversity within them is important to our success
- If we develop our people, we'll grow our business

### Our Governing Principles

- We operate within the global laws, regulations, agreements, commitments and codes that bind us
- We are responsible for protecting the wellbeing and safety of our people, customers and communities
- We have a responsibility to participate in stopping the exploitation and sexualisation of people
- We actively promote fairness, inclusivity, diversity and equality
- We pursue real solutions that protect human rights across the supply chain
- We act as a force for change in the industry on ethics and social responsibility
- We have a duty to improve sustainability and minimise ecological harm





## The COG Way

A different kind of people walk the floors of our stores, distribution and support centres. We're the kind that take action, that take the words off the wall and put them into play. We're brave and bold and know that we're part of something bigger. Most of all, we show up for our mates and draw in people who will do the same, who are unashamedly themselves and love what they do. Every team member understands their role in achieving our purpose and lives by a set of values that can't be taught, they form the behaviours of who we are.

This is our way. This is the COG Way.

**Customer obsessed**

**Solution focused**

**Work together**

**Take decisive action**

**Make it simple**

**Act resourcefully**

**Strive to win**

**Embrace change**

**Do the *right* thing**

**Love our brands**

**Love what you do**



## A Note From Our CEO



Last year, we launched our inaugural impact report. It was a proud moment for us to stand up and talk to 30 years of history and *The Good* we've been able to achieve thanks to you, our team, and our customers. When we began pulling this year's report together, a report spanning 12 months, we thought it would be shorter. We were mistaken, but not surprised. As the world opened back up, so did our ability to do more *Good* and we've never been more determined to deliver.

This stems from a drive that's been with us since day one: to make a positive difference in people's lives. We're here to make the products our customers love, but we're also here to make things better. It's part of our values and ingrained in our DNA. It's what our team expects and so do our customers. This is what anchors us; it keeps us going and it's what gets us out of bed in the morning.

In a world still facing the effects of a global pandemic and with the race against climate change more urgent than ever, creating meaningful change has never mattered more. And every time we've put out that call to our team and our customers, they have answered. From supporting our communities devastated by floods to getting kids back to school, we continue to be inspired by the community of changemakers that are as committed to this journey as we are.

This year saw us come back together after two years of being apart. Masks came off, customers came back to our stores, and we reconnected with each other. Our global teams showed up for each other and our customers. And for that, we are grateful.

As we navigate these ever-changing times, one thing that hasn't changed is our resolve - to keep doing the right thing; operating with transparency and lifting the lid on the way we do things for all to see. At the end of the day, our commitment to our purpose will never waver. We're building a brand that lasts beyond us and creating an impact that will stand the test of time.

Peter Johnson , CEO

## In 2022 we:

- Calculated our carbon footprint and are pleased to announce that we've seen a 12% reduction in carbon emissions and a 26% reduction in emissions intensity against our FY19 baseline.
- Progressed towards our goal to be carbon neutral by 2030: trialling new recycled materials to accelerate closing the loop throughout our entire supply chain, harnessing the power of renewable energies, and investing in more projects and technologies to get us there.
- Raised more than \$21.3 million AUD through the Cotton On Foundation, our biggest fundraising year to date, supporting quality education, environmental projects and mental health initiatives globally.
- Broke ground on Dr JL Dube High School in South Africa, committing \$7.4 million AUD to the project. We saw over 13,000 students across our Cotton On Foundation supported communities get back into classrooms after two years of interrupted schooling during the pandemic.
- Pledged \$2 million AUD to Citizens of the Great Barrier Reef, our first Cotton On Foundation partnership under our environmental pillar. With the Great Barrier Reef at a critical tipping point, preservation of this natural wonder has never been more urgent.
- Mobilised our teams to raise \$600,000 AUD following devastating floods on Australia's east coast and in South Africa. We partnered with humanitarian experts Red Cross and UNICEF to ensure funds reached flood-impacted communities, where help was needed most.
- Launched our first Reconciliation Action Plan: Reflect. We will walk alongside Aboriginal and Torres Strait Islander peoples to genuinely reflect, listen, learn and act authentically and humbly to achieve equality.
- Opened Cotton On Childcare at our Global Support Centre in Geelong, supporting our parents and caregivers as they balance work and family life.
- Stood up and said no matter who you are, you belong here. As we continued to foster a culture of belonging, we celebrated Pride across the globe, letting our LGBTQIA+ team know that they are seen, heard and valued at Cotton On.
- Celebrated and recognised thousands of our global teammates on their individual and team efforts throughout the year through our quarterly COG Awards recognition program.
- Proudly expanded our global retail footprint, opening 200 new stores and launching our online shop site in Brazil.
- Expanded our Africa Cotton program and invested in further training to drive sustainably led development programs, and supporting more than 15,000 farmers since inception.



Fashion is made to be loved and lived in every day. We're a business built on fashion and built on *Good*. We know that as the global fashion industry contributes to the world's greenhouse gases, we must also contribute to finding a solution.

# Sustainability

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We're driven by the goal to become carbon neutral across our operations by 2030. Since last year's report, we've taken further action to understand our carbon footprint and identify opportunities across every area of our operations that will help us achieve our goal. We're motivated by the results of our most recent carbon footprint assessment, which has seen us reduce our absolute global carbon emissions by 12% and our emissions intensity by 26% against our baseline year.

We're committed to making positive environmental and social impacts through the materials we source, who we partner with and how we produce our products. In 2022, we have been focused on identifying circular production processes that help us manage and reduce water use, energy consumption and waste sent to landfill. Currently, 41% of our products are made with a sustainable attribute.

We know it's important to face the challenges involved with reducing the use of plastics and packaging head on. That's why we continue to reduce our reliance on virgin plastic and factor this into the packaging of our products. We aim to consider every stage of our products' journeys, before and after they reach our customers, and stay across opportunities and solutions.

To galvanise true change, we must bring all aspects of our business and brands together. It's part and parcel. We are advocating for the natural world as we work together, with the industry, towards a more sustainable future. Not just because it's good for business, but because we couldn't feel good about our business if we didn't.

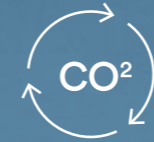




# 2030 Sustainability Goals

2021

Our goals are in place to support our commitment to reducing negative impacts across our global operations for future generations. We will track the progress of all initiatives to help us meet these goals, and offer transparency in our efforts as industry and science evolve.



## Carbon Neutral

- Become carbon neutral across our operations by 2030
- Switch to 100% renewable energy across our operations by 2030



## Responsible Design, Materials and Production

- Make 100% of our products with a sustainable attribute by 2030
- 100% of plastics, polyester and synthetic materials made from certified recycled alternatives by 2025
- 100% of our denim washed using water reduction processes by 2023
- 100% certified responsible viscose used in products by 2023
- 100% of paper and cardboard made from certified responsible or certified recycled materials by 2023
- Continue to support 100% sustainably sourced cotton (achieved in 2021)



## Plastics and Packaging

- Design 100% reusable, recyclable or compostable packaging by 2025
- 70% of plastic packaging being recycled or composted by 2025
- All packaging made from 50% recycled content by 2025
- Phase out problematic and unnecessary single-use plastic packaging by 2025



In 2021, we made our biggest environmental commitment to date - to become carbon neutral by 2030. By acknowledging carbon is a major contributor to climate change, we're committing to being part of the solution and helping to drive change.

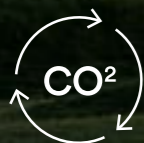
# Carbon Neutral

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Across all areas of our business, there is no one-size-fits-all model. We're creating a movement for change among our 20,000 team members, embedding a sustainability mindset and empowering our team to challenge traditional supply chain models.

Our business continues to grow, now more than ever. We understand this growth must be underpinned by programs and initiatives centred around decarbonisation. This will set the tone for all our work in years to come, as we move towards separating increases in carbon emissions from increases in growth.

This year, we present our FY19 (baseline) and FY22 carbon footprints. We're proud to announce that we're seeing the impact of our efforts reflected in the reduction of our carbon footprint and our emissions intensity. As a global business, our team, customers and partners operate across many communities. We're keeping this top of mind as we develop strategies to address our carbon emissions worldwide. Decarbonising will be built into every area of our operations as we shift to a cleaner, greener mindset across our supply chain.





## How We Do Things

Our goal of becoming carbon neutral has been built into every area of our business. It informs our material and component choice, our production strategy, the electricity we source, how we build our stores, and who we align ourselves with.

In partnership with global impact consultancy Edge, we calculated our baseline (FY19) carbon footprint, as well as our FY22 carbon footprint to assess progress to date. With these two assessments complete, we can now fully understand the scope of our emissions and what our key areas of impact reduction are moving forward.

Edge will support us as we develop our mitigation and implementation roadmap to achieve our carbon neutral target. We're holding ourselves accountable to our commitment timelines and progress reporting, because we know our future depends on it.

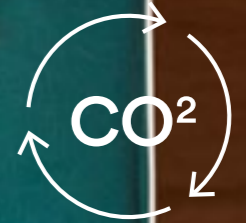
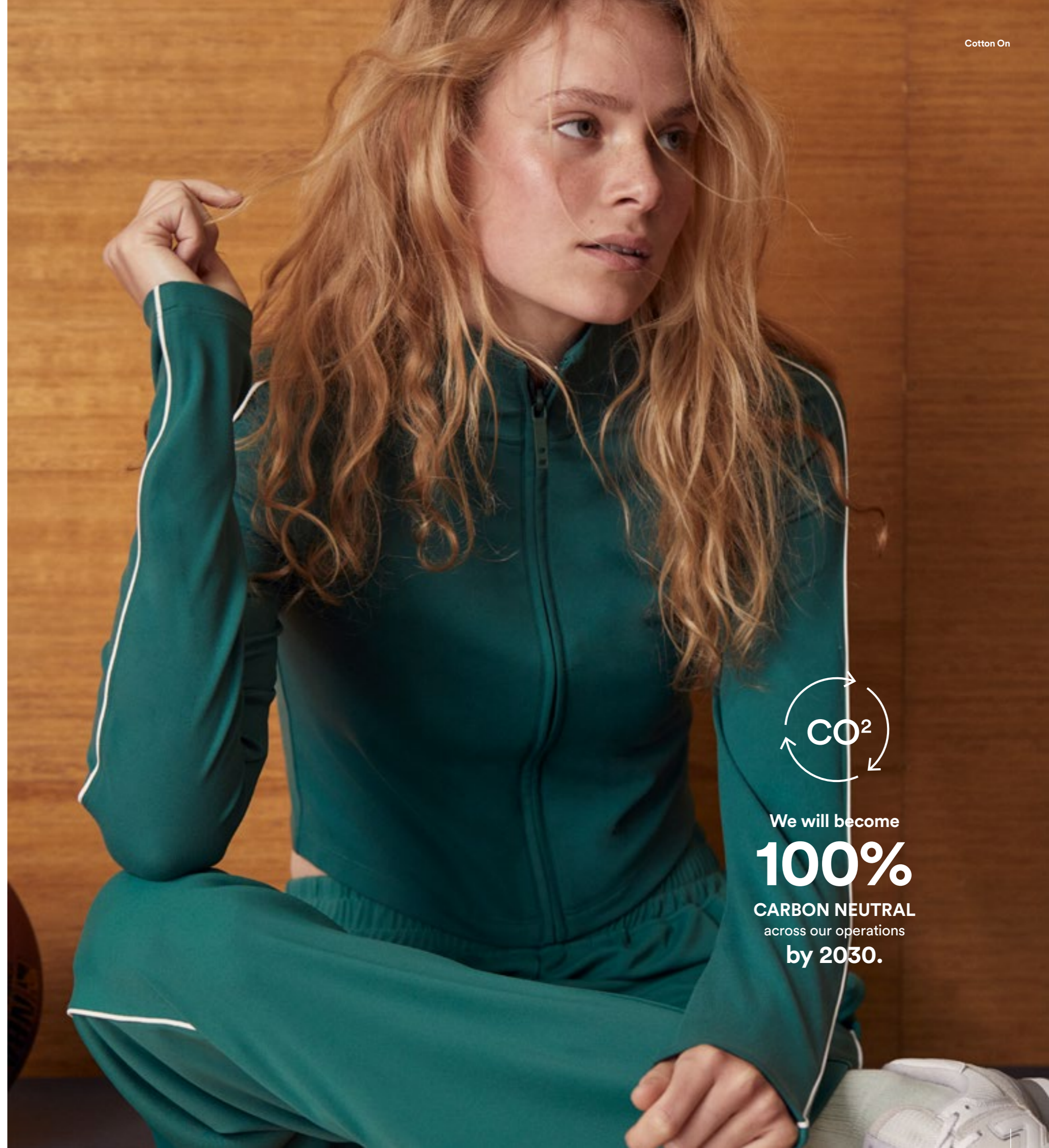
### We will

- Develop a mitigation and implementation roadmap by 2024 to achieve our carbon neutral target by 2030
- Switch to 100% renewable energy across our operations by 2030
- Become carbon neutral across our operations by 2030

### We have

- Calculated our first carbon footprint on baseline year FY19
- Calculated our FY22 carbon footprint assessment
- Commenced a renewable energy strategy for Australia and USA
- Converted to 100% renewable energy source across 96% of operations in New Zealand
- Installed solar at our Global Support Centre in Geelong, and at our Australian and South African Distribution Centres

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We will become  
**100%**  
CARBON NEUTRAL  
across our operations  
by 2030.



# Our FY22 Carbon Footprint

1 July 2021 - 30 June 2022

# 26%↓

## OUR GLOBAL EMISSIONS INTENSITY

decreased by 26% from  
0.47kg co2-e/\$ (FY19)  
0.35kg co2-e/\$ (FY22)

# 12%↓

## OUR GLOBAL CARBON EMISSIONS

decreased by 12% from  
859,065 tCO2-e (FY19)  
to 755,410 tCO2-e (FY22)

Initiatives that contributed to the reduction:

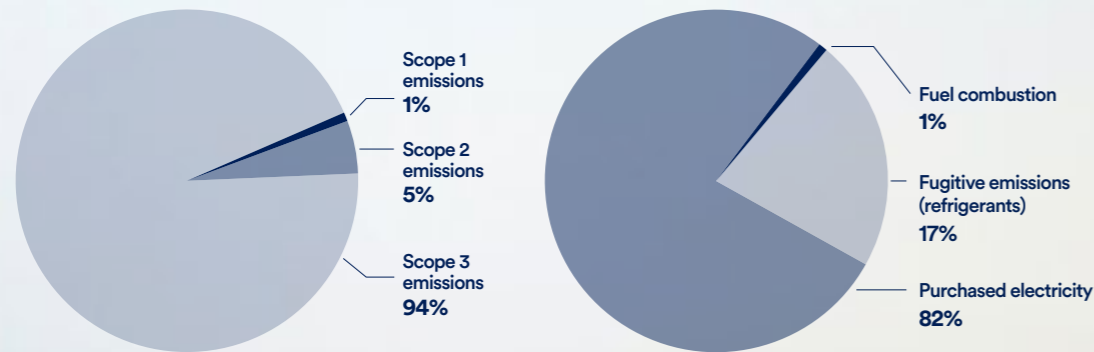
- Improved material selection and production processes of our purchased products
- Increased efficiency in stock management and purchasing volumes
- Reduced physical travel by staying connected virtually and our hybrid working model

This reduction was achieved despite our emissions from global construction projects increasing against our baseline year as we continue to invest in global growth.

## Emissions intensity

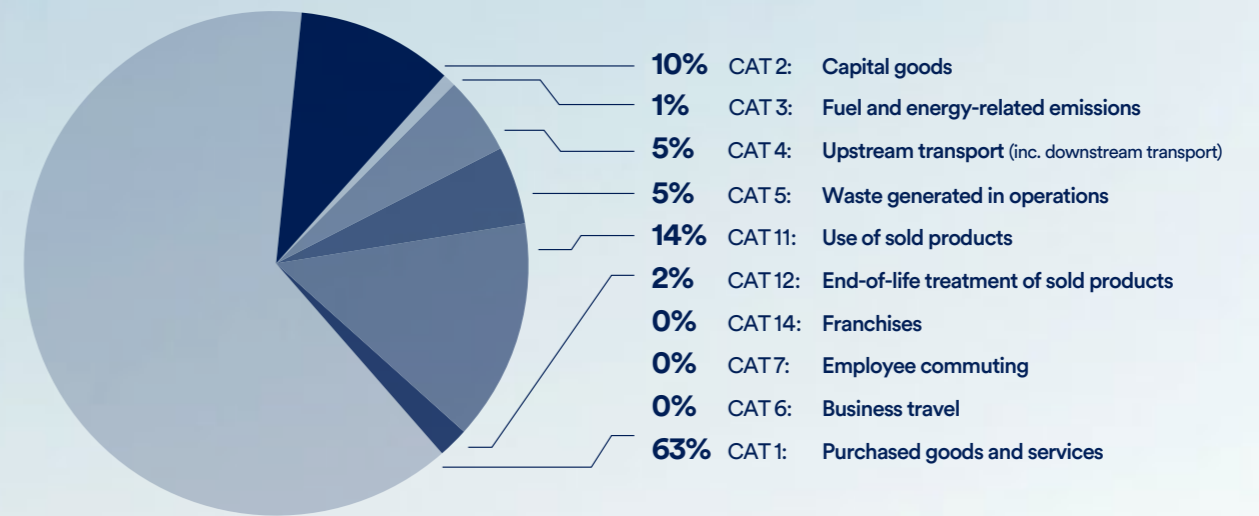
Emissions intensity shows the volume of emissions per \$, linking carbon reduction to units of GDP. This is a measurement that can be used to compare our progress in carbon reduction as our business grows.

	FY19 (kg co2-e/\$)	FY22 (kg co2-e/\$)
<b>Emissions intensity (Scope 1, 2, 3)</b>	0.47	0.35



	FY19 (tCO2-e)	FY22 (tCO2-e)	Description
<b>Scope 1</b>	8,227	7,815	Refrigerants and fuel consumption.
<b>Scope 2</b>	27,998	35,436	Purchased electricity. All grid electricity purchased at all retail, warehouse and office locations.
<b>Scope 3</b>	822,840	712,159	Indirect emissions of supply chain and capital goods expenditures, business travel, employee commuting and waste management.
<b>Total</b>	<b>859,065</b>	<b>755,410</b>	

## Scope 3 Emissions



	Category	FY19 (tCO2-e)	FY22 (tCO2-e)
<b>Scope 3 Emissions</b>	Cat 1: Purchased goods and services	536,900	446,938
	Cat 2: Capital goods	64,837	74,456
	Cat 3: Fuel and energy-related emissions	4,772	4,895
	Cat 4: Upstream transportation and distribution	24,906	32,656
	Cat 5: Waste generated in operations	36,084	38,137
	Cat 6: Business travel	9,549	3,468
	Cat 7: Employee commuting	55	49
	Cat 11: Use of sold products	133,243	99,702
	Cat 12: End-of-life treatment of sold products	12,379	11,241
	Cat 14: Franchises	115	617

**Baseline Year 1 July 2018 - 30 June 2019**

FY19 was selected as the year that most accurately represented business as usual before the SARS-CoV-2 (COVID-19) pandemic. You can find a detailed overview [here](#).

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## Our Carbon Reduction Journey

With these results, we're excited to be redefining our operating rhythm and implementing carbon reduction initiatives in all areas of the business - from renewable energy solutions to redesigning our product lines and empowering our team of 20,000 to educate and inspire.

We're exploring insetting initiatives within our own value chain and identifying value-driven partners to collaborate with for the remaining unavoidable emissions.

We'll use science-based methodology to underpin our carbon reduction targets as we prioritise the initiatives that have the biggest carbon reduction potential.

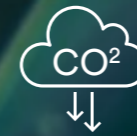
We'll continue to be transparent about our progress as we share our roadmap and approach.

### Next steps:

- Develop science-based carbon reduction targets
- Identify and prioritise carbon reduction pathway
- Develop mitigation plan for initiatives



### Decarbonising our operations



We are rethinking and redesigning how we do what we do. This means looking at how we make, sell and move our products. Power, store design and waste streams will also feed into this bucket as we look at how we can tackle carbon.

We're taking our team on the journey to educate and encourage them to be sustainability advocates and share their ideas. 20,000 people strong, we know that we have a unique opportunity for collective change.

### Insetting



We're looking at long-term sustainable operations, including exploring opportunities in insetting. These initiatives reduce emissions while driving value throughout the business.

Carbon insetting involves owning and implementing nature-based solutions. This could be things like building a solar farm, wind farm or planting a forest.

Carbon insetting initiatives impact our Scope 3 emissions, which has an effect not just on our business, but on many.

### Offsetting



The emissions offsetting process involves sponsoring initiatives that compensate for the emissions we produce, forming external partnerships with people who specialise in carbon reduction activities.

We're making sure that any partnership formed stays true to the Cotton On values and that we can see them as long-term partners.

We will seek partners who are adding value to the communities where we work and are meaningful to team and customers.



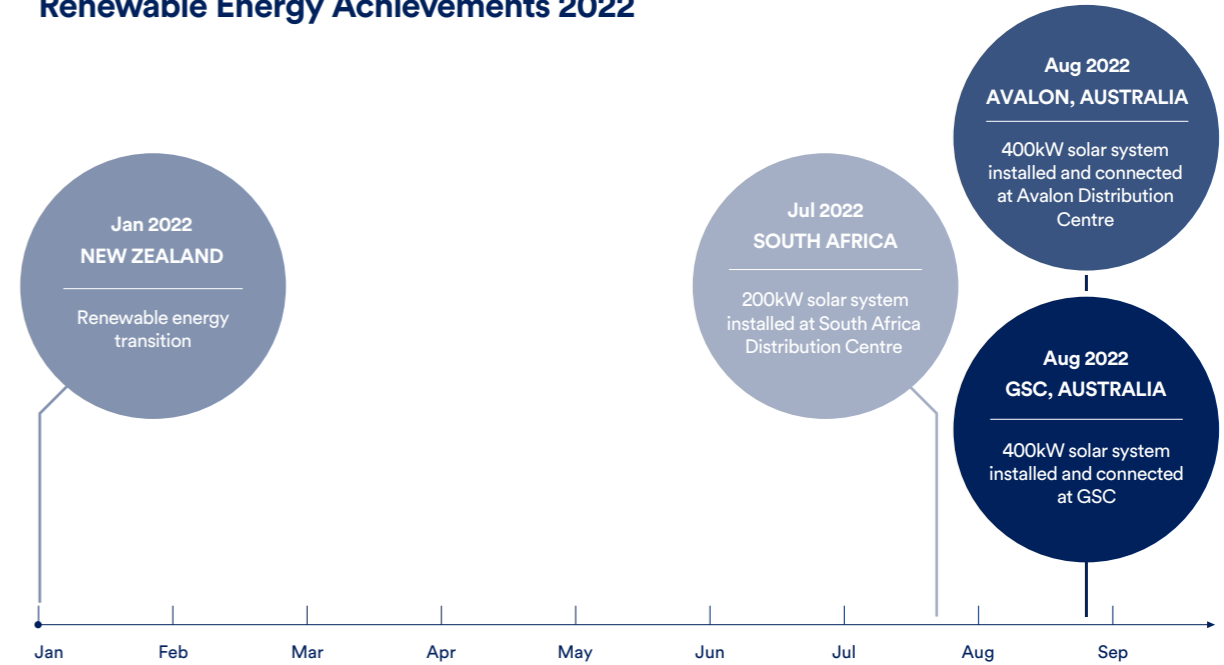
As a major contributor to our carbon footprint, we're working on our energy strategy to align with our goal to be carbon neutral by 2030. With this in mind, we've made some changes for Good.

# Renewable Energy

Across the globe, we operate 7 support centres and 10 distribution centres. We also operate 1,500 retail stores in 22 countries.

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## Renewable Energy Achievements 2022



### New Zealand

We have successfully transitioned 96% of all New Zealand store fleet and Distribution Centre to 100% renewable energy. Partnering with Ecotricity has allowed us to provide our Distribution Centre and close to all of our retail stores with renewable energy, accredited with Toitū net carbonzero, based on GHG measurement standard ISO 14064 part 1. Since our transition, 1.87 million kWh of renewable energy has been used, preventing an estimated 219,000kg of carbon from being emitted into the atmosphere. That's approximately 10,000 trees absorbing carbon dioxide each year.

### South Africa

In South Africa, we have opened a purpose-built dual facility that houses our Support and Distribution Centres. The solar system has recently completed installation and we await its connection to the grid.

### Australia

At our Global Support Centre in Geelong, solar has been installed and connected to the grid at our childcare centre and will be installed at our new Cotton On visual merchandising space.

At our Australian Distribution Centre, solar has been installed and connected, currently occupying one-third of the total available roof area on the 35,000sqm site. We will work towards expanding this solar system to the new 15,000sqm Distribution Centre extension, which is currently under construction.

### Our Other Regions

Over the next 12 months, we will continue conversations to plan transitions across our global distribution centres, support centres and retail locations.

Data source for carbon equivalents: Emissions Comparator, Real World Visuals.



## Case Study Sustainably-Led Workplaces

We're constantly evolving, often using our Australian workplaces as test sites for the rollout of environmentally-driven ideas. Here, backed by a team of sustainability champions, we're proud of the purposeful change that we're making.

At our Global Support Centre (GSC) in Australia, we now operate 14 waste streams across our 20,000sqm campus, including soft plastic and textile recycling. We operate an organic waste stream, where food waste is picked up by Corio Waste Management and taken to a composting facility in Shepparton. Coffee grounds are taken offsite to become fertiliser through a partnership with BlendCo/Woolshed Coffee - with about 130,000 coffees annually, that's a lot of waste diverted from landfill. We've increased our recycling rate at GSC to 59% in 2022 from our baseline of 24% in 2020 and added an extra three waste streams.

Our Paperlite philosophy has been rolled out to global teams with the aim to continue reducing paper.

OVER FOUR YEARS WE'VE BEEN ABLE TO  
REDUCE OUR PAPER USAGE ON CAMPUS BY

↓ **88%** 

reducing print volume from 7,115,999 to 834,415 prints.

Up the road at our Australian Distribution Centre, we have implemented recycling streams for cardboard and soft plastic, and all organic waste is composted. Non-reusable timber pallets are given new life as mulch for VicRoads, while roof water catchments collect water for the bathrooms and to irrigate the garden.

We operate under a Paperlite philosophy, seeking to reduce paper usage. When we do need to print at GSC, we use WINC FSC certified paper or Planet Ark Unwrapped Paper which is 100% recycled.

While we're a large office, we don't prescribe to the traditional methods of doing things. We've shifted to using Tersano Stabilized Aqueous Ozone (SAO) dispensers, designed to create a sanitising spray using only cold tap water and oxygen from the air around it. And when the job is done, it reverts back to water and oxygen to reduce impact on our planet and waterways. This has contributed to our campus reduction in chemical use from 2,700L to 540L annually.

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In store, we're making the change to eReceipts for our Perks customers, a Paperlite philosophy that has extended to our Visual Merchandising books and End of Day books which are now digital, with plans to make more essential documents digital in the next year. We're working to remove virgin plastic gift cards, introducing a paper-based card made with recycled materials which is also recyclable. In 2019, we removed plastic shopping bags globally from our store network.

Our stores are also taking advantage of using recycling channels available to them at their shopping centres to reduce waste to landfill and we have reduced packaging for shipping. Moving into 2023, we'll centre efforts on hangers as we continue to remove plastic polystyrene hangers from our business, convert to timber hangers and create circular systems in stores to manage them.



We're working towards lasting commitments as we tackle the challenge of responsibility in fashion, finding the right direction to move forward. We take this responsibility seriously as we strive for an industry that is fair and safe, centered around the protection of people and planet.

# Responsible Design, Materials and Production

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We've never been traditional, never moved in straight lines. Instead, we zig-zag, and we know that the future of retail will not be linear but a circle. That circle will see products given extended life, packaging that isn't created but recreated, and relationships that are formed in order to see this happen in the way that's best for our natural world. We're determined to be part of rebuilding the structure of industry supply chains, no matter how complex.

That's where circularity comes in. We know that our products need to be designed for purpose and longevity, considering end of life solutions so that they can have a meaningful and lasting life. We will work to create change from the ground up. This will show up in the farming communities we work with to contribute to generational change, in the production industry that we have a responsibility to bring on the journey and in how we transport and sell our clothes.

From materials to supply chain to what will happen to our favourite jeans when they've been well-loved and worse for wear, we want to make sure the entire life cycle of our products has been made with *Good* in mind. This includes the way we select our fibres, manufacture our products, and share tips with our customers on how to care for, rewear and keep textiles out of landfill.





## How We Do Things

We're committed to transitioning more of our fibres and materials to reduced-impact alternatives such as recycled and organic where possible. As a business, we're focusing on our supply chain by reviewing our suppliers' environmental credentials, prioritising work in innovation and technology, and assessing the carbon footprint of raw materials with independent consults.

There are many standards and certifications tackling various areas of sustainability. Today, we partner with suppliers who are certified to globally-recognised textile standards. Most commonly used for our products are:

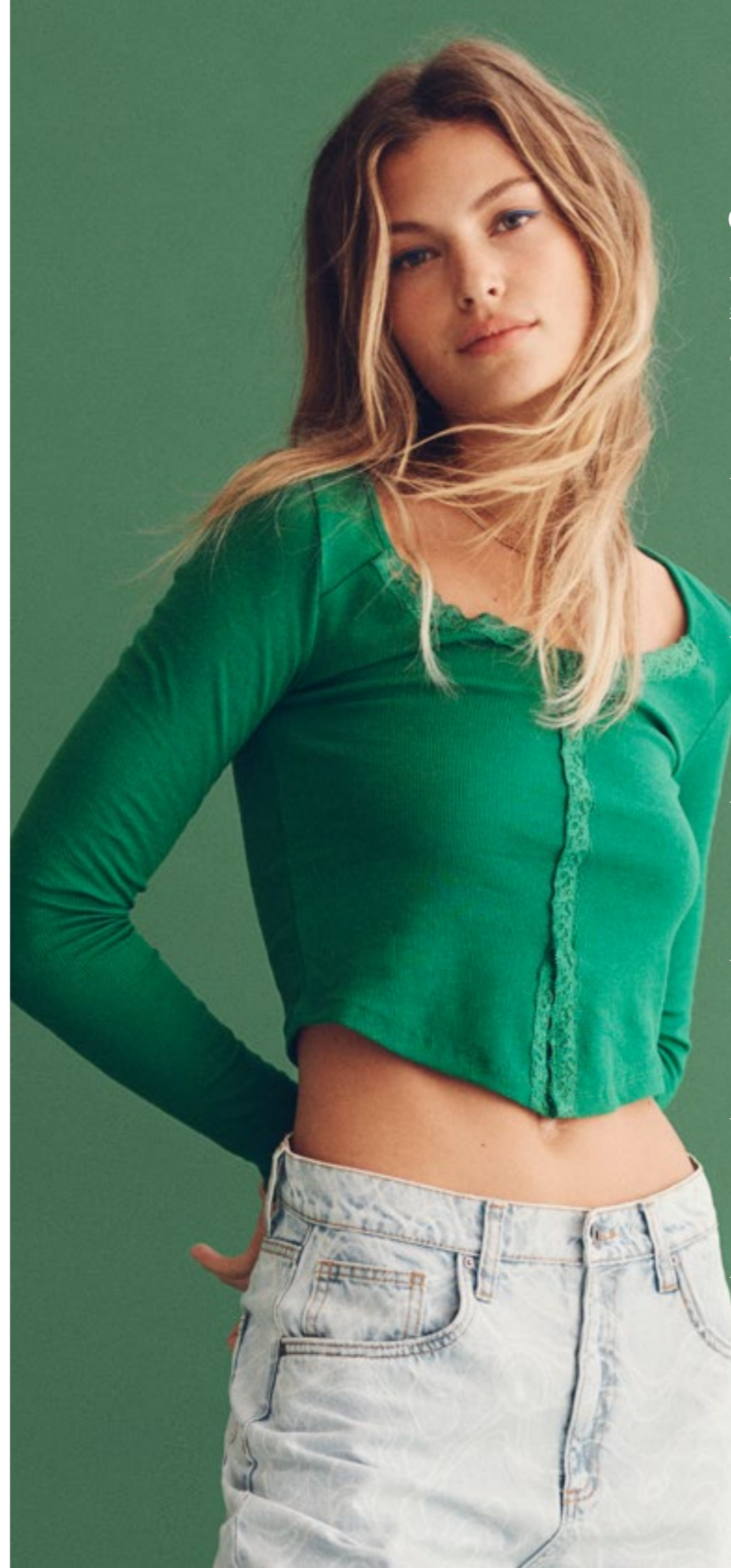
- Global Recycle Standard (GRS)
- Recycled Claim Standard (RCS)
- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS)
- Branded fabrication technologies such as [LENZING™](#) and [REPREVE®](#)

These standards define requirements to verify responsible practices used in production. They offer a chain of custody model that tracks the raw materials from source through to finished product. This process offers a way to verify the sustainability claims of our products for our customer. We will continue to partner with our suppliers to enhance the traceability and sustainability credentials of the fibres and materials we source.

Manufacturing processes are crucial to our goal to source responsibly. Water use is a key challenge the fashion industry is addressing. By using new and innovative water reduction processes across denim styles, we're using less water to create the vintage-inspired washes our customers love. We're also collaborating with our suppliers on other production processes to convert items such as eyelets, aglets and hinges across our non-apparel product lines. This is part of our plan to reduce the environmental impact of traditional production methods while maintaining product quality.

## Our Made With Good Goals

We're on a mission to make 100% of our products with a sustainable attribute by 2030. For us, this includes fibres and materials, and/or production processes with reduced negative environmental impact. See how we're tracking below.

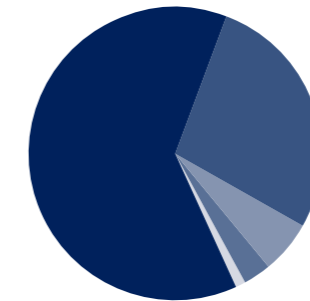




Our Made with Good Goals include 100% of our products being made with a sustainable attribute. An important part of tracking progress against that goal is drilling down into the data so we can measure the transition of fabrications across our business. This year we've calculated the total fibre and material consumption across our brands. We've found that cotton, synthetics, plastics, paper and viscose make up 87.3% of our total fibre and material consumption. These graphs show where we're at.

# Responsible Material Sourcing

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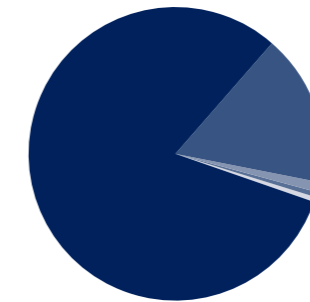


Proportion Total

**Cotton | 12,829 tonnes**

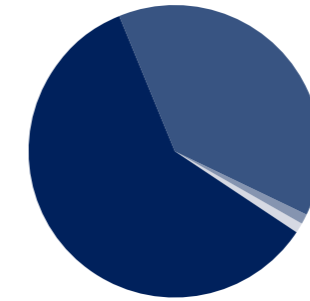
Conventional	64%
Organic cotton	28%
Australian cotton	5%
Recycled cotton	3%
Stock cotton	<1%

The conventional cotton in our business is ordered as Better Cotton. Better Cotton is sourced via a system of mass balance and is not physically traceable to end products.



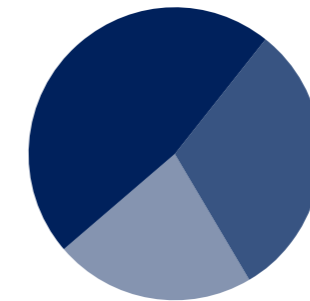
**Synthetic | 6,533 tonnes**

Conventional	82%
Recycled polyester	17%
Recycled polyamide	1%
REPVEVE® polyester	<1%
Other	<1%



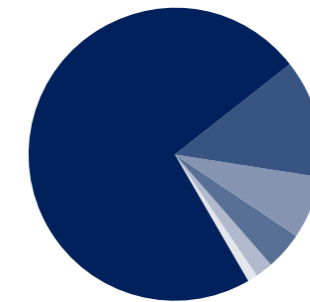
**Plastic | 5,015 tonnes**

Conventional	59%
Recycled PET	38%
Recycled polyethylene vinyl acetate	1%
Post-consumer recycled plastic	1%
Other	<1%



**Paper and Cardboard | 1,141 tonnes**

Pre-consumer recycled paper	47%
Forest Stewardship Council (FSC) certified mix virgin and recycled paper	31%
Conventional	22%



**Viscose | 937 tonnes**

Conventional	73%
Preferred bamboo	13%
LENZING™ ECOVERO™	7%
LENZING™ TENCEL™	4%
Tangshan Sanyou	2%
Other	<1%

Conventional fibres and materials refers to farming and production methods which commonly require the use of synthetic fertilisers and chemicals, consume high volumes of water and energy and deplete finite resources.



Case Study

# Better Denim

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Better denim shouldn't cost the earth. It's one of the most universally loved fashion items and it's part of the very fabric of who we are, but when conventionally produced it can come at a serious cost to the environment. The main reason? Resources - and lots of them. Denim is typically made from cotton. Conventional cotton is often grown with harmful fertilisers and pesticides which can contaminate groundwater and degrade soil, creating negative impacts on both the environment and farmers. It also requires huge amounts of water to produce. Add fabric production and washing processes, and the impact on water, energy and carbon is big.

We knew something had to change. Our customers and our planet deserve better. We partnered with RESET Carbon, a specialist supply chain and environmental consultancy, to measure and analyse the environmental impact of Cotton On denim against industry average denim that uses conventional cotton and washing methods.

What does better denim mean? For us, it's denim that our customers will want to live in, day after day. Tried-and-true fits. Washes that get better with wear. Denim made with care and made to last. Better denim from start to finish.



# How We're Reducing Our Impact

We have outlined three key stages of our better denim production, how we are tackling them and what goal they are addressing.

## Stage 1:

### Raw material

Today, all our new denim is made with 20% recycled cotton. We first introduced recycled cotton into our denim in 2019 with 10% recycled cotton from post-consumer waste. Recycled cotton has contributed to most of our water impact reduction and typically comes from old clothes or leftover factory fabric scraps. It uses less water, pesticides and energy compared to virgin cotton fibres. We partner with suppliers who are certified to the GRS or RCS to verify the sustainability claims of our recycled fibres and materials, from raw material through to the final product.

While our cotton sourcing suppliers are members of Better Cotton, we acknowledge that the majority of cotton in our denim is from conventional streams. We are striving to include more recycled cotton fibres in our denim, while ensuring integrity and durability of the fibre for longevity. Working with what current technologies can achieve today, we are aiming to develop denim with up to 50% recycled cotton without losing out on quality.

## Stage 2:

### Fabric production

Fabric production involves a number of processes like weaving, dyeing and fabric finishing which traditionally require high levels of energy and water. Our suppliers are taking the steps to make improvements to preserve and protect resources. Today, this includes renovating and upgrading equipment, installing solar systems, harvesting rainwater and improving steam recovery. We're committed to supporting suppliers in a process of continuous improvement, as new technologies are developed and introduced.

## Stage 3:

### Washing

Traditional industrial denim washing processes use a lot of water - a resource we can't afford to waste. We've worked closely with our key denim suppliers to explore innovative technologies that can achieve the same final result with a much lower environmental impact. These include ozone wash, laser, nanobubble and natural drying.

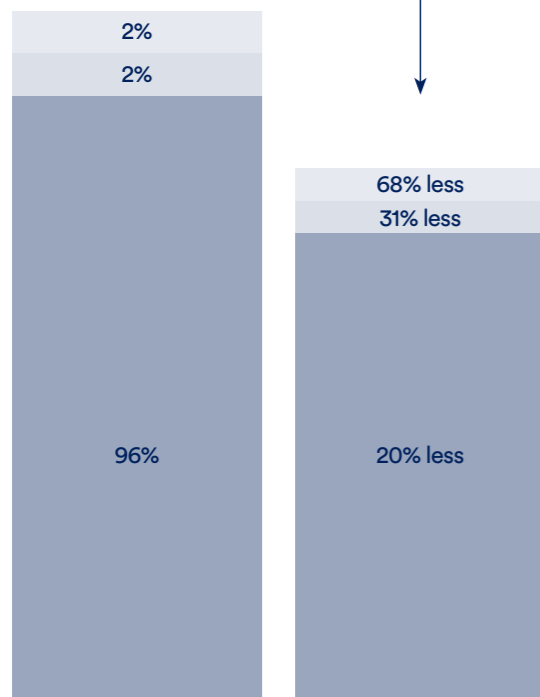


## What The Numbers Mean

### Reducing our water usage



**21% less water**

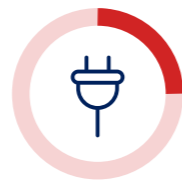


Industry average<sup>1</sup> jean usage

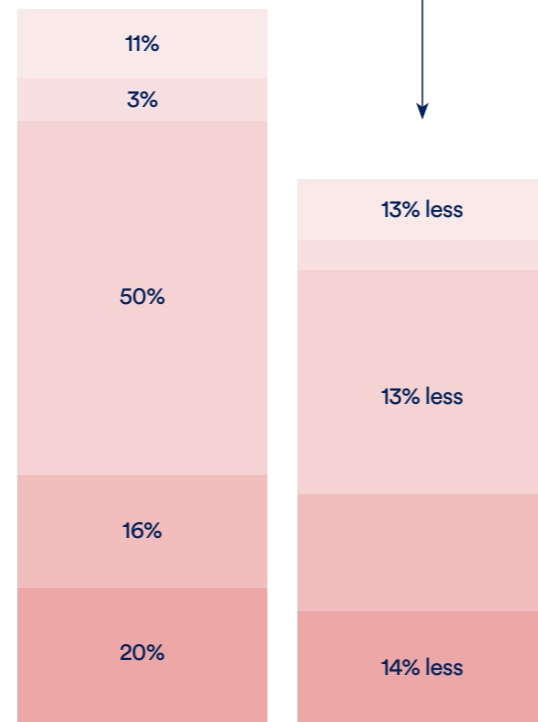
Better Denim jeans reduction

- Raw material
- Spinning
- Fabric production
- Cut & sew
- Washing

### Reducing our energy usage



**25% less energy**



Industry average<sup>1</sup> jean usage

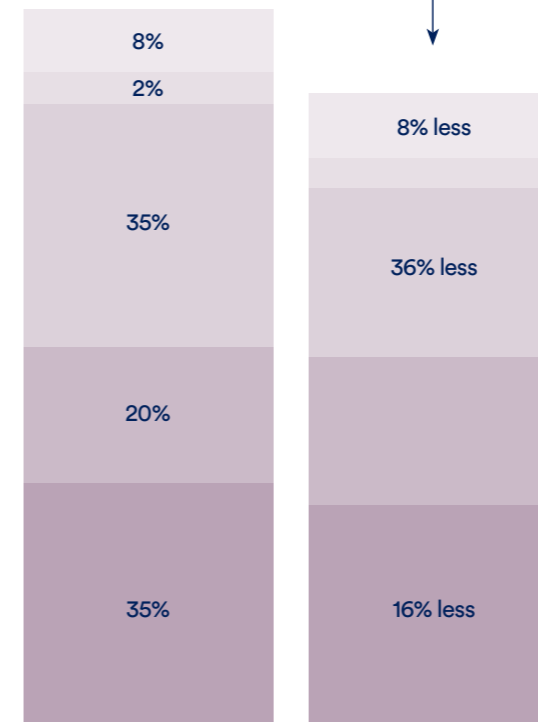
Better Denim jeans reduction

- Raw material
- Spinning
- Fabric production
- Cut & sew
- Washing

### Reducing our carbon emissions



**19% less carbon**



Industry average<sup>1</sup> jean usage

Better Denim jeans reduction

- Raw material
- Spinning
- Fabric production
- Cut & sew
- Washing

**One pair of better denim jeans does more with less**

**365L less water**

That's roughly nine showers

**3.6kWh less energy**

That's enough to light a 10W LED bulb for 2+ months

**0.9kg less CO<sub>2</sub>**

That's about 6km travel distance by a car

<sup>1</sup>Compares to the industry average published by Jeanologia® to Cotton On's average per unit water consumption in raw materials, fabric processing and washing for the Long Straight Jean and High Mom Denim Short for 2021 and 2022.

Find out more about [our methodology](#).

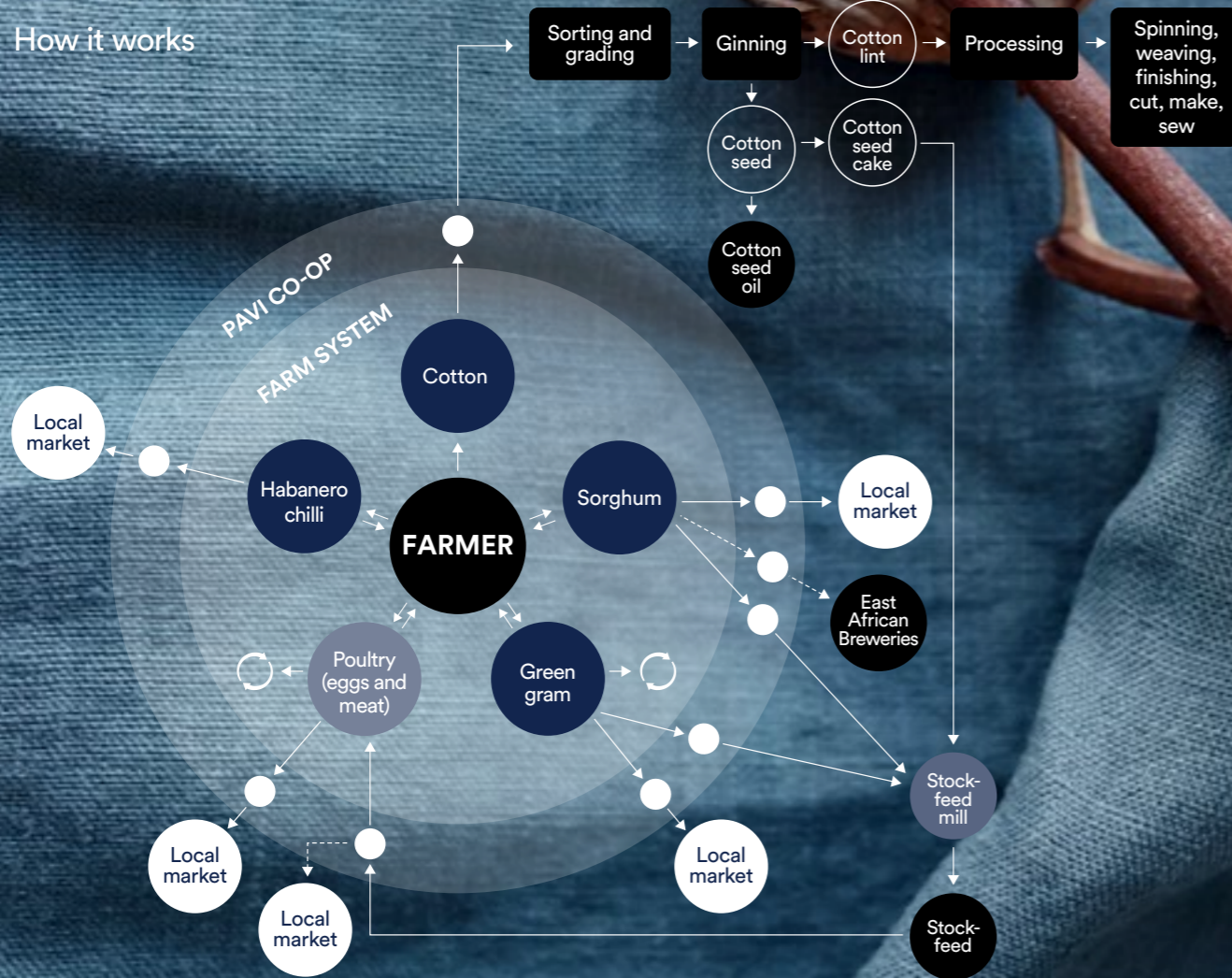
44  
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Case Study

# Africa Cotton

How it works



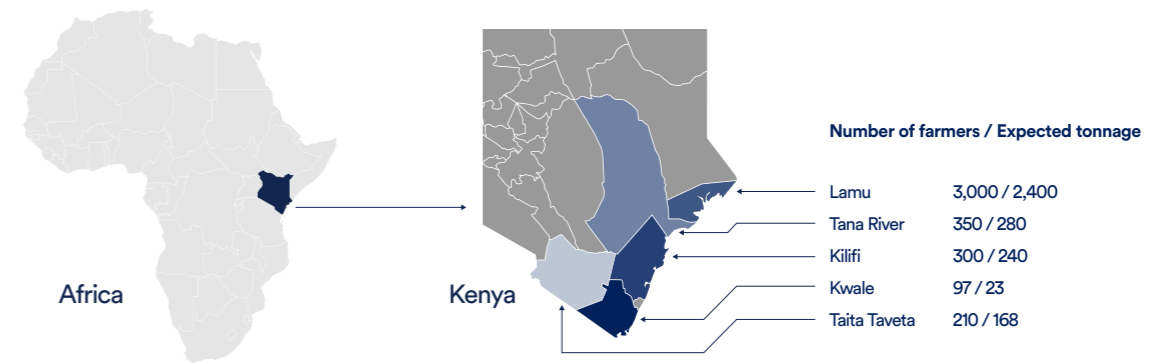
The program focuses on building a holistic system that includes other sources of income and food such as rotational crops and poultry. These crops may go to local market or stay within the farming communities to loop back into the farming system.

In 2014, we joined forces with Business for Development to support small holder farming communities in Kenya. What started as a pilot program now extends across five regions of Kenya including the creation of the farmers' cooperative, PAVI, and has supported over 15,000 farmers. In 2020, we expanded the program to Mozambique when we saw an opportunity to source traceable cotton at scale and increase the visibility of the cotton sourcing supply chain through working with experienced farmers.

## An Update on Kenya

2022 was a year of exciting developments in Kenya, with 3,957 farmers and an expected 3,100 tonnes of cotton lint.

- Saw 302 new farmers join the program
- Built demonstration sites to increase farmer knowledge
- Engaged with local media to spread the word
- Built pilot sites to show new regions what's involved in farming crops
- Trained farmers on soil and water management and land preparation
- Field Assistants supported harvest management, plant maturity assessments and marketing
- Increased participation of input suppliers (such as land preparation and quality seed)
- Grew the PAVI cooperative showing improved services
- Implemented SourceTrace (a platform that collects data from the field) to provide key metrics as well as a crucial communication tool. Increased traceability as the cotton moves through the supply chain
- Continued to open pathways for young people to explore agriculture as a meaningful career



## An update on Mozambique

Expanding the program into Mozambique gave us the opportunity to explore sourcing traceable cotton at scale and identify ways we could increase visibility of the cotton sourcing supply chain. We partnered with JFS Group to:

- Directly source cotton lint
- Connect growers to our spinner, fabric mill and end manufacturer in Bangladesh
- Cotton is grown in accordance with Better Cotton Standard System
- Source 250 tonnes of cotton lint for Cotton On tees

While this program has been an extremely rewarding and important step for us, it has shed light on just how complex the supply chain is. We will continue to partner with our farming and supplier partners to champion the creation of cotton sourcing supply chains, which begin with raw materials and are centred around end-to-end transparency, improving livelihoods and the environmental impact of cotton fibre production.



# Circular Fashion

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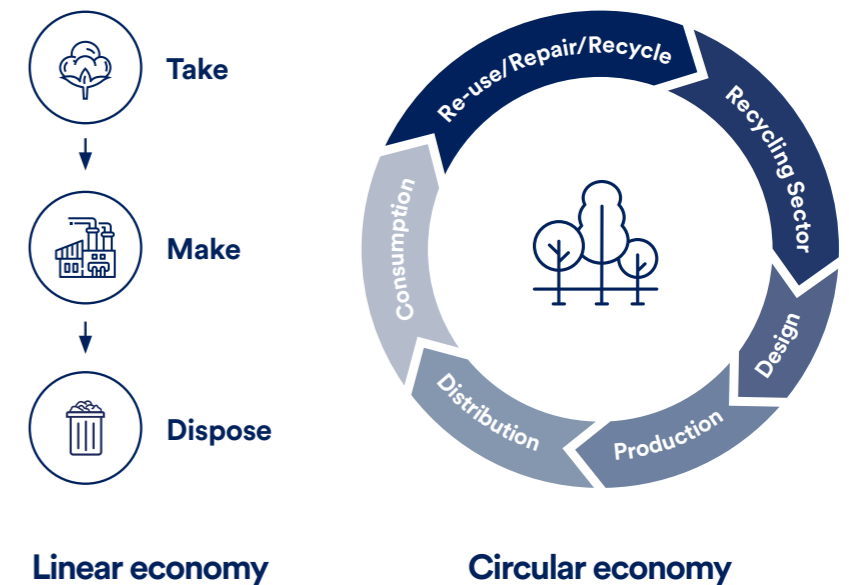
We will build a supply chain that uses waste from raw materials and production processes to keep fibres and products in circulation for as long as possible. Our circular fashion framework will include circular design principles, recycled components and packaging, upstream and downstream recycling, and an improved business model built to increase stock efficiency and decrease overproduction.

We've been working within a broad circular fashion framework since 2019 with the launch of our first ever Cotton On Body recycled polyester active tight. Since then, we've moved further along our journey to source recycled materials in our ranges. This can be seen today across swim, puffer jackets, denim, cut and sew, and graphics ranges, with a focus on non-apparel products over the last 12 months.

We're investing in education programs across circular design principles and identifying opportunities to reuse what has been made to use up stock fabric. We're encouraging conversations on textile reuse and recycling with our customers and partnering with those who share our values. Engaging our customers with simple and visible pathways for reuse, recycle and repair will become a vital part of our business

## UPPAREL Textile Recycling

We have been seeking out partners in the textile recycling space to drive change. In Australia, we've partnered with UPPAREL. This year, we conducted a trial through our store network. Of the textile waste that came through the trial, 93.1% was able to be recycled and 5.7% was reused with only 1.2% was waste to landfill. We're continuing to identify opportunities to scale this program for Australia and New Zealand over the next 12 months.





Case Study

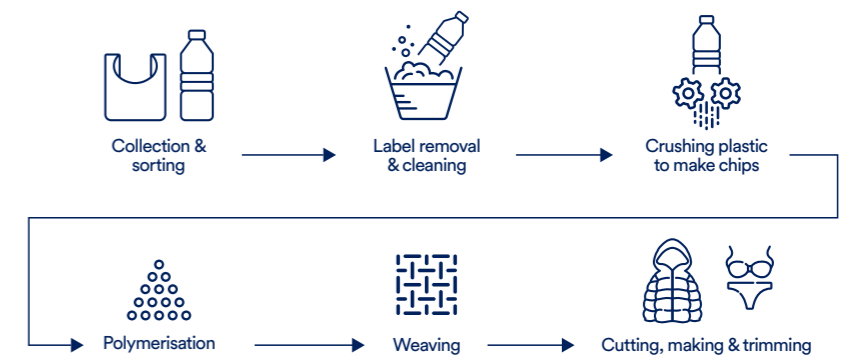
# Recycled For Now, Recycled For Good

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Our recycled ranges make up part of our bigger circularity goal. We're collaborating with suppliers to source recycled fibres that repurpose plastic waste, diverting it from our oceans and landfills. As we shift further towards a circular focus on fashion, we're breaking down products at the component level and redesigning them to incorporate more recycled materials.

Made with recycled polyester and recycled polyamide, commonly sourced from waste plastic materials, these product lines utilise pre- and post-consumer plastic waste by turning it into recycled fibres. Compared to raw materials, sourcing recycled materials helps to reduce reliance on finite resources - making a positive difference in more ways than one.

In this process, plastic waste is converted into chips and then spun into yarn.



## Recycled Swim

Since 2020, we have been delivering recycled swimwear and will continue to offer women's and men's swimwear made with recycled fibres far beyond today. Our new swim fabrications use 80-95% recycled polyester from post-consumer waste.

We partnered with Arch & Hook, the world leaders in sustainable hangers, to use their BLUEWAVE® hangers in store for our swim range. They're made from 100% upcycled ocean-bound plastic and recycled post-consumer plastic, which can be placed in kerbside recycling streams.

### What's next?

We will strive to redesign all swim components with more responsible materials including trims, foam cups, metal d rings and wires, elastic, thread and kimbles with more responsible materials that we can feel 100% good about.

We're all about partnering with fibre innovators. This year we've been working with REPREVE® to source their brand of recycled performance fibre, which is made from recycled bottles and post-industrial waste. These waste materials are chopped, ground and washed, before becoming fabric. We'll be trialling this fabric in our swim line, launching early 2023 in the USA.



## Recycled Puffers

Meet our recycled puffers, giving old materials new life across various styles including the Recycled Puffer Jacket and the Recycled Mother Puffer in crop, longline and vest styles. Converting this line into recycled materials reduces our reliance on conventional synthetic fibres for our bestselling outerwear range. What started with recycled polyester for the outer shell a few years ago has since been grown to include 100% recycled polyester lining and fill.

**100%**  recycled polyester/polyamide shell  
recycled polyester lining  
recycled polyester fill



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### What's next?

We are actively seeking out recycled alternatives for zips, trims and buttons so that each of the components on the puffer jackets are made from recycled materials. That's the jacket we know our customers want.





Globally, we are in a plastic pollution crisis. We know that the use of plastics and packaging in our industry is a concern and, while there is progress being made on the issue, the challenges involved are immense.

# Plastics and Packaging

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There is a need for a strategic sector-wide approach to the challenges of plastic and packaging, which is why we are pleased to be partnered with organisations like Arch & Hook and the Australian Packaging Covenant Organisation (APCO), to stay across opportunities and solutions. We recognise the importance for us to act and lead by example.

We aim to reduce our use of plastics and packaging first and foremost. Starting with phasing out problematic and single-use plastic and paper packaging, measuring our overall packaging footprint and tracking waste reduction as a result of our initiatives. We're focusing on materials that can be put into kerbside recycling. The aim is to create a seamless and convenient approach to waste disposal while addressing the key issue of plastic waste head on.

The right packaging is essential to protect our products as they reach our teams and customers. That's why selecting the right materials, considering recycled materials and exploring packaging design innovations that minimise waste are so important. In reaching our plastic and packaging goals, we're considering our products' journeys from factory to front door.





## How We Do Things

Our two key focus areas for our plastics and packaging journey revolve around packaging for the customer and packaging for transport. Through each of these chains, we are working to use conveniently disposable materials or recycled alternatives, understanding the many hands that a product must go through to reach its final home.

We know our business decisions impact our customer's ability to dispose properly of our packaging. We're working to eliminate single-use plastic and focusing on the ability to use kerbside recycle streams. The push away from plastic and towards paper has been big in our industry. Where we use paper-based items, we work with suppliers who are certified by the FSC to source virgin or recycled paper and cardboard materials.

To keep the product safe up until the moment it reaches the customer, we're focusing on packaging for transport. This type of packaging is vital to make sure all products arrive to our customer without damage. However, the waste generated at this stage will often fall to our own Distribution and Retail teams to dispose of. We want to make this process as easy as possible. We're moving away from materials such as polystyrene that are not recyclable and towards packaging that closes the loop.

We've begun our APCO assessment process, involving two steps. First, the APCO Packaging Recyclability Evaluation Portal (PREP) online tool verifies if our packaging is recyclable in Australia and New Zealand kerbside recycling streams. Second, we use the Australian Recycling Label (ARL) program to label our packaging with clear instructions for recycling at a component level. We're working on a Group-wide rollout to integrate both the PREP and ARL tools while working in the background to make significant changes to our packaging. This includes looking into various recycling standards across our global regions.

Typo are well on their way towards the Group goal of 100% reusable, recyclable or compostable packaging by 2025



hitting  
**71%**  
in 2022.





## We will

- Design packaging that is 100% reusable, recyclable or compostable by 2025
- Continue to drive recycling rates up to achieve 70% of plastic packaging being recycled or composted by 2025
- Ensure our packaging is made with a minimum of 50% recycled content by 2025
- Phase out problematic and unnecessary single-use plastic packaging by 2025

## We have

### Group packaging initiatives

On our Ever Better journey, we've been able to make big moves like eliminating plastic shopping bags from our global network and converting our swing tags and care labels to be made from recycled materials. We're proud to say, these changes are now considered business as usual, allowing us to turn our focus to other initiatives. Outside of Group-led initiatives, the teams have been focused on rethinking their non-apparel packaging. See more about our packaging initiatives [here](#).

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<b>Plastic shopping bags</b>	<ul style="list-style-type: none"> <li>• Plastic shopping bags removed in 2019</li> <li>• Customers can now choose from paper (over 80% recycled, and 100% recyclable) or a reusable Cotton On Foundation tote bag for purchase</li> </ul>
<b>E-commerce postage satchels and satchel machine</b>	<ul style="list-style-type: none"> <li>• Four of our Distribution Centres (USA, Australia, New Zealand and South Africa) installed at least one custom satchel machine that cuts postage satchels into three sizes. Satchels are made from &gt;90% recycled plastic and are 100% recyclable with other soft plastics</li> </ul>
<b>CMC Packer e-commerce cardboard cartons</b>	<ul style="list-style-type: none"> <li>• Australia: CMC machine custom cuts our 80% recycled e-commerce cartons to size</li> <li>• UK: CMC machine will be deployed mid 2023</li> </ul>
<b>E-commerce packing fill</b>	<ul style="list-style-type: none"> <li>• Eliminated plastic packaging fill, replacing with FSC paper alternatives</li> </ul>
<b>Click &amp; Collect plastic bags</b>	<ul style="list-style-type: none"> <li>• &gt;90% recycled polyethylene and recyclable in soft plastic recycling streams</li> </ul>
<b>Pallet wrap</b>	<ul style="list-style-type: none"> <li>• Converted from 385g stretch wrap film to 150-160g film after upgrading all machines. The lighter pallet wrap has allowed us to reduce usage by 55%, or approximately 25,000kg of film annually</li> </ul>
<b>Cotton On Foundation water</b>	<ul style="list-style-type: none"> <li>• All water bottles in the UK, USA, Australia, New Zealand, and South Africa are 70% recycled aluminium bottles that are 100% recyclable</li> <li>• Our stores in Asia will follow this trend in early 2023</li> <li>• A solution for Brazil and Botswana stores is in planning</li> </ul>



**Product swing tags:**  
Made from 100% recycled paper



**Product care labels:**  
Made from 100% recycled polyester



**Plastic polybags:**  
Continued to help our suppliers transition to recycled polyethylene bags to transport goods to our Distribution Centres and stores.  
87% of our suppliers are sourcing recycled plastic polybags that are >90% recycled plastic and recyclable with other soft plastics.



The following pages, including our Responsible Fibres and Materials Glossary and our Annex provide additional information on our sustainability initiatives. This information provides further context into our methodologies, data sources, and packaging programs.

# Supporting Materials

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## **Responsible Fibres and Materials Glossary**

We continue to shift away from conventional materials and production processes and towards alternatives with reduced environmental impact.

## **Annex**

Provides further clarity on terms and phrases used through our report.

## **Brand Packaging Initiatives**

Diving deeper into the work being done at a brand level, we focus on packaging initiatives that will be brought to life over the next 12 months.

## **Our Carbon Footprint Calculation Methodology**

The methodology used to calculate our carbon emissions footprint for our FY19 and FY22 assessments.



## Our Responsible Fibres and Materials Glossary

Our Fibres and Materials Glossary shares the fibres, materials and processes most commonly used in our business, acknowledging the journey we are on. Similarly, we are converting to production processes that help to reduce energy, water, carbon and chemicals in their processing.


Our work extends to actively seeking new and innovative materials, while we look to phase out the use of conventional materials. The fibres, materials and production methods listed below were used in our 2022 [apparel](#) or [non-apparel ranges](#).

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 <b>Cotton</b>	<b>Recycled cotton</b>	Produced by turning discarded textiles into new cotton yarn, recycled cotton helps to divert waste from landfill. Generally, it comes from two main sources: <a href="#">pre-consumer waste</a> and <a href="#">post-consumer waste</a> .
	<b>Organic cotton</b>	Organic cotton is cotton that is produced and certified to organic agricultural standards. Its production sustains the health of soils, ecosystems and people by using natural processes rather than artificial inputs. Organic cotton farming does not allow the use of toxic chemicals or GMOs.
	<b>Australian cotton</b>	Cotton grown and manufactured in Australia is one of the most water-efficient cotton growing countries in the world, thanks to a range of innovations including reducing evaporation and precision irrigation. We're supporting our homegrown cotton industry.
	<b>Africa Cotton</b>	This sustainable cotton program launched in 2014 in Kwale County, Kenya in partnership with Business for Development and has since expanded to Mozambique.
	<b>Better Cotton</b>	Better Cotton is a not-for-profit organisation dedicated to raising the sustainability standard of cotton production globally. Better Cotton is sourced via a system of mass balance and is not physically traceable to end products.


 <b>Synthetic fibres</b>	<b>Recycled polyester</b>	Recycled polyester is most commonly sourced from waste PET material. It helps to reduce plastic waste and prevent it from ending up in our oceans and landfills. It can also be sourced from used textiles such as clothing and upholstery.
	<b>Recycled polyamide</b>	Industrial waste makes up a large part of recycled polyamide production. This can include pre- and post-consumer waste such as discarded fishing nets, recycled PET and fabric waste. Sourcing recycled polyamide helps to repurpose waste and reduce the environmental impact of producing new polyamide fibres.
	<b>Recycled polyurethane</b>	Produced through mechanical or chemical recycling of discarded fabrics. Most commonly used to replicate leather.
	<b>REPREVE® polyester</b>	REPREVE® recycled performance fibre is produced through turning plastic bottles into yarn. The yarn can then be spun or woven into new products, diverting plastic bottles from landfill.

 <b>Plastic materials</b>	<b>Recycled polystyrene</b>	<p>There are several forms of plastic materials as listed on the left. These types of recycled plastics are most commonly produced through the collection of pre- and post-consumer plastic waste. They are mechanically or chemically processed into chips or flakes which are able to be repurposed into various plastic yarns or materials.</p> <p>Sourcing recycled plastic alternatives reduces reliance on virgin petroleum as a raw material and helps to divert used plastic from landfills. They also produce less greenhouse gas emissions versus creating and processing virgin plastic and reduce water usage during production.</p> <p>TRITAN™ RENEW plastic technology processes single-use waste into high performance, food-safe materials that are highly durable, dishwasher safe, and free of BPA, BPS and BPF chemicals.</p>
	<b>Recycled polyethylene</b>	
	<b>Recycled polypropylene</b>	
	<b>Recycled polyethylene vinyl acetate</b>	
	<b>Recycled thermoplastic polyurethane</b>	
	<b>Recycled PET</b>	
<b>TRITAN™ RENEW plastic</b>		


 <b>Viscose fibres</b>	<b>LENZING™ TENCEL™ Modal</b>	Wood pulp from responsibly-managed forests is transformed into LENZING™ Modal fibres. Trees such as beech wood are harvested, chipped and chemically processed to form cellulose, which is then made into pulp sheets and spun into yarns.  This process reduces energy and water consumption during production compared to traditional fibres, with land usage significantly reduced in comparison to traditional fibres as well.
	<b>LENZING™ ECOVERO™ viscose</b>	LENZING™ viscose fibres are derived from certified renewable wood sources using up to 50% lower emissions and water impact than generic viscose production.
	<b>BIRLA CELLULOSE™ Liva Reviva</b>	These viscose fibres are superior in terms of low water intensity, land-use efficiency, potential for circularity and versatility in applications. It is based on naturally occurring cellulose from wood, from sustainably-managed forests and made using a closed-loop system which minimises the use of chemicals, water and energy.
	<b>Tangshan Sanyou viscose</b>	Viscose fibres that are sourced through supply chains that ensure raw materials come from responsibly-managed forests.
	<b>Forest Stewardship Council (FSC) certified viscose fibres</b>	FSC-Certified viscose fibres are made with wood pulp from responsibly-managed plantations.




## Our Responsible Fibres and Materials Glossary


 <b>Other plant fibres</b>	<b>Hemp</b>	A fast-growing fibre that's highly renewable and requires significantly less water to grow than cotton. Hemp plants are natural pest repellents, so there's no need for pesticides, herbicides or chemical fertilisers. It can be blended with other natural fibres to create fabrics that are durable for longer wear and stay super soft.
	<b>Linen</b>	Linen is derived from the flax plant. It is considered to have a lower negative environmental footprint as it is a resilient crop and can grow in poor soil conditions while using less water in its consumption than cotton.

 <b>Animal fibres</b>	<b>Alpaca</b>	Ceres Life uses alpaca fibres across their knitwear ranges. Alpaca fibre can use less energy to produce than synthetics, are renewable and often more breathable and hypoallergenic for your skin.
	<b>Australian wool</b>	Refers to Australian sourced merino wool. Australia is the largest producer of Merino wool in the world. With a commitment to responsible practices and animal welfare, Australia is also the largest producer of non-mulesing wool in the world.
	<b>Recycled wool</b>	Recycled wool is wool that has been reprocessed from reclaimed wool fibres and fabrics. To make recycled wool, the wool fibres are shredded and re-spun into yarns. It reduces textile waste to landfill .

 <b>Paper and cardboard</b>	<b>Forest Stewardship Council (FSC) certified mix virgin and recycled paper</b>	<p>Made from a mixture of materials from FSC-certified forests, recycled materials and/or FSC-controlled wood.</p> <p>While controlled wood doesn't come from FSC-certified forests, it mitigates the risk of the material originating from unacceptable sources.</p> <p>FSC certification ensures that the wood is sourced from forests that are responsibly managed including, but not limited to, water and energy use, as well as the end product's overall environmental rating.</p>
	<b>Forest Stewardship Council (FSC) certified virgin paper</b>	All materials used come from responsibly managed, FSC-certified forests.
	<b>Recycled paper and cardboard</b>	<p>Recycled paper is paper that is remade into paper again. It can come from pre- or post-consumer waste.</p> <p>Recycled paper/cardboard is collected and mixed with water. Like an extremely large blender, rotating fins in the pulper reduce the paper to individual fibres, producing a paper slurry. That paper pulp is then washed and refined.</p>

 <b>Stock fabrics</b>	<b>Polyester</b>	Stock fabrics are those that are leftover, unwanted or overstocked. We reclaim these fabrics to reduce the environmental impact of producing something new.
	<b>Cotton</b>	
	<b>Viscose</b>	
	<b>Polyurethane</b>	

<b>Metal</b>	<b>Recycled metal</b>	Metal pieces that are shredded into flakes and then melted down at high temperatures to produce blocks, ingots or sheets to be repurposed. It uses less energy, reduces carbon emissions and less water compared to raw materials.
	<b>Nickle-free metal</b>	Nickel deposits are typically found in low-grade ores, making it a highly energy intensive process to extract and refine the metal. Nickel has high greenhouse gas emissions, habitat destruction, and contamination of air, water and soil.

 <b>Reduced water washing</b>	<b>Ozone wash</b>	G2 Ozone technology that uses oxygen to generate ozone gas, which has natural bleaching capabilities. It substantially reduces the consumption of water, energy, chemicals, enzymes and stones.
	<b>Laser</b>	This technology can achieve precise, repeatable bleaching and can replicate wear effects without water, chemicals or stones. It also helps to eliminate harmful processes that affect workers' health, such as sandblasting, hand sanding and potassium permanganate sprays.
	<b>Nanobubble</b>	Also known as e-Flow system, this technology transforms oxygen into nanobubbles of air that act as a carrier to apply various finishing effects with minimal amounts of water and chemicals.
	<b>Natural drying</b>	Rooftop drying systems help to reduce the need for machine drying, which uses a lot of energy. This is done by integrated hangers that move garments around to dry them.

<b>Plating</b>	<b>UV plating</b>	UV plating is a process which allows us to reduce the water usage in jewellery plating.
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## Annex

<b>Apparel</b>	Clothing
<b>Better Cotton</b>	Better Cotton is a not-for-profit organisation dedicated to raising the sustainability standard of cotton production globally. Better Cotton is grown in a way that uses water efficiently, cares for soil health and natural habitats, reduces the use of harmful chemicals, and improves the lives of farming communities. Better Cotton is sourced via a system of mass balance and is not physically traceable to end products. Learn more at <a href="https://bettercotton.org">bettercotton.org</a>
<b>Chain of custody</b>	<p><b>CHAIN OF CUSTODY</b> A system to document and guarantee the path taken by a raw material through all stages of transfer and production, to the final product. Transaction certificates (TCs) are issued each time the products are shipped and verified by the certification body to the producer and recipient. Working a bit like a domino system, a TC for a final product can only be issued and verified if all previous TCs along the production chain were in place.</p> <p><b>TRANSACTION CERTIFICATE (TC)</b> A certificate supplied by the certification body, confirming that the traded product has been produced in accordance with a specific standard. Transaction certificates are issued when goods are changing ownership.</p>
<b>End of Day</b>	The end of a trading day - the point when trading stops.
<b>End-of-life solutions</b>	We know that our products need to be designed to last long and with end-of-life considerations in mind, for example, what happens to our clothing after it's no longer worn.

<b>Man-made cellulosic fibres</b>	Man-made cellulosic fibres are produced from dissolved wood pulp ("cellulose") of trees. Viscose, lyocell, acetate and modal are all examples of man-made cellulosic fibres.
<b>Non-apparel</b>	<p><b>Non-apparel categories</b></p> <ul style="list-style-type: none"> <li>Footwear</li> <li>Headwear</li> <li>Jewellery and hair</li> <li>Sunglasses</li> <li>Bags and belts</li> <li>Soft accessories (knitted hats / scarves)</li> <li>Towels</li> <li>Socks</li> <li>Slippers</li> <li>Beach and swim accessories</li> <li>Active accessories (yoga mats)</li> <li>Travel accessories (sleeping bags)</li> <li>Hardgoods (drink bottles)</li> <li>Beauty and nails</li> </ul>
<b>Plastic materials</b>	Styrene-acrylonitrile resin, ethylene-vinyl acetate (EVA), acrylic, polyurethane, polyvinyl chloride (PVC), polycarbonate, polyethylene, polyethylene vinyl acetate, polyurethane, thermoplastic elastomers (TPE), thermoplastic rubber
<b>Pre-consumer waste</b>	Material captured from the waste stream during the manufacturing process. Examples of pre-consumer materials that may be recycled: textile offcuts and material, industrial waste, plastics.
<b>Post-consumer waste</b>	Material captured from the waste stream after being used by a consumer. Examples of post-consumer materials that may be recycled are used t-shirts and plastic bottles.
<b>Print volume</b>	Print volume not paper volume. Two 'prints' could be either two single-sided pages or one page, double-sided.

<b>Responsibly sourced materials</b>	Responsible materials refer to fabric and components. Components refer to thread, zips, buttons, eyelets, hinges, aglets, etc.
<b>Stock fabrics</b>	Stock fabrics are those that are leftover, unwanted or overstocked. We reclaim these fabrics to reduce the environmental impact of producing something new.
<b>Supply chain</b>	The network of all individuals, organisations, resources, activities and technology involved in the creation and sale of a product. It encompasses everything from the delivery of source materials from a supplier to the manufacturing processes, through to the delivery to an end user.
<b>Sustainable attribute</b>	Sustainable attribute refers to when we include a fibre, material or production process that is considered to have reduced environmental impact.
<b>Sustainably sourced cotton</b>	Cotton that is produced in a way that minimises environmental impact and makes cotton production more sustainable. This includes cotton sourced through our own cotton growing program in Africa, recycled cotton, organic cotton, Australian cotton and by supporting responsible cotton production through partnership with Better Cotton.

<b>Synthetic materials</b>	Man-made fibres prepared from petrochemicals that are derived from fossil fuels, including polyester, polyamide, elastane, polyurethane, polychloroprene, polyethylene vinyl acetate and polyvinyl chloride.
<b>Value chain</b>	The full life cycle of a process or product, which includes the sourcing of materials, production, consumption and the disposal or recycling processes.
<b>Visual merchandising</b>	The planning and building of displays within our stores.
<b>14 waste streams</b>	Cardboard   Non-Confidential Paper   Confidential Paper   Hard Waste   Soft Plastics   Landfill   Mixed Recycling   Organics   Batteries   Glass   Green Waste   E-waste   Liquid Waste   Textile Recycling

### Better Denim Case Study Data

We worked with RESET Carbon, a specialist supply chain and environmental consultancy, to measure and analyse the environmental impact of Cotton On denim against industry denim that uses conventional cotton washing methods. The results were calculated based on the standard weight of all denim garments in our July 2022 range, averaging 160g. We selected the Long Straight Jean and High Mom Short in the women's denim range to best represent this average across denim jeans and denim shorts.

Our estimation of carbon reduction is based on suppliers' information about fuel mix, and analysis of EIM reports. Suppliers' fuel mix information was gathered through interviews, while electricity and steam consumption were differentiated by comparing the EIM report with normal washing methods and an alternative version with all steps changed to 25°C.



## Brand Packaging Initiatives

The Group is made up of eight distinct brands, each with their own path towards our Group packaging and waste reduction goals. Across the Group, we're focusing on these key non-apparel packaging types. You'll start to see these transitions in our packaging over the next 12 months.

<b>Product labels and header cards</b>	<ul style="list-style-type: none"> <li>• FSC certified recycled/recyclable card</li> <li>• Use soy-based ink</li> <li>• Removed non-recyclable elements such as spot UV printing, foil printing and card coating</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Beauty packaging</b>	<ul style="list-style-type: none"> <li>• Packaging for press-on nails has been converted to 100% recycled polyethylene terephthalate (rPET) to hit stores in 2023</li> <li>• Recyclable in kerbside recycling</li> </ul>
<b>Barcodes</b>	<ul style="list-style-type: none"> <li>• Transitioned to a water-based adhesive so customers do not have to remove the label when adding to the recycle bin</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Supplier sample tags</b>	<p>Sample tags are used internally to identify all products from development samples to visual merchandising and marketing samples</p> <ul style="list-style-type: none"> <li>• Changed to FSC certified recycled and recyclable card</li> <li>• Use soy-based ink</li> <li>• Recyclable in kerbside recycling</li> </ul>
<b>Kimbles</b>	<ul style="list-style-type: none"> <li>• Changed to a recycled polyester thread with a recycled polyester pip</li> </ul>	<b>Plastic polybags</b>	<ul style="list-style-type: none"> <li>• Removed plastic polybag on individual cards, placing the envelope inside the card and adding the removable barcode on the back</li> <li>• Three-card packs are packed in a recycled master polybag to keep the product safe and clean in transit</li> </ul>
<b>Shoe hangers</b>	<ul style="list-style-type: none"> <li>• FSC certified recycled/recyclable card</li> <li>• Use soy-based ink</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Garment bags</b>	<ul style="list-style-type: none"> <li>• 80% recycled paper for their garment packaging, including paper tape</li> <li>• Recyclable/kerbside recycling</li> </ul>
<b>Shoe sticks</b>	<ul style="list-style-type: none"> <li>• Changed to recycled/recyclable card or recycled plastic</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Hanger loops</b>	<ul style="list-style-type: none"> <li>• 100% cotton knitwear hanger loops</li> </ul>
<b>Wadding paper</b>	<ul style="list-style-type: none"> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Swing tags</b>	<ul style="list-style-type: none"> <li>• Use recycled kraft paper with barcode directly printed onto tag</li> </ul>
<b>Gift packaging</b>	<ul style="list-style-type: none"> <li>• Replaced all foams (polystyrene, HDPE, LDPE) with corrugated cardboard or pressed FSC certified recycled card</li> <li>• Use soy-based ink</li> <li>• Removed non-recyclable printing elements</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Kimble</b>	<ul style="list-style-type: none"> <li>• String on swing tag is 100% cotton</li> </ul>
<b>Headwear formers</b>	<ul style="list-style-type: none"> <li>• Converted card to include a minimum of 30% recycled materials</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Main label, size pip, care label</b>	<ul style="list-style-type: none"> <li>• Main label 100% cotton</li> <li>• Size pip 100% cotton</li> <li>• Care label 100% cotton</li> </ul>
<b>Sunglasses packaging</b>	<ul style="list-style-type: none"> <li>• Converted the keep pouch to 100% recycled polyester including the pull cord</li> <li>• Recyclable in kerbside recycling</li> </ul>	<b>Garment hangers</b>	<ul style="list-style-type: none"> <li>• Cotton On swimwear hangers made from 100% upcycled ocean-bound plastic and post-consumer plastic waste through our partnership with Arch &amp; Hook</li> <li>• We're developing intimates hangers made from 100% upcycled ocean-bound plastic and post-consumer plastic waste with Arch &amp; Hook</li> </ul>
		<b>Fixture packaging</b>	<ul style="list-style-type: none"> <li>• Eliminated polystyrene and plastic filling from fixture packaging, replacing it with corrugated cardboard</li> </ul>
		<b>In-store visual merchandise signage</b>	<ul style="list-style-type: none"> <li>• Consolidated campaign rollouts to mega stores, so that all Cotton On, Cotton On Body and Rubi visual merchandising signage is printed, collated and packaged together</li> </ul>



## Our Carbon Footprint Calculation Methodology

### Data Collection

Raw consumption and spend data for the baseline year is extracted for all applicable emissions categories



### Emissions Factors

Emissions factors corresponding to each consumption category are extracted from LCA software



### Data Analysis

Raw data is supplemented with additional estimates and assumptions where required to produce full baseline emissions



### Emissions Calculation

LCA database emissions factors are combined with baseline data and National Greenhouse Accounts Factors to determine carbon footprint

## Emissions Data Tables

Scope 1	Fuel combustion	Direct emissions from activities owned or controlled by the company in the baseline year (fuel combustion from company vehicles, refrigerants)
Scope 1	Fugitive emissions (refrigerants)	
Scope 2	Purchased electricity	Indirect emissions associated with the company's consumption of purchased electricity in the baseline year
Scope 3	Cat 1: Purchased goods and services	All upstream emissions of all purchased goods and services and capital goods by the company in the baseline year
Scope 3	Cat 2: Capital goods	
Scope 3	Cat 3: Fuel- and energy-related emissions	The emissions related to extraction, production and transportation of fuels and energy purchased or acquired by the company in the baseline year
Scope 3	Cat 4: Upstream transportation and distribution	The emissions associated with upstream transportation and distribution incurred in operations
Scope 3	Cat 5: Waste generated in operations	The scope 1 and scope 2 emissions of waste management suppliers that occur during the disposal and treatment of waste generated by the company's operations in the baseline year
Scope 3	Cat 6: Business travel	The scope 1 and scope 2 emissions of transportation carriers related to the transport of the company's employees for business-related activities during the baseline year
Scope 3	Cat 7: Employee commuting	The scope 1 and scope 2 emissions related to the transportation of employees between their home and the company's offices or facilities during the baseline year
Scope 3	Cat 11: Use of sold products	The emissions related to the direct and indirect use phase of sold products
Scope 3	Cat 12: End-of-life treatment of sold products	The emissions related to the end-of-life treatment of sold products at the end of their lifetime
Scope 3	Cat 14: Franchises	The scope 1 and scope 2 emissions of franchises

Scope 3, Categories 8, 10, 13, 15 were assumed to have no emissions and therefore excluded from the assessment. Scope 3, Category 9 - downstream transportation and distribution was assigned to Scope 3, Category 4 as all transport is paid by Cotton On. Optional emissions from customers not included. For Category 8 and 13 - there are no upstream or downstream assets leased by Cotton On. Category 10 and 15 - processing of sold products and investments are not applicable to Cotton On.



Nurturing and supporting supplier partnerships is at the core of how we work. It's about going on the journey together and building lasting relationships to drive our purpose. And we have a very clear line in the sand when it comes to unethical behaviour - the only option is to do the right thing. There's no room for grey and it's not open for interpretation. It's a zero-tolerance approach and it's as clear as that.

# Sourcing Ethically

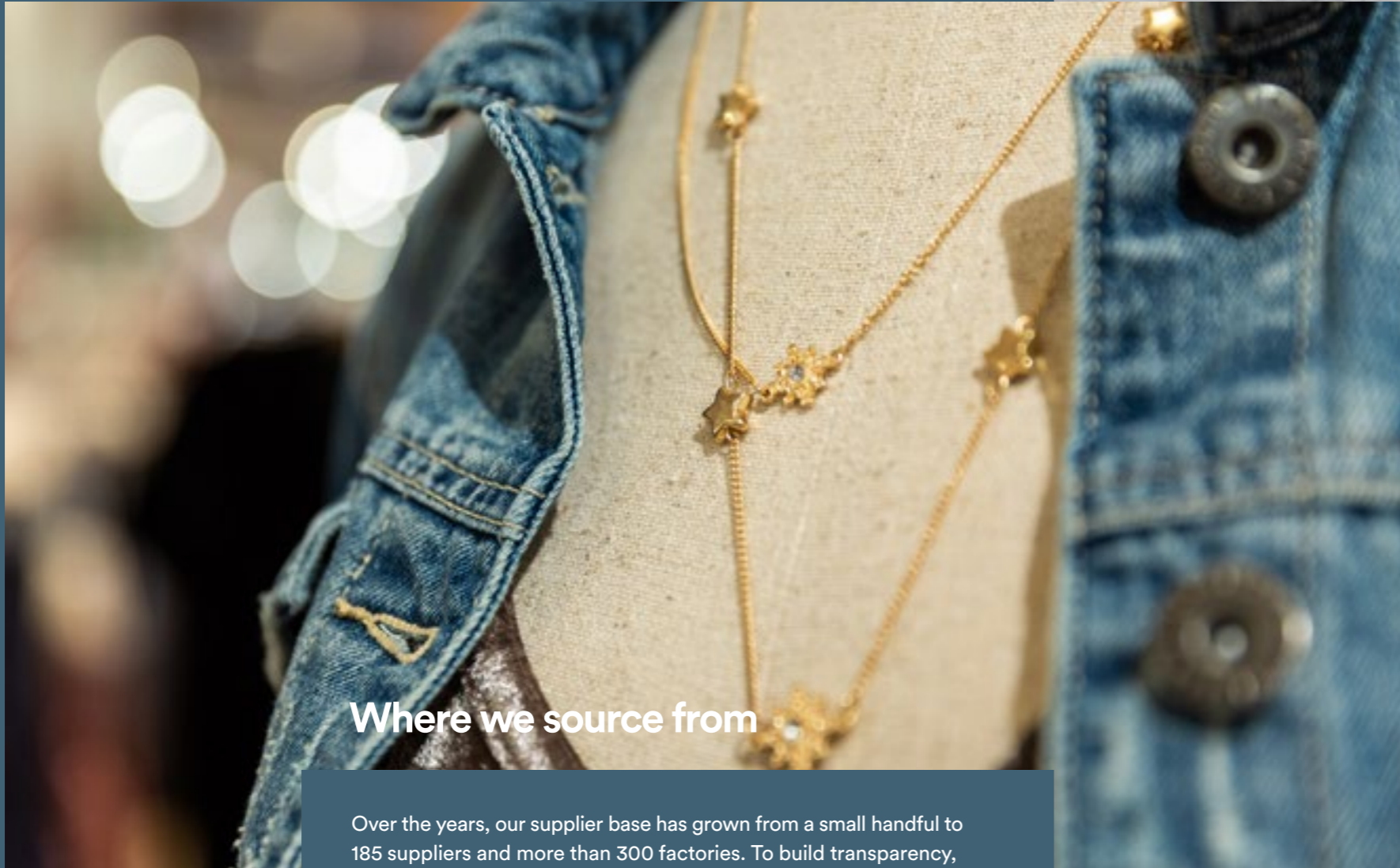
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This has been our commitment since the moment we started back in 1991, with our direct sourcing model introduced in 1997 to have greater visibility across our supply chain.

From there, we formalised our Ethical Sourcing Program in 2009 as well as our code of conduct, known as our 14 Rules to Trade. Combined with our Ethical Framework, these make up the key parts of Sourcing Ethically.

And why are we so insistent? Because a rising tide lifts all boats, and our supplier partnerships are at the centre of our commitment to ethical trade. We're proud that today we still work with many suppliers who have been with us since the beginning. These are partnerships that have stood for more than 25 years, and together we will continue to ensure that the environments where our products are made are safe, fair, sustainable and responsible.



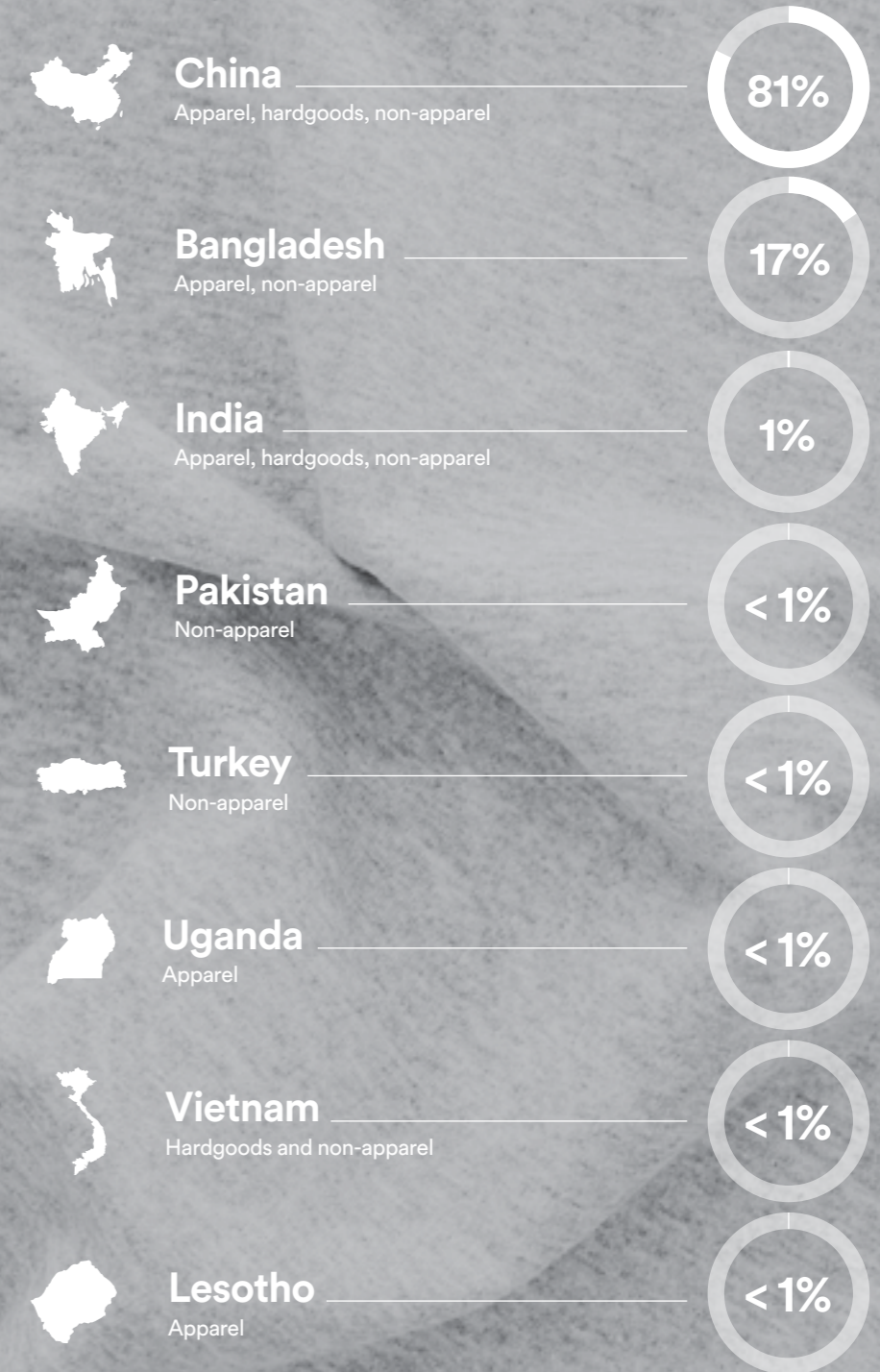


### Where we source from

Over the years, our supplier base has grown from a small handful to 185 suppliers and more than 300 factories. To build transparency, we have categorised each stage into tiers of production:

- Tier 1 - Final stage, sewing and assembly
- Tier 2 - Wash, dyeing, printing and embellishment
- Tier 3 - Fabrics, yarns and components
- Tier 4 - Raw materials

### Suppliers



138,506 workers employed

50% of workers are female

Percentages based on number of units produced in each region in 2022



## We will:

Create  
**end-to-end**  
supply chain transparency

Drive our  
**Ethical Sourcing  
Audit Program**  
in line with our 14 Rules to Trade

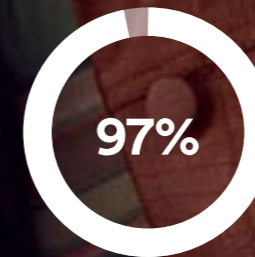
Strengthen ongoing  
**supplier partnerships**  
to foster continuous improvement programs

Go deeper into our  
**supply chain tiers**  
with our Ethical Sourcing Audit Program

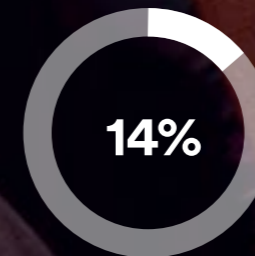
Since 2009, we have driven our Ethical Sourcing Audit Program in line with our 14 Rules to Trade. Over the last 12 months, we've seen the following audit results:



We know 100% of our Tier 1 suppliers and factories



Through strong two-way dialogue with our Tier 1 suppliers, 97% have disclosed the sources of their materials by name and location



14% of our Tier 1 factories have an audit rating of green, up from 8% in FY22

For more on our audit rating criteria, see [page 89](#).



## We have

### Partnered with our suppliers on continuous improvement programs

#### Training and Education

To continue to educate and drive improvement throughout our supply chain, we developed training material and conducted training sessions with our suppliers across China and Bangladesh focusing on:

- Factory operation under the impact of COVID-19
- Working hours, wages and entitlements
- Health and safety

We will continue to identify areas of opportunity within our supply chain to further educate suppliers and workers to drive improvement across key areas. We'll remain agile in our approach to training to support identified hot spots.

#### Supplier Strategy Improvement Program

This program is designed to identify Tier 1 factories within our Group Production Strategy who require support and substantial improvement within their Ethical Sourcing audit performance. The goal is for all suppliers to achieve and sustain an audit rating of Green within our supply chain. To support them to get there, our team analyses existing findings and audit performance history and then implements improvement plans, provides recommendations, and delivers support to suppliers and factory management on key focus areas. By providing specific recommendation and support around how the factories can remediate, we can drive improvement to prevent similar findings in future Ethical Sourcing audits.

## We have

### Expanded our Ethical Sourcing Audit Program deeper into our supply chain tiers

#### Auditing Deep Dive

We increased audits into more tiers in China with our Ethical Sourcing Program going deeper into our supply chain. It is a journey to engage all factories in our Ethical Sourcing Program, to ensure workers have a safe place to work and that the environment is protected.

#### Mutual Recognition

We mutually recognise third party ethical sourcing audit reports as part of our Ethical Sourcing Program.

This came into effect in order to create efficiencies within our supplier and factory onboarding process, factory audit schedules and to reduce the audit fatigue our factories may experience.

This initiative still provides the assurance we need around our suppliers and factories aligning with our 14 Rules to Trade.





Formalised in 2009, our Ethical Sourcing Program, including our 14 Rules to Trade, has been put in place to protect human rights and the environment while continuing to strengthen our supplier partnerships.

# Ethical Sourcing Program

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Before partnering with a supplier, we make sure they understand our expectations when it comes to operating ethically, and how to adhere to our 14 Rules to Trade. The rules cover all four of the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. These are: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; and the elimination of discrimination in respect of employment and occupation. The rules have also been translated into Chinese and Bengali to ensure full understanding.

The program is managed by our ethical sourcing team, which is made up of team members in Australia, China and Bangladesh. They work closely with our suppliers to implement the 14 Rules to Trade and manage the supplier auditing process from end to end, conducting education and training where required.

## 14 Rules to Trade

1. No child labour
2. No forced labour
3. Respectful working environment including diversity, equity and inclusion
4. Working conditions are safe and hygienic
5. Advancing to living wages
6. No bribery or corruption
7. Fair working hours
8. All employment laws are followed
9. Disclosure of entire supply chain
10. Respect for freedom of association and collective bargaining
11. Reduce environmental impact
12. Responsible sourcing - raw materials and practices
13. A valid business license and building permit must be held
14. Implementation and proving compliance to the 14 Rules to Trade



We are committed to an ethical and transparent approach to business, ensuring effective systems and controls are in place to safeguard against any form of modern slavery across our entire operations.

# Modern Slavery

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Our Modern Slavery Statement sets out the steps we take to address the risks of modern slavery and human trafficking in our operations and supply chains. This is in accordance with the Transparency in Supply Chains Act of 2010 in California, the Modern Slavery Act 2015 in the United Kingdom, the Modern Slavery Act 2018 (Cth) in Australia nationally, and the Modern Slavery Act 2018 (NSW) in New South Wales.

We also have an established risk team based at our Global Support Centre in Australia and in each of the markets we operate in, as well as having auditors in China and Bangladesh. This combined effort works to identify and mitigate risks, and evolve our zero-tolerance approach across our business.

We are constantly progressing in our approach to modern slavery and work closely with our suppliers, industry leaders, governments and NGOs to ensure our operations are governed by our zero-tolerance approach.



Read more in our policies and statements:

[Modern Slavery Statement](#)

[Anti-Slavery and Human Trafficking Policy](#)

[Child Labour and Forced Labour Policy](#)

[Gender Equality In The Supply Chain Policy](#)



## Supplier Scorecard System

We work closely with our suppliers to set up a path of success using a scorecard system. This allows us to grade supplier performance annually based on key metrics across production, ethics, sustainability, product quality, compliance and logistics.

The grading system encourages suppliers to not only produce incredible products but to do it ethically, rewarding an increase in business to those scoring in the highest categories and identifying where we need to work with and develop a supplier further.

Scorecard	Explanation
Diamond	Our preferred partner delivering over and above in all areas
Gold	Our key partner delivering in all areas of the business
Silver	Our partner who is working with us to deliver in all areas

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## Working Together on Supplier Strategies

Our supplier partnerships extend far beyond the transactional, working together to build strategic plans for long-term performance goals and growth. Each supplier's strategic plan is created to align with their own needs as well as those of Cotton On. They are reviewed several times a year to ensure ongoing alignment as well as production availability.

We use our Supplier Strategy Workshops to collaborate with our suppliers, giving visibility on all short and long-term plans. In these workshops we elaborate on scorecard results and action plans. These programs allow us to work in partnership with our suppliers.



## Supplier Partnerships

We might be one of Australia's largest global retailers, but we take a huge amount of pride in working with a relatively small number of suppliers - our top 20 suppliers produce 57% of our products.

Our supplier base allows us to develop more strategic, long-term partnerships that create mutually beneficial outcomes, while building greater trust and transparency between our businesses.



We provide a confidential hotline that is available to all workers in our suppliers' factories.

# Auditing and Remediation

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Our Ethical Sourcing Program is underpinned by a robust auditing, corrective action and remediation process, managed by our team in Australia and on the ground in the regions where our products are made.

As well as helping us understand where and how our products are made, the audit process enables our suppliers to come on the journey with us and play an active role in our commitment to ethical and sustainable operations.

The audit covers more than 160 areas of operation across safety, wages, working hours, entitlements, environment, chemical management, facilities/amenities and factory management. Factories are given a rating (green, yellow, orange or red) based on their audit, which is also included in our supplier scorecard system.

Our audits may be conducted with or without announcement. In response to COVID-19 and in line with health and safety protocols, we introduced virtual audits to ensure we evolved with an agile approach for factories in regions subject to travel restrictions.

## Confidential Reporting Service

A confidential reporting service is available to all workers in each of our suppliers' factories. It gives every individual in our supply chain the opportunity to anonymously report any breaches against our 14 Rules to Trade, grievances or workplace issues without fear of retaliation. The anonymous service is accessible 24 hours a day, seven days a week. As part of our Supplier Agreement, all suppliers should display our confidential reporting service information where it is accessible to each and every one of their workers.

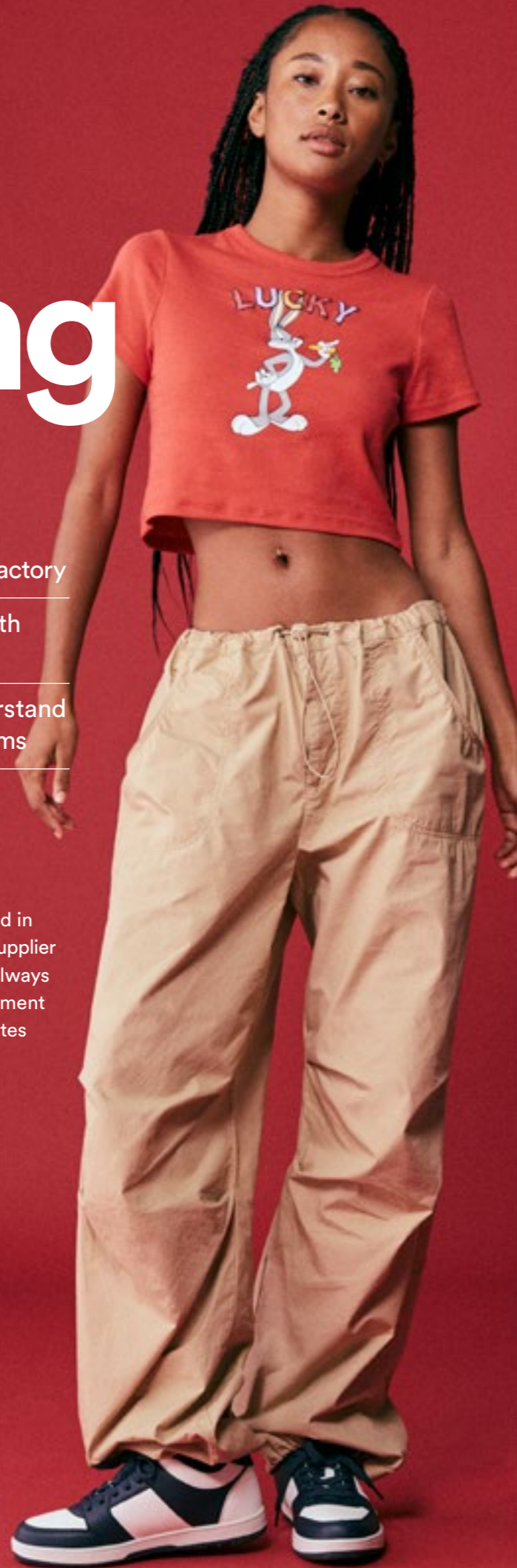
Any grievances and associated remediation is reported to and managed by our General Manager of Risk and Sustainability.

Read more in our policies and statements here:

[Supplier Confidential Service](#)



# Auditing



## Audit includes:

- A comprehensive walk-through of the entire factory
- A document review to verify compliance with wage payment, fire and building safety
- Private employee interviews to better understand their working conditions and employment terms
- A final meeting with the management team to discuss the audit result and prepare the corrective action and remediation plan

Following each audit, a corrective action plan is developed in partnership with suppliers and their factory managers. If a supplier is found to be in breach of our 14 Rules to Trade, we will always try to overcome the issue through education and improvement before taking more serious action, as we believe this creates better outcomes for the supplier and their workers.

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## Audit Grading System

This table outlines our audit criteria and determines the frequency of audit.

Category	Explanation	% of suppliers	Year on Year improvement
Green	<ul style="list-style-type: none"> <li>• 0 Zero-Tolerance findings</li> <li>• 0 critical findings</li> <li>• We aim to re-audit factories every two years</li> </ul>	22%	▲ 14%
Yellow	<ul style="list-style-type: none"> <li>• First occurrence of a critical finding</li> <li>• Less than eight critical findings with corrective action and remediation plans</li> <li>• We aim to re-audit factories every 12 months</li> </ul>	45%	▼ 8%
Orange	<ul style="list-style-type: none"> <li>• Eight or more critical findings with active corrective action and remediation plans</li> <li>• Repeated occurrence of a critical finding</li> <li>• We aim to re-audit the factories every six months</li> </ul>	32%	▼ 6%
Red	<ul style="list-style-type: none"> <li>• First occurrence of Zero-Tolerance finding</li> <li>• Immediate remedial action required</li> <li>• Factories are to be re-audited every three months</li> </ul>	1%	0%

Important issues such as child labour, forced labour, unpaid wages, undisclosed factories, bribery and corruption, physical, sexual, verbal harassment or abuse, and inconsistency among factory records such as fake or false records are classified as Zero-Tolerance findings.

Where a Zero-Tolerance finding is identified by an auditor, the auditor will report the issue within 24 hours. Corrective action plans are issued immediately and need to be completed within seven days. The remediation will vary depending on the Zero-Tolerance breach.

Critical findings include non-compliance around management systems including working hours, overtime, and correct payment of legal minimum wages and entitlements. Critical findings also include building and fire safety, ensuring valid safety certificates, fire extinguishers, smoke detectors, fire alarms, chemical and waste management.





## 2022 Audit Results

185

suppliers

358

factories audited

500

audits completed

108

follow-up audits

to validate the implementation of corrective action plans and deliver training and education

1,960 worker interviews were conducted to review working conditions, wages, working hours and entitlements, training and education.

We identified a 45% decrease in Zero-Tolerance findings compared to the 12 months prior, from five suppliers and 12 factories. These Zero-Tolerance findings were remediated with five suppliers and with seven factories. The remaining factories have an active remediation plan in place and follow-up audits scheduled.

We provide training to suppliers in China and Bangladesh to help them understand the requirements to be compliant with the ethical sourcing audit and increase their grade. This year, we developed and delivered three modules of training, with 60% of our suppliers attending the training.

- Factory operation under COVID-19's impact
- Working hours, wages, and entitlements
- Health and safety

We will continue to partner with our suppliers to deliver training modules and explore ways to expand this training to suppliers in all regions where we manufacture.



We've long supported a transparent approach to understanding the living and working conditions of the people who produce our garments. At the start of this chapter we said a raising tide lifts all boats, so we're doing what we can to move towards a living wage, not just a minimum wage - it's one of our 14 Rules to Trade.

# Living Wages

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In May 2018, we became a proud member of Action Collaboration Transformation (ACT). ACT is a groundbreaking initiative, bringing together global brands and IndustriALL Global Union to develop the innovative strategies needed to bring about the successful transition from minimum wages to living wages.

We set clear expectations through our 14 Rules to Trade that all workers in our supply chain must be paid at least legal minimum wage requirements, and we're committed to partnering with suppliers and factories on advancement to living wages. Unfortunately, increasing wages is not quite as simple as just paying more for our product - the extra funds don't always make it into the pockets of workers.

## So, what is the difference between a living wage and a minimum wage?

A living wage is the minimum income necessary for a worker to meet their basic needs and those of their family, including discretionary income, and should be earned during legal working hour limits.

Minimum wages have been defined as "the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or individual contract."

### Where we find an issue, we:

- Set clear corrective action plans with factory management to remediate
- Undertake training with management to ensure understanding of requirements
- Conduct training with workers to ensure rights and entitlements are understood
- Ensure factory managers implement management systems to uphold their legal obligations
- Set follow-up dates (for both training and re-audit)

We recognise that individually our impact may be limited; that without buy-in from major players globally the realisation of living wages for all will not be timely or sustainable. We're committed to working globally with fellow signatories to ACT towards the establishment of industry-wide collective bargaining to create positive change in the way wages and working conditions are set. Importantly, we have committed to the ACT Global Purchasing Practices Commitments which underpin the movement towards living wages. Learn more about ACT [here](#).

Purchasing Practices are the ways in which we interact with suppliers and factories when sourcing and buying products. For our suppliers and factories, responsible purchasing practices can increase stability, leading to productivity gains, sustainable growth and building strong relationships. They also can improve their ability to meet sustainability and ethical requirements. For workers in our supply chain, responsible purchasing practices can help create an environment that enables improvement in working conditions and wages.

### ACT Global Purchasing Practices Commitments

1. Brands commit that purchasing prices include negotiated wages as itemised costs
2. Brands commit to fair terms of payments
3. Brands commit to better planning and forecasting
4. Brands commit to undertake training on responsible sourcing and buying
5. Brands commit to practice responsible exit strategies

It's a complex issue, one that's bigger than us and requires collaborative agreements between employee representatives, employers and government. One thing that isn't complex is our steadfast responsibility to do the right thing.



## This is how we're tackling each of those commitments:

### Itemised labour costs

Over the next 12 months, we will participate in the upcoming 2023 ACT Purchasing Practices Surveys to identify improvements in responsible purchasing and sourcing practices. We will partner with fellow ACT signatories and our suppliers to understand where the gaps between minimum wage and living wage levels are, and identify the requirements needed to implement changes to our current costing model to itemise labour costs.

### Fair terms of payments

We operate a Supply Chain Finance Program in partnership with HSBC, which enables our suppliers access to invoiced amounts within 10 days of shipment. Today, 60% of our suppliers are registered in this program. To ensure it has maximum impact, we offer this program to our largest suppliers first and then filter down the list as availability is based on space. Other inventory purchases are based on fair terms of payment that range from 30 to 90 days which are agreed between both parties upon execution of the Supplier Agreement.

### Planning and forecasting

We work together with our key suppliers to develop annual plans around production planning, capacity forecasting and scheduling. Engaging with our suppliers quarterly on these plans allows us to constantly improve our accuracy and make sure our suppliers can maximise their capacity and efficiencies.

We have developed a scorecard system which allows us to grade suppliers based on the following key performance metrics: quality, on-time delivery, agility, product innovation, price, logistics and social and environmental sustainability. We hold annual scorecard workshops with our suppliers, providing the opportunity to share areas of improvement, develop action plans and align on growth strategies.

### Training

In 2019, we conducted internal training of the ACT approach with more than 270 team members to assess our purchasing practices, benchmark to best practices and identify priorities for improved operations within our business.

In March 2021, the ACT brand members successfully rolled out the ACT Purchasing Practices Surveys to their suppliers and their own employees. With responses from 1,831 brand employees and 1,338 individual suppliers, the ACT Purchasing Practices Surveys 2021 are the largest surveys ever undertaken of both suppliers and brand employees on purchasing practices. Our results show a pattern similar to the overall ACT results, with price quotations, forecasting and planning being given the most importance.

### Responsible exit strategies

Our exit strategy is aligned with the ACT Responsible Exit Policy and Checklist. Ultimately, this program is worker-focused, puts their wellbeing front and centre, and ensures workers are paid correctly.

**Although there is currently no global solution to the challenge of realising living wages for all, we will continue to develop the tools and support necessary for the successful transition from minimum wages to living wages.**





This is what it boils down to: we need to know who makes our product and where it's made. We're committed to transparency at all levels of our supply chain - which means sharing this information with our customers and the world.

# Traceability and Transparency

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Our traceability program is aimed at identifying and partnering with each of the facilities within our supply chain to drive factory improvement, made possible through strong two-way dialogue with our suppliers.

Supplier and final-stage factories are required to disclose the inputs, components and raw material factories as part of our onboarding process. Suppliers participate in a disclosure survey twice per year to confirm, amend and disclose any additional facilities in their supply chain.

We began publicly disclosing our supplier and Tier 1 factory list in 2016 as part of our journey to achieve 100% traceability and transparency. Our suppliers are updated and published on our website twice a year. [Read the full list here.](#)

In 2019, we mandated assigning a factory to every purchase order. This resulted in greater visibility for all teams of where our product should be made. We also introduced an escalation process to remediate unassigned facility production. 100% of our orders are raised in our system at factory level, which means all of our products can be traced back to supplier and final-stage factory.

We take a zero-tolerance approach to working with undisclosed factories, as outlined in our 14 Rules to Trade, and have implemented an unauthorised subcontracting investigation process in our supplier audits. The next phase of our traceability program is at a product level. We will engage our suppliers on the entire product life cycle, from sewing and assembly to where the raw material comes from.

**We know 100% of our Tier 1 suppliers and factories. Today, 97% of our Tier 1 suppliers and factories have disclosed the sources of their materials by name and location. We will continue to partner with them as part of our commitment to end-to-end supply chain transparency.**





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## Cotton Supply Chain Traceability Program

Our 14 Rules to Trade strictly prohibits any type of forced labour, discrimination or harassment of workers in our supply chain, regardless of the country or region.



We are signatories to the Responsible Sourcing Network to support collaboration, transparency, traceability and accountability within the cotton sourcing sector to remove slavery out of high-risk cotton sourcing regions. In 2019 we implemented the Cotton Supply Chain Traceability Program to understand how cotton moves around the globe in response to allegations of forced labour across high-risk regions.

We partnered with our Tier 1 cotton sourcing suppliers to identify each of their fabric mills, yarn spinners, cotton ginneries and cotton farms, resulting in additional levels of transparency across this sector. Currently, the majority of the cotton we source is not easily traceable back to its origin, but we are focused on increasing the volume of traceable cotton fibres in our sourcing by using certified organic and recycled cotton, Australian cotton, and cotton grown through our Africa Cotton Program.



We don't take things too seriously, except when it comes to our culture. It's who we are, we've worked hard to get here, it's the COG Way and we're proud of it. We're unashamedly bold, and our values are more than just words on a wall, they underpin everything we do. 20,000 team members don't just come here to work, they come here to be part of something bigger, and they come here to be extraordinary.

# People

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When you work here you can lead with purpose and be accepted for exactly for who you are. It's not just paying lip service when we say that, we genuinely care about our team and their needs - and not just the work-related ones. It's the kind of care where we ride the wave with each and every person we work alongside.

When unexpected curveballs come our way or social movements divide communities, we remain focused on leading with purpose. We understand that operating in 22 countries means our wider communities have varying belief systems, but our commitment to the wellbeing of all our people keeps us glued together - it's unbreakable.

And when things don't go to plan, we're there to dust each other off and find another way forward, together. We look out for each other, it's what the Aussie spirit of mateship is all about.

At the end of the day, we're here to champion the whole person, because we know that our people aren't just defined by their job titles.

**For us, it's People First, always.**





## Team Member Snapshot



22 countries

20,000+ team members

50% female leadership

27 average age

30,000+ visit to Body Health and Wellness Club 



3,773 tenures celebrated

67% internal promotions



130,000+ coffees served at our Global Support Centre in reusable cups

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1,000+  COG Award nominees

300+ dogs 



## We will

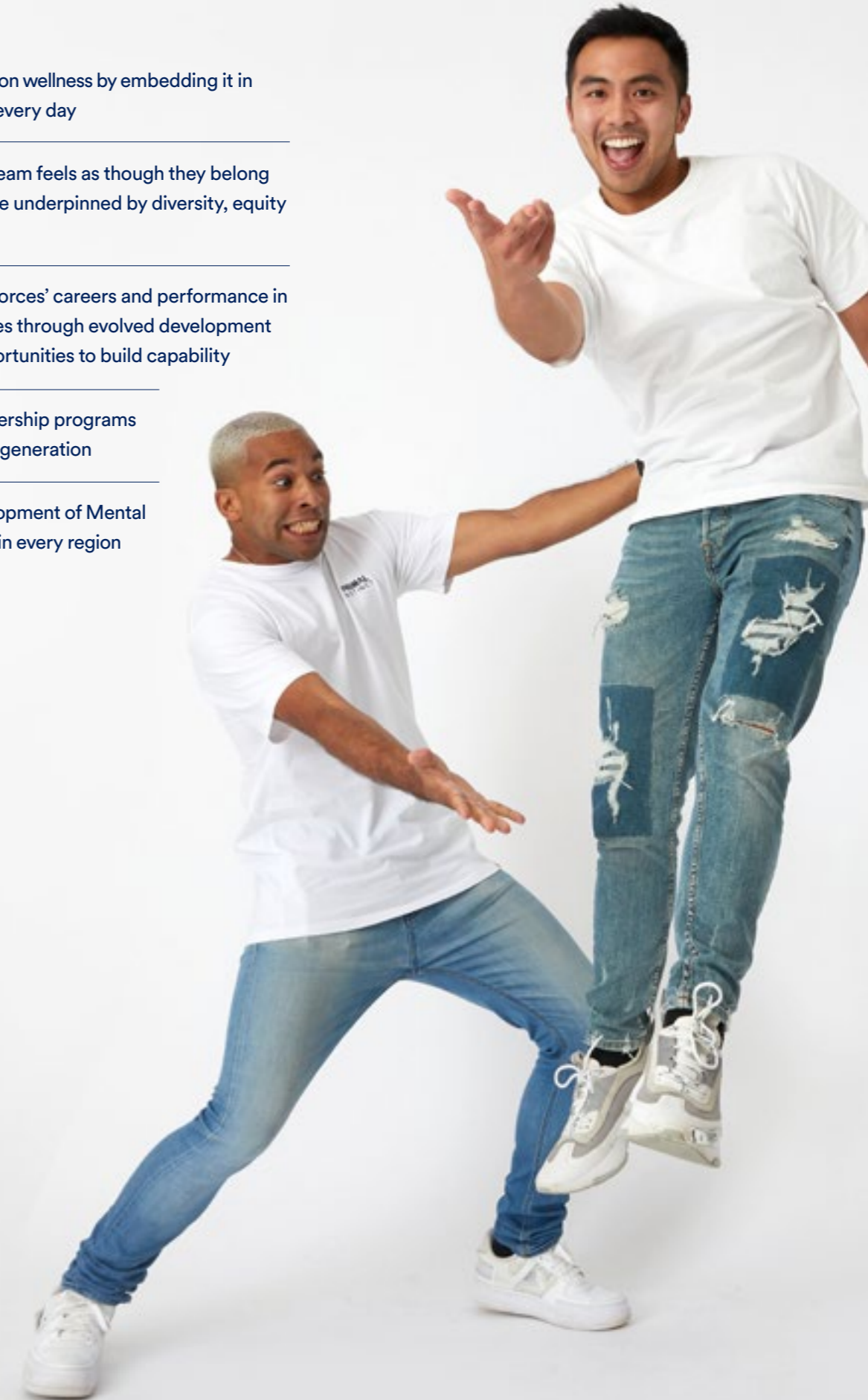
Continue to champion wellness by embedding it in everything we do, every day

Ensure our global team feels as though they belong by building a culture underpinned by diversity, equity and inclusion

Enhance our workforces' careers and performance in all areas of their lives through evolved development programs and opportunities to build capability

Invest in more leadership programs to nurture the next generation

Facilitate the development of Mental Health First Aiders in every region







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# Family and You

Family is deep in our roots. Right from the start, focusing on family has been a priority for us, and that hasn't changed. It's all about creating initiatives that look after our people and their family.

It's supporting flexibility, and it's making life a little easier at every turn so there's more time for the good stuff.

We know that each family in our business is a little different to the next, so we've built frameworks where our team's families feel supported through every situation and circumstance.

It's all about being here for you and yours.

## We have

Our onsite, subsidised Cotton On Childcare launched in April 2022 at our Global Support Centre. In partnership with one of Victoria's top providers, the centre can accommodate more than 130 children across seven rooms in a purpose-built building with indoor and outdoor play, all year round.

We extended our Returnity program to more countries and now offer the program to every permanent team member globally. This program allows returning mums to receive full pay during a phased return to work after parental leave, supporting the right balance for each individual and their family. We've seen 250 of our team members utilise Returnity each year since introducing the program back in 2018.

750 Baby and YOU packs of products and essentials were distributed to expecting families across the globe.

Our subsidised school holiday program offered to our Global Support Centre and Distribution Centre families saw more than 1000 children attend throughout the year.

Our flexible working program is available to all permanent team members globally; at Global Support Centres through a variety of options, at our Distribution Centres through three shift times, and flexibility in rostering in our retail stores.

Dogs are a big part of our culture too, with more 300 team members bringing their four-legged friends to our Global Support Centre annually. International Dog Day is a highlight on our calendar every year - treats, games and photoshoots all 'round.



Case Study

# Cotton On Childcare

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Finding accessible childcare can be one of the daunting barriers parents face when returning to the workforce. Knowing that we have more than 100 parents and caregivers out on parental leave each year at our Global Support Centre, we looked at the options available to our mums, dads and caregivers and, when we couldn't find a solution, we made our own. We built a childcare centre.

It was no small feat, but we've had a childcare centre in our sights for some time. And in March 2022, we cut the ribbon, threw open the doors and turned that aspiration into a reality. Cotton On Childcare officially opened and it wasn't long before the laughter of kids began to echo across the campus, putting a smile on everyone's face as they walked past.

Our centre caters to children from six weeks to five years old, there are seven rooms and, the best bit, it's right on campus. So, for most families, it's only one stop to make in the morning as they drop off their little ones, grab a coffee at our on-site café and get to the Wellness Centre at a time that suits them. Parents and caregivers can even peek at their little mate during the day because, let's face it, dropping a little one off at childcare brings with it so many emotions. We're proud of the peace of mind we can offer with the centre.

To bring this all to life, we partnered with one of Victoria's leading childcare providers, curating a considered, purpose-built contemporary space for children to thrive, learn and grow. With 133 places, our centre is offered exclusively to our team members and their family and friends.





Cotton On Childcare is built on a philosophy of positivity, self-love and truly being who you are, all while acknowledging that every child is different. Here, we've created a nurturing, safe community that encourages and celebrates all of our kids.

And the space? The outdoor play areas are built for any weather and the climbing wall, slide and bike paths are a hit, as is the newest addition to the centre, a puppy called Eddi. There's also priority parking for our parents (and baby bump spots for those expecting), making drop-offs and pick-ups a breeze.

We love to include the kids in the activations happening on campus as this keeps them involved with our culture - just like their parents. This year, the 2022 Premiership-winning Geelong Cats players made a visit and posed for photos with some very excited faces. We also came together and participated in a Welcome to Country Ceremony for NAIDOC Week. We held a yoga class for International Yoga Day, AFLW players came to run drills in our multipurpose gym space, and when we launched our partnership with Citizens of the Great Barrier Reef, the kids came to learn all about it.

And that's just our first nine months! We're excited to watch as these kids grow up, all while exploring, imagining and, most of all, having fun.

### Here's what our parents have to say:

*Thank you to the entire team, and especially the girls in the Busy Bees room! Mum and I were very nervous about leaving our old daycare but the transition has been virtually seamless! Our little one has made great connections with her carers, and it's very clear that everyone at the centre puts in big efforts to know each child's likes and dislikes. Thank you for all that you do. It is very much appreciated!*

**Jaymes**

*Thank you to the beautiful team who have cared for my little one since we started in March. It's a joy to see how happy she is to see you in the morning and how far she has come under your care. Thank you for always being there for a cuddle, having a piece of toast ready and for all the patience you provide.*

**Chloe**

*Thank you so much to all the beautiful team. Everybody from the educators, to the office girls, to the kitchen - you're all so warming and kind. I genuinely believe each of you care deeply for all of our little ones and I feel so at ease leaving the kids in your care. You guys are all amazing!*

**Zoe**

*We couldn't be happier with Cotton On Childcare. I know how much my little one loves going, and it is so wonderful to see how much she is thriving and making beautiful little friendships within her room. The educators are all so wonderful and have particularly gone above and beyond recently to help with the adjustment of becoming a big sister. I always love seeing all the fun the kids get up to! Thanks for creating such a fantastic space for us to send our kids.*

**Charlotte**





Our people are at the heart of everything we do. We'll take any opportunity to show our people we care and that everyone belongs here. We believe in encouraging our team and customers to be their authentic selves each day, and we work hard to create a culture centred in belonging, inclusivity and community. The truth is, we're all unique and we're here to celebrate it.

## Case Study

# Pride

During Pride Month in June 2022, our global team took every opportunity to listen, learn and grow from our LGBTQIA+ communities around the world. The campaign saw team members sharing what Pride means to them and what makes them feel like they belong at Cotton On. We heard from team members around the globe and their stories of happiness, challenges, hope and, of course, Pride. We also invited a special guest, Deni Todorovič, a non-binary creator, fashion stylist and LGBTQIA+ activist who also calls Geelong home, to share their life and career story for our team on campus and virtually from all over the world.

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While Pride Month is one month a year, we will continue to be a safe space for people of all backgrounds, where team members can feel confident that their authenticity will always be valued and celebrated.

### Here's what some of our people said about Pride:

*I belong because Cotton On constantly reminds me of my worth. I am celebrated regardless of my sexuality. I was once a Cotton On Body Visual Merchandiser and thought I'd also be expected to wear tights because every other girl was in tights. To my surprise, my manager said, 'You're here because you work hard, how you look or dress changes nothing.'*

#### Lebo, South Africa

*Pride is more than a month. Pride is every day. Pride is about inclusivity, where we can all be who we are and love who we want. I am proud to have whānau [family] and friends who love me for me unconditionally. I am proud to work for Cotton On in New Zealand, which celebrates diversity in all its shapes, colours and sizes! I am proud that I won't be discriminated against within my Cotton On whānau [family] because of who I am. I am proud to be a role model for those who are questioning, curious and unsure, so that maybe one day they won't have to live in fear. I am Pride!*

#### Andy, New Zealand

*Feeling like I belong is about being embraced for what and who you are no matter of culture, skin, religion and gender. To me, Pride means to love with no boundaries. Regardless of race, religion and gender. Love has no boundaries.*

#### Dolly, Singapore

*Being able to be me, no matter what! Not having to second guess how I sound, how I walk, how I dress or how silly I may be in that moment. Knowing that no matter what I will be supported, appreciated and feel loved.*

#### Brandon, USA

*Expression, self-love and identity. Being fluid and understanding who I am. Pride also means remembering, remembering those who came and fought before us. Living unapologetically and authentically for myself but also for those who never got the chance to!*

#### Toru, Australia



# People and Culture

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## Wellness

We support our people to be the healthiest version of themselves, so they show up feeling like their best self every day. But holistic means during the good or the bad, so when the battery is running low, we're here to support our people and prop them up when they need it most. Wellness underpins so much of what we do. We live it, we breathe it and we won't stop talking about it.

## Belonging

We're committed to continuing to foster a Culture of Belonging and inclusivity for our people and our customer. When our people walk through the doors, they'll be accepted for who they are and what they bring to the table. Everyone has an equal opportunity to succeed here by being who they are without apology.

## Learning and Development

We never stop learning. That's why we're serious about developing our people for today, tomorrow or wherever life takes them. We strive to support and enable our people to create their own opportunities, build their capabilities and develop new skills every step of the way.

## Reward and Recognition

We're a hard-working bunch who play to win. Recognising our people has been built into our DNA, and we love to celebrate the wins, for our teams and for individuals as well. When things don't go to plan, we back each other and focus on the learning. After all, we're on a road to continuous improvement.



Wellness is a lot more than hot stone massages and green juice shots (but we'll take those too!). It means something different to each of our people, it's holistic and it's in the everyday. It's encouraging and inspiring. It's about taking time out to recharge, and it's nurturing our people to be the best version of themselves at work, at home and beyond.

# Wellness

To ensure we show up for our people and their individual needs and goals, we approach wellness from five key areas: Eat, Rest, Move, Connect and Play, underpinned by our Safety Matters framework.

From our global store floors to our distribution centres and support centres, we're on a mission to drive a wellness mindset, helping our people and their families to be the healthiest version of themselves, 365 days a year.

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## We have

- This year, we offered our world-class Body Health and Wellness Club at our Global Support Centre free of charge. Team members can enjoy Pilates, group fitness, spin, run club and gym floor access without spending a dime, while Allied Health services remained at subsidised costs.
- At our Global Support Centre, our chef-run onsite restaurant adopted an 80/20 strategy (80% healthy and 20% mindful food) for preparing meals. This meant that our teams were fuelled adequately and ensured they always had healthy options at their fingertips.
- This year, we saw borders opened, planes back in the air and loved ones from afar back in our arms. Focused on time out to recharge, many of our people enjoy added leave benefits. Our More You Time program was rolled out in more countries including South Africa, the United Kingdom and Asia, meaning permanent team members can access additional weeks of leave.
- Our Here For You and Yours program continued to support our people and their families, near and far. Emergency assistance when they need it, but also a bevy of online tools and resources to support them in the everyday, such as mental health, nutrition, parenting, leadership, finance and more.
- We elevated our global internal health and wellbeing development program, Healthiest YOU. This program serves to inspire, care for and grow our people by providing tools which enable them to build capability in navigating their physical and mental wellbeing. This includes on-demand workouts, meditation, tips and resources that are available 24/7.
- Group-led initiatives such as 'Mindful in May' and 'Winter Wellness' meant our people had the chance to pause, while we shared resources to build and encourage mindfulness in every aspect of their life.
- Much like physical First Aid, Mental Health First Aid (MHFA) is crucial to personal wellness. In the past 12 months, we have continued to train Mental Health First Aiders globally. So far, we have 101 registered Mental Health First Aiders and counting.
- Seasonal health checks, skin checks and flu shots were available at our Global Support Centre and Distribution Centre.



We all belong here. It's as simple as that. We're proud of our roots, but we're even prouder of the fact that our global team is made up of 20,000 people across 22 countries and from countless backgrounds.

# Belonging

We're here to make sure everyone can be their authentic self, every day, and exist in a culturally safe environment where we treat each other with respect and dignity. A culture that is centred on belonging and connection where all our voices, experiences and views are well represented.

We've worked hard on our Belonging program - put into place to ensure diversity, equity and inclusion show up for our people, in our stores and for everyone we touch. While we've come a long way, our Belonging work will be forever evolving. We're continuously listening, learning and driving positive outcomes for our people, our customers, our teammates and our communities.

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## We have

- In partnership with First Nations partners and Reconciliation Australia, launched our first official Reconciliation Action Plan (RAP), Reflect.
- Developed our Empathy & Bias program to help individuals and teams uncover unconscious biases that may be influencing behaviours and decision-making, affecting our team members and customer's experience. So far, 120 team members have taken part in the program, and we look forward to continuing to educate our people on unconscious bias.
- Conducted our first gender pay equity review in Australia and we're using the data to review our remuneration practices and policies, with the aim to expand the analysis globally.
- Continued to recognise and celebrate global moments that we know are important to our team members, their families and our business, such as Lunar New Year, Ramadan, NAIDOC Week, International Women's Day and Pride, among others.
- Celebrated Pride in June with our 20,000 team members across the globe, hearing from our LGBTQIA+ community on their journey and what it means for them to belong - at work and in life. Throughout the month, we celebrated, listened and came together to inspire voices and experiences from our people. We also welcomed Geelong-born, non-binary human rights advocate Deni Todorovič as part of the incredible month-long celebration.
- Launched our Curve range in more locations, offering sizes 16-24 to more customers globally.
- Supported equal opportunity for talent in our brand campaigns.
- Implemented gender-neutral bathrooms in our Global Support Centres and Avalon Distribution Centre.
- Opened prayer rooms at our Global Support Centre, Chadstone Support Centre and Distribution Centre.
- Partnered with Job Access Australia to increase awareness around employment in the disabled community and worked to identify and remove any barriers that people with a disability might face working for our brands. This included specialised Disability Awareness training for our careers team and revising our application processes.
- Inspiring virtual seminars, fondly known as COG Cuppas, streamed globally for our team to tune in, connect and learn. Past guests have included mindset coach Ben Crowe, biochemist and author Dr Libby Weaver, author Lisa Messenger, non-binary human rights advocate Deni Todorovič and more.
- Introduced 'quiet hours' at our Cotton On Kids stores - creating a low sensory and calmer shopping experience for our customers.



# Learning and Development

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We know our people love to learn and the sky's the limit. They want to drive their career, grow their personal leadership and be in control of their development, and we're here to support. We'll continue to equip them with the development programs, connections and experiences they need to get where they dream to be.

We believe we have the best team in the world, with some great budding leaders walking among us. And we're here to build capability and drive development from within to help our team members achieve their career goals.

## We have

- Seen many exciting internal promotions and career development opportunities, with 67% team members filling internal vacancies.
- Received a record year of job applicants, with 400,000 people applying globally for a role with us.
- Refreshed our global induction framework to ensure a consistent, equitable, inspiring and fun experience for our new starters globally. This includes our coined Best First Day Ever, which 5,200 new mates completed this year to ensure they are excited and supported when embarking on their career with us.
- Continued to leverage our internal digital learning portal, COG Uni, with 163,300 learning activities being completed in the last 12 months, and new timely content and resources being added regularly.
- Evolved our Lead and Manage People program which 900 managers completed in the last year. This program ensures leaders have the knowledge they need to nurture team members to achieve both personal and professional goals.
- Continued our Best of YOU program which supports leaders and their team members to have meaningful conversations about performance, wellbeing and development.





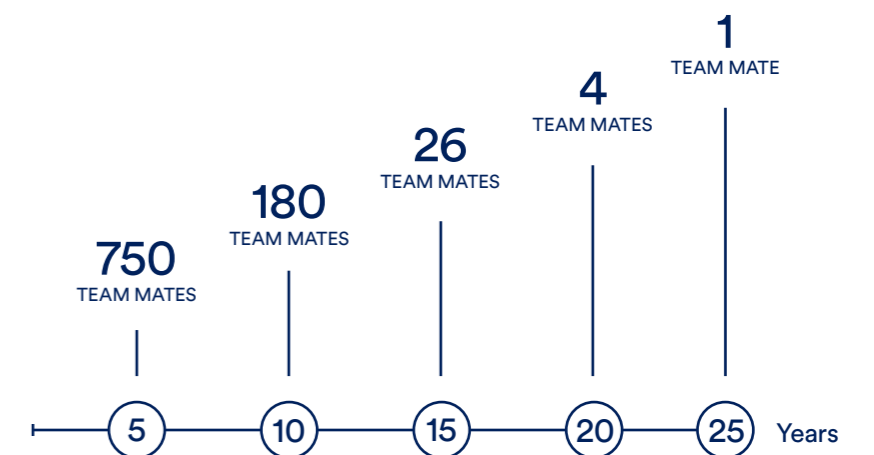
# Reward and Recognition

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At Cotton On, we dream big. And our celebrations are the same. Our people are at the heart of everything we do, it wouldn't be possible without them, so we'll always take the opportunity to shout it out. We embed it in everything we do, and encourage our team to do the same by recognising each other. Big or small, it's who we are - *Good* stuff deserves to be celebrated.

## We have

- Our reCOGnise program ensures that recognition is 365, encouraging leaders and fellow teams to call out the people in our business who are doing great things, go above and beyond for their customer and continue to drive positive change. We take every opportunity to celebrate our people's major milestones - birthdays, tenures, career moves, marriages, new family members and more, and in 2022 we did this every day.
- Although it looked a little different during the pandemic, in our peak trade period we celebrated our retail team members with the Experience of a Lifetime. Twenty-nine winners who went above and beyond for our customer won life-changing prizes and the opportunity to give back to their charity of choice.
- We announced our Cotton On Foundation trips are back, taking our team members to the communities we partner with around the globe. Over the years, more than 1,000 of our team mates have travelled to our projects, sharing *The Good* we do first-hand.
- Once leader driven, this year we opened the nominating for our quarterly COG Awards to all team members globally. In 2022, we received more than 1,000 nominations and were able to recognise more than 70 global team members and teams for their exceptional performance.
- This year, we celebrated 3,773 of our team members through our refreshed Tenure Program - meaning that we celebrated our 1, 5, 10, 15, 20 and 25-year tenure milestones bigger than ever before.





From day one, the Cotton On Foundation has stood up against inequality. Fifteen years later and with more than \$150 million AUD fundraised, our commitment to creating positive change is stronger than ever.

# Cotton On Foundation

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Driven by our teams. Ignited by our customers. Hands-on. Full of heart. We advocate for a world where everyone can reach their full potential.

We work with local communities and partners to tackle some of the biggest challenges facing young people today. Our mission is to deliver real and lasting impact across three key areas: **Education, Mental Health and Environment.**

Breaking down the barriers to education by delivering more schools, more classrooms and more pathways to employment in some of the most marginalised communities across the globe.

Supporting mental health and wellbeing through projects that empower a community of safe and happy people.

Amplifying climate-positive initiatives to protect the place we all call home, for now and for generations to come.

Imagine a world where everyone has limitless opportunity to thrive.

**Now let's make it happen.**

**We are the force for a better tomorrow.**





We've always believed in being a force for Good, to make an impact and to create meaningful change. We're the kind of people who think big, really BIG. We shoot for the sky, we roll up our sleeves and we get the job done.

# Our History

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But like all things, there has to be a starting point, and with the Cotton On Foundation, the starting point was simple. It was a small contribution back then, but it led to something big.

Back in 2007, our founder donated to a small Ugandan village to help build a healthcare centre. Curious to see the impact the donation had made, he jumped on a plane and flew 12,000km to Manny, Uganda. There he found a community devastated by the HIV epidemic. The virus had wiped out almost an entire generation and severe drought had created a devastating famine, leaving orphaned children and economic collapse in their wake.

Knowing there was more work to be done, he arrived back in Geelong with one clear but ambitious goal in mind - to empower youth globally through quality education. The Cotton On Foundation was born.



Fast forward to today and we've built our own not-for-profit that supports projects in Uganda, South Africa, Thailand and Australia, and our focus has grown beyond education. In partnership with our team and customers, we have raised more than \$150 million AUD and expanded our pillars beyond quality education to also focus on the environment and mental health, to continue to take on some of the biggest issues facing the next generation and to create a world where every young person can thrive.

Our commitment to creating positive change has never been stronger. It's not always easy, but when there's no option, we create our own. We're constantly inspired by our team and customers, and grateful they're on the ride with us.



The model is simple but unique: life-changing products sold online or through our stores around the world, with 100% of proceeds dedicated to global projects that empower youth to thrive.

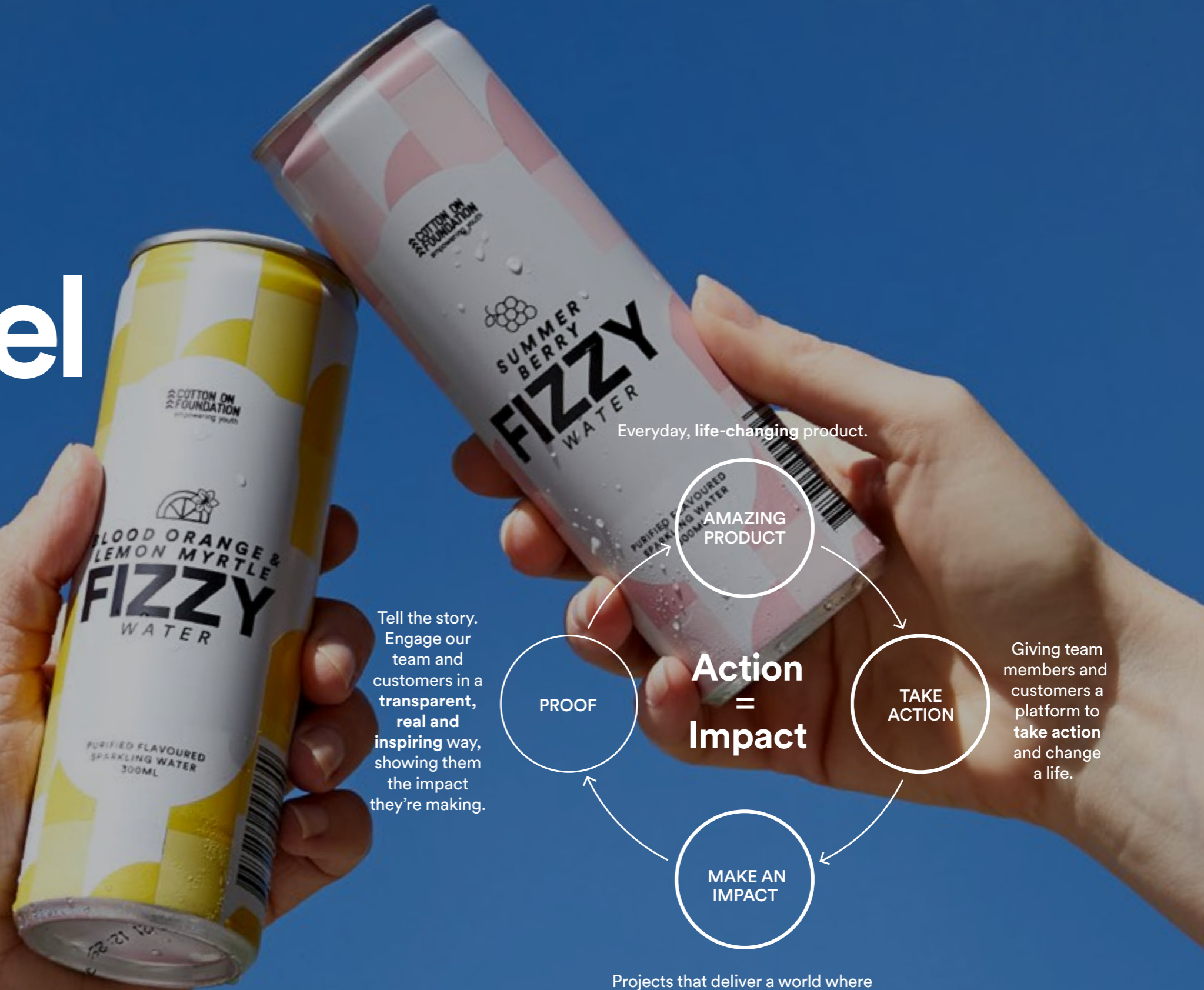
# Our Model

This is where something special happens, because each participant in the chain is just as important as the next and they are inextricably linked - from the product developer in our Global Support Centre in Geelong, to the customer at their local Cotton On store, through to the teacher delivering lessons at a Cotton On Foundation supported school.

We closely monitor the impact being delivered at every point in the Child's Journey and evaluate every step along the way. Creating a world where everyone has equal opportunity to thrive is essential to our purpose, and this model ensures we can do just that.

Why is this so special? Because it brings a community of changemakers together, it allows for quick thinking and quick action to respond and adapt to the unpredictable, and prepare for the pace of an ever-changing world. From Geelong to Santa Monica to Johannesburg, everyone has the power to make a difference.

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Everyday, life-changing product.



Tell the story. Engage our team and customers in a **transparent, real and inspiring** way, showing them the impact they're making.

Giving team members and customers a platform to **take action** and change a life.

Projects that deliver a world where every young person can thrive.



# Since Inception



**\$140,000** AUD  
First year

**\$150+** million AUD  
Currently

128  
129

## \$151 million AUD raised



19,522 students supported  
14,678 students currently enrolled  
455 teachers supported



21.8 million meals served

492 scholarships awarded 

12,757 sanitary pad kits distributed



**260,250**  
total healthcare centre visits

**4,507**

Nutrition Mission participants

61 workshops funded in Yirrkala, Yolŋu Country, North-East Arnhem Land, NT

## Completed infrastructure



113 water tanks built  
6.7 million litres of fresh water available



24 schools



3 health centres supported





One Cotton On Foundation product is sold every 2.6 seconds. The simple action of buying everyday essential items - a tote bag, mask, water, mints - contributed to raising \$21.5 million AUD in FY22, chipping away a big chunk of our five-year vision: to raise another \$150 million AUD by 2028.

# The Year in Numbers

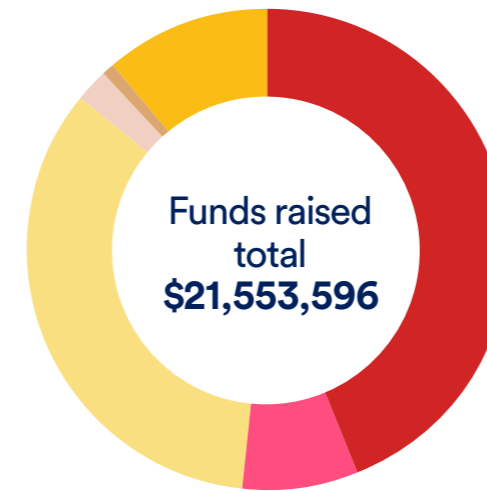
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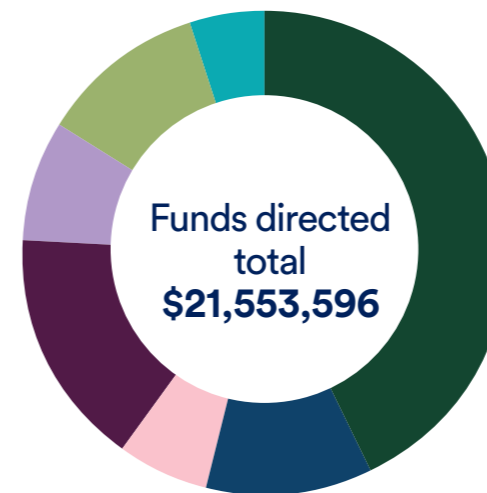
## Funds Directed

### Our FY22 snapshot

Funds reported in AUD



- Masks \$9,422,125 (43.7%)
- Water \$1,670,593 (7.8%)
- Tote bags \$7,334,071 (34.0%)
- Team giving \$488,689 (2.3%)
- Donations \$138,184 (0.6%)
- Essentials \$2,499,934 (11.6%)



- Uganda \$9,169,813 (43%)
- South Africa \$2,464,076 (11%)
- Thailand \$1,362,822 (6%)
- Australia \$2,040,368 (10%)  
(Australian indigenous partnerships = \$1,109,861)
- Disaster relief \$1,359,705 (6%)
- Future project commitments \$3,374,000 (16%)
- Cotton On Foundation administration \$1,782,811 (8%)



In FY22 we raised \$21.5 million AUD to create a world where every young person can thrive.

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## We have

*The Good* we've been able to achieve with the help of our team, customers and partners in FY22.

- **Raised \$21.5 million AUD in FY22**

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- **Sold 5.5 million recycled cotton tote bags**

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- **Sold 1.4 million aluminium water bottles**
  - Diverting 1.4 million single-use plastic bottles out of landfill

---

- **Delivered more than 2.6 million meals (two each day, per student)**
  - Each student at a Cotton On Foundation supported school receives at least two meals per day (porridge, rice and beans). Cooked in the school kitchen, which is fuelled by onsite biodigesters

---

- **Provided more than 6.7 million litres of clean drinking water**
  - From 113 water tanks

---

- **Distributed 7,000 immunisations**
  - Ensuring that 100% of babies born at a Cotton On Foundation supported health centre have been vaccinated

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- **Had 567 babies born in our health centres, with no HIV transmissions**
  - More babies have been born at Cotton On Foundation supported health centres, leading to increased vaccination rates in the community and overall reduction in transmission, helping the next generation have positive health outcomes

---

- **Supplied more than 2,900 home learning kits**
  - Keeping students engaged in learning throughout the pandemic, allowing an easier transition back to school and reducing the amount of learning lost due to school closures

---

- **Delivered professional training for 455 teachers**

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- **Awarded 356 university and vocational scholarships**

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- **Built three schools, creating an additional 1,500 educational places**

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- **Supported 1,675 Australian students and 2,407 New Zealand students through access to LifeChanger programs**

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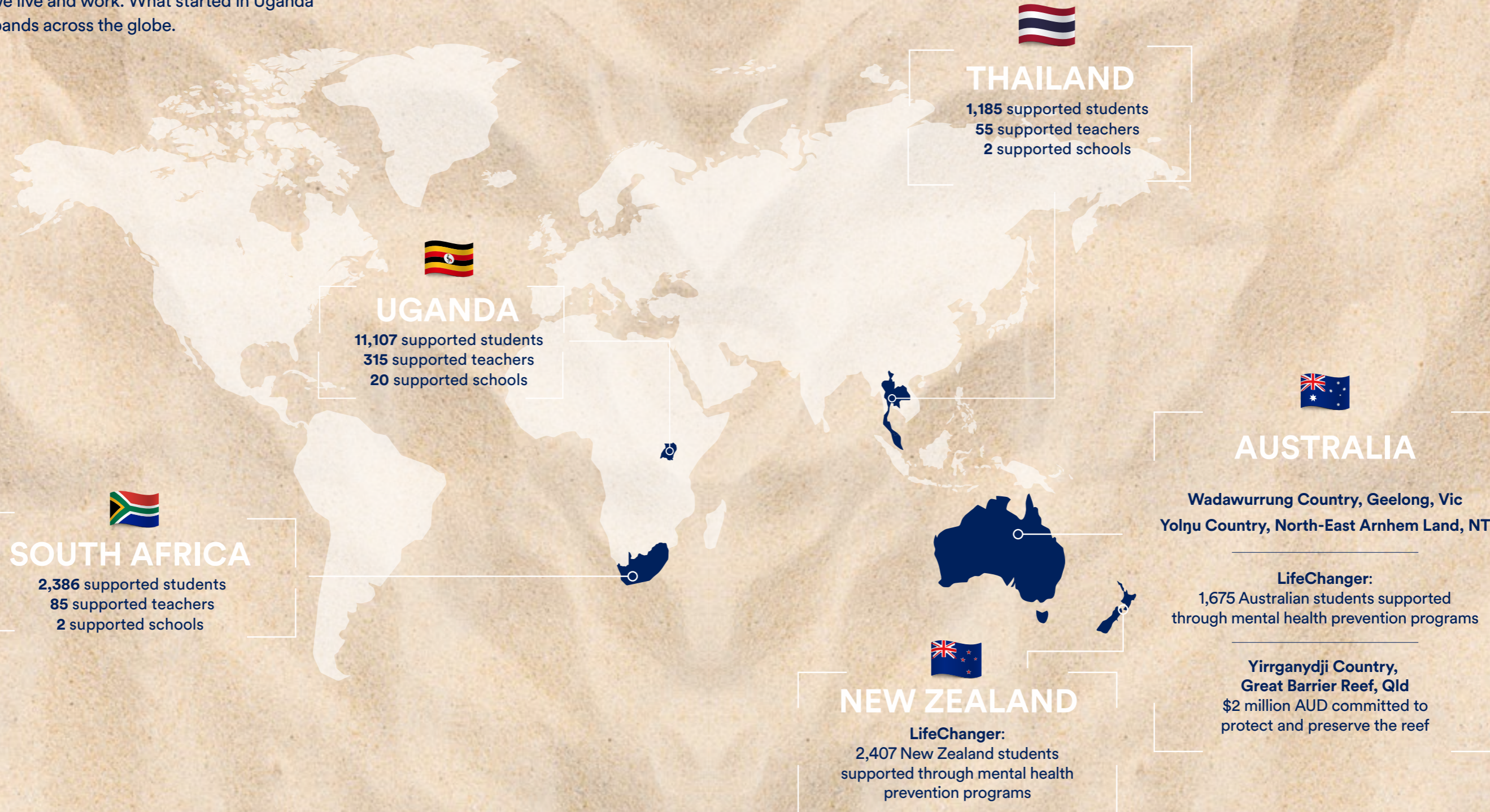
- **Recognised as one of the top 50 companies in the 2022 GivingLarge report, shining a light on philanthropy, corporate giving and community efforts.**



# Where We Work

We want to make an impact in the communities where we live and work. What started in Uganda now expands across the globe.

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## SOUTH AFRICA

2,386 supported students  
85 supported teachers  
2 supported schools

## UGANDA

11,107 supported students  
315 supported teachers  
20 supported schools

## THAILAND

1,185 supported students  
55 supported teachers  
2 supported schools

## NEW ZEALAND

LifeChanger:  
2,407 New Zealand students  
supported through mental health  
prevention programs

## AUSTRALIA

Wadawurrung Country, Geelong, Vic  
Yolngu Country, North-East Arnhem Land, NT

LifeChanger:  
1,675 Australian students supported  
through mental health prevention programs

Yirrganydji Country,  
Great Barrier Reef, QLD  
\$2 million AUD committed to  
protect and preserve the reef





# Our Three Pillars

We have three impact areas that sharpen our focus, and we align our projects with the UN Sustainable Development Goals as a fundamental part of the way we do things.

## Holistic Education

- **Infrastructure**  
Develop functional, sustainable and inspiring schools and classrooms
- **Teacher development and training**  
Deliver ongoing professional development of educators
- **Quality education**  
Promote holistic educational outcomes
- **Keeping girls in school**  
Ensure school is a safe space, free of barriers that prevent girls from participating
- **Student wellbeing**  
Prioritise the physical, social and emotional wellbeing of students in all we do
- **Pathways**  
Increase opportunities for meaningful employment
- **Basic necessities**  
Facilitate the provision of clean water, nutritious food and healthcare

## Mental Health

- **Promotion**  
Use our platform to reduce stigma, share resources and advocate for the improvement of mental health and wellbeing for young people
- **Prevention**  
Support partners to strengthen early interventions, including early detection and early treatment
- **Community-based services**  
Partnering with experts to improve access to formal mental health services for all young people
- **Connection to culture**  
Support cultural activities and workshops to foster connection to identity for Aboriginal and Torres Strait Islander youth

## Environment

- **Oceans conservation activity**  
Partner to preserve oceans, protect reefs and marine wildlife to maintain diverse ecosystems
- **Land conservation activity**  
Partner to create opportunities for carbon removal through reforestation programs and protect biodiversity
- **Wildlife habitat protection**  
Partner to conserve wildlife and restore degraded habitats
- **Regenerative farming**  
Undertake regenerative, sustainable and innovative farming practices
- **Indigenous land management**  
Support Indigenous land management practices

Our pillars address the following UN Sustainable Development Goals: 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 13, 14, 15, 16, 17.



### Our Mission:

We will create learning environments that inspire the future leaders of tomorrow.

### We will:

Provide education and pathways to meaningful employment for 100,000 young people by 2027.



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# Holistic Education

We're a hands-on bunch, and from the beginning it was clear that education was the long-term sustainable solution that would have a lasting impact. We engaged the community to help break down barriers kids face in accessing education, ensuring they were kept healthy and well - factors that are essential when it comes to breaking the cycle of poverty. It was also clear that we needed to deliver more schools, more classrooms and more pathways to employment, so this year we've been busy doing just that.



## We have

### Employment

**40% of scholarship graduates have moved into meaningful employment. Target: 100%**

Launched our Pathways Program to help students find meaningful employment after completing their tertiary education, with 356 university and vocational scholarships awarded. In Uganda, 200,000 graduates compete for 8,000 jobs each year. The current Ugandan labour market doesn't support the volume of youth completing the education system. To ensure more pathways to meaningful employment exist, we are piloting an industry traineeship program to support 20 graduates in a full-time industry traineeship in high-growth industries.

### Teacher Training

**455 teachers undergoing professional development training**

Delivered professional development and coaching for 455 teachers. Our schools are only as successful as the leaders and teachers running them, so we're committed to giving them the tools they need to deliver a holistic education to their students. To ensure this is possible, school leaders will be trained to deliver teaching and learning that incorporates Social and Emotional Learning (SEL), wellbeing, inspiring learning spaces, and pathways to employment and further study. With a teacher likely to teach 3,000 learners throughout their career, it's so critical they receive the proper training for their crucial role in the community.

### Enrolment

**14,678 enrolments this year in Cotton On Foundation supported schools**

Helped kids get back to school, with every Cotton On Foundation supported student returning to the classroom. Excitingly, there was also a large intake of new students, with changes being made to accommodate the influx so that no student was turned away from an education.



# Keeping Girls in School

For every year a girl stays in school, it has an impact on her lifelong earning. An extra year of primary school for girls can increase their adult wages by 10-20%, and an extra year of secondary school increases wages by 15-25%.

In Uganda (2020), the national completion rate of girls in lower secondary is 37.6%, and 20.2% for girls completing upper secondary.

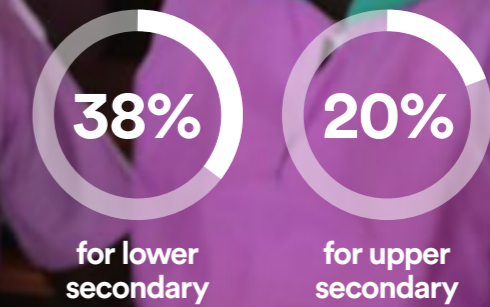
At Cotton On Foundation supported schools, girls are supported to stay in school with initiatives including:

- The distribution of reusable sanitary pads and period education, clean toilets and washrooms
- In-school counselling to support students with their mental health
- Wellbeing teams who can identify at-risk girls and implement measures to support them to stay in school
- In-school clubs dedicated to the rights of women and girls to create safe, empowering spaces for girls to express their ideas
- 54% of scholarships to university or vocational education have been awarded to girls

Once schools reopened in a post-pandemic world, we measured an overall retention rate of 92.3% of students from pre-pandemic levels. In the female population of students, the retention rate after COVID was 93.3% in primary school.

And why is this so important? For every one of those girls who continues her primary and secondary education, she increases her future earnings and is more likely to break the cycle of poverty. She is also highly likely to support her family through financial assistance to enable them to access an education too.

In Uganda (2020), the national completion rate of girls is:



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# A Child's Journey

Driven by our child-centric model, a Child's Journey focuses on delivering quality education and removing the barriers to education that children currently face, ensuring they have a brighter future full of opportunities and possibility.

We closely monitor the impact delivered at every point in the Child's Journey and evaluate every step along the way. Creating a world where everyone has equal opportunity to thrive is essential to our purpose, and this model ensures we can do just that.



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## Case Study

# Saw Chit Lay's Story

## GED graduate in Thailand

Saw Chit Lay is a sponsored university student in Thailand. He was born in a remote village in Myanmar, where formal education was available up to Grade 4, before moving to Mae Sot in Thailand to continue his studies in a Migrant Learning Centre.

There, he completed his high school studies at Hsa Thoo Lei Learning Centre. With aspirations of studying at a university level, Saw Chit Lay applied for and completed the necessary General Education Development tests (GED) in 2022, with the support of the Cotton On Foundation. Following this amazing achievement, he applied for and received a scholarship to study education at university.

*"After I finished Grade 12, I thought that I would end my studies but, fortunately, I was given the opportunity to study General Educational Development (GED), which is equivalent to high school in America, at Hsa Thoo Lei School. There were seven students in the class, and we were the first group to study GED in Hsa Thoo Lei. I have studied for two years and I completed my GED in 2022. Because of a donation from the Cotton On Foundation, I have the chance to continue higher education at an international university.*

*I have chosen an education major to study because my purpose is to be a teacher. There are many different nations at the university. Even though we are from different countries, we are all very familiar with each other. We are sharing our knowledge with each other about our own culture or traditions. In addition, I was a person who was blessed by God. I never thought that I would have such a great opportunity to study at an international university. But now I feel like everything is happening suddenly. However, this is a wonderful opportunity to complete my dream. Thus, I will be a person who is helpful to future generations and my community."*

**Saw Chit Lay**



Saw Chit Lay - GED graduate, Thailand.



## Best in Class

Classrooms. For us, that's where it all started. Today, supporting holistic education globally remains a defining pillar of the Cotton On Foundation, working to bring unique and tailored education solutions to each of the communities we work in from the day we partner with a school. From the first brick to the first bell, our supported schools - and the students within them - remain our forever commitment long after the walls are painted.

### Bunjakko Primary School - Uganda Completed May 2022

Located on the border of the Rakai and Lwengo districts in Uganda, we first partnered with Bunjakko in 2018. At this time, the classroom floors had large craters, desks and school materials were scarce, and nutritious meals were hard to come by. Immediately, we knew it would be our next supported project and a focus for us over the next few years as we worked to break down the barriers that keep students in the region from attending school. This included investing in teachers, championing community-based health services and creating reliable learning spaces.

In 2022, the renovated Bunjakko Primary School opened its doors to 500 students. The school has a new kitchen block, new toilets and a biodigester that uses waste from the toilets to create gas to power the school kitchens, creating a sustainable and independent fuel supply. While the new school looks amazing, the most important changes were foundational.

**The learners are provided with the necessities to make sure they have what they need to excel, including:**

- Two meals a day
- Five litres of water per student per day
- Scholastic materials
- Access to healthcare
- Sanitary products for girls



Bunjakko Primary School - completed May 2022





Dr JL Dube High School - under construction (opening in 2023)



## Dr JL Dube High School - South Africa Under construction (phase one opening in 2023)

We've been partnering with Dr JL Dube High School since 2019, the closest high school to Ethekewini Primary School (a Cotton On Foundation supported primary school). By eliminating the barrier of transportation, students will be able to continue on their education journey with the best resources available to them, without having to leave their neighbourhood. By upgrading infrastructure and resources, we hope to ensure that students are set up to continue their journey through school and pursue their chosen pathway after graduation.

In March 2022, we celebrated the turning of the soil at the school, marking the commencement of the first major renovations at the learning facility since it was built in 1979. When complete, the refurbished Dr JL Dube will support more than 1,200 students from Grade 8 to Grade 12. With educational pathways that are more accessible than ever, students are empowered to seek more opportunities beyond school.

### The renovated school will include:

- 42 new world-class classrooms, including computers and internet access
- A new Pathways Hub offering wellbeing and leadership programs
- A multipurpose field and indoor sports hall
- A performing arts hall
- A brand-new kitchen
- New toilets and washrooms





# Completed Infrastructure

Over the last 15 years, funds raised by our passionate teams and customers have helped support essential and sustainable infrastructure in pursuit of developing inspiring, holistic learning environments that support students and their broader communities.

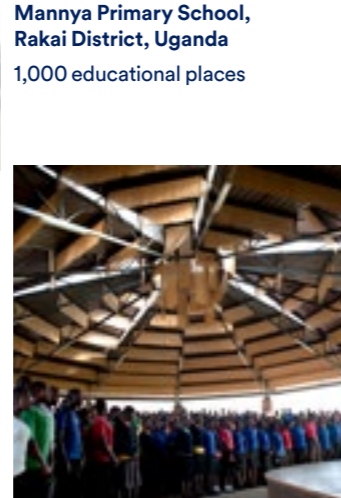
## Schools



**Mannya Kindergarten, Rakai District, Uganda**  
300 educational places



**Mannya Secondary and Multipurpose Building, Rakai District, Uganda**  
1,000 educational places



**Mannya Primary School, Rakai District, Uganda**  
1,000 educational places



**Busibo Secondary School, Lwengo District, Uganda**  
1,000 educational places



**Busibo Primary School, Lwengo District, Uganda**  
500 educational places



**Bwe K'Lar Primary School, Mae Sot, Thailand**  
150 educational places



**Ethekwini Primary School, KwaMashu, South Africa**  
1,280 educational places



**Ntebbe Za Ddungu Primary School, Rakai District, Uganda**  
500 educational places



**Kyaterekera Primary School, Lwengo District, Uganda**  
500 educational places



**Bunjakko Primary School, Lwengo District, Uganda**  
500 educational places

2007 - 2012  
2014

2016

2017 - 2020



**Nseese Primary School, Rakai District, Uganda**  
500 educational places



**Phitsanulok Education Centre, Thailand**  
150 educational places



**Nabbunga Primary School, Rakai District, Uganda**  
500 educational places



**Kyalulangira Primary School, Rakai District, Uganda**  
500 educational places



**Mbazzi Primary & Secondary, Rakai District, Uganda**  
1,200 educational places

2017 - 2020



**Kasomolo Primary School, Rakai District, Uganda**  
500 educational places



**Kyampalakata Primary School, Lwengo District, Uganda**  
500 educational places



**Kamunuku Primary School, Rakai District, Uganda**  
500 educational places



**Kalyamenvu Primary School, Rakai District, Uganda**  
500 educational places



**Kensekka Primary School, Rakai District, Uganda**  
500 educational places

2021

## Healthcare

2007 - 2012

2014



**Ross Langdon HIV Education Centre, Rakai District, Uganda**  
Community training, HIV testing and counselling



**Busibo Health Centre, Lwengo District, Uganda**  
52,500 patients seen



**Mannya Maternity Ward, Rakai District, Uganda**  
5,000 babies delivered



**Mannya Health Centre, Rakai District, Uganda**  
145,000 patients seen



**Namabaale Health Centre, Lwengo District, Uganda**  
30,000 patients seen

## Additional Infrastructure



**Coffee Drying Structures, Rakai District, Uganda**  
Supporting 3 coffee cooperatives

**Boreholes, Rakai and Lwengo Districts, Uganda**  
13 constructed



**Teachers' Accommodation**  
Supporting 171 teachers



**Biogas Digesters**  
13 biogas digesters installed



**Rhino Tanks, Rakai and Lwengo Districts, Uganda**  
45 tanks installed = 1.28M litres of clean water harvested



# Mental Health

With more than one billion people around the world living with a mental health disorder, we knew we had to act. This year we've been working on finding partners who are cut from the same cloth as we are, ones who are just as keen to roll up their sleeves and make an impact in this space.

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## Our mission:

Every young person should have someone to turn to.

## We will:

Reduce stigma and increase access to prevention and community-based mental health services for 10 million people by 2030.



## We have:

### LifeChanger Foundation

4,242 students reached out of a target of 6,000

### Mental Health Foundation of New Zealand

2,700 schools reached with anti-bullying information, resources and activities

### Strong Brother Strong Sister

124 individuals engaged in the Suicide Prevention Program

### Students participating in Social and Emotional Learning in school

32,894 students receiving SEL teaching, toolkits or instruction

*If you are struggling with your mental health and you need to talk to someone, reach out to a trusted friend, family member or trained professional.*

*Cotton On Foundation is not a provider of mental health support services or guidance. If you feel you are in need of mental health support, please visit [findahelpline.com](http://findahelpline.com) who have identified more than 1,600 free and confidential support resources available over phone, text or web chat.*



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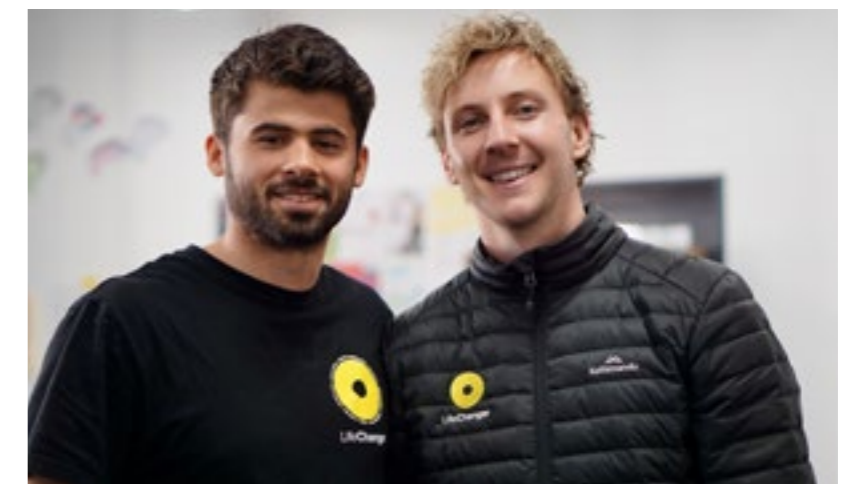
LifeChanger Foundation is a preventative mental health and wellbeing non-profit that empowers young people to live thriving, resilient lives by developing social, emotional and resilience skills.

## LifeChanger Foundation

LifeChanger believes that all teenagers can develop the tools to successfully navigate life. Their program engages with youth, teachers, parents and local mentors to develop critical foundational skills that empower young people to overcome challenges and pursue their unlimited potential.

A large and growing number of young people are, unfortunately, challenged by low levels of self-esteem, self-worth and isolation, leading to a multitude of negative outcomes including physical and mental illness, poor wellbeing and youth suicide. Cotton On Foundation General Manager Tim Diamond and LifeChanger CEO Scott Watters united in their despair over several cases of youth suicide in the Geelong/Bellarine Coast area. What started as a partnership to bring in-school programs to 2000 students across the Geelong region has now expanded to working with more than 4,000 youth in Geelong and another 4,000 in Auckland, New Zealand.

The support from the Cotton On Foundation has allowed LifeChanger to increase their reach to 2,000 young people this year alone, with that number set to increase to more than 50,000 youth in the next 12 months.





# Environment

This year we looked at another major issue affecting this and the next generation: climate change. We expanded our pillars so that we could be a force for *Good* when it came to the environment. We're amplifying climate-positive initiatives to protect the place we all call home, for now and for generations to come. It's a big goal, but we've never shied away from a challenge before and won't turn our backs now.

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## Our mission:

We will protect and preserve the earth's natural assets.

## We will:

We know we're just getting started, but we've got some big commitments for the future.

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### Soil

- Plant 10 million trees to regenerate biodiverse forests and protect wildlife habitats
- Increase livelihoods of communities through improved agroforestry areas
- Preserve 790 ha of wildlife habitat

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### Sea

- Deliver conservation activity to protect and preserve the Great Barrier Reef that can be proven and scaled globally
- Introduce eight million coral larvae on the Great Barrier Reef to help regenerate coral populations
- Install 700 MARRS Stars on the Great Barrier Reef to promote coral growth

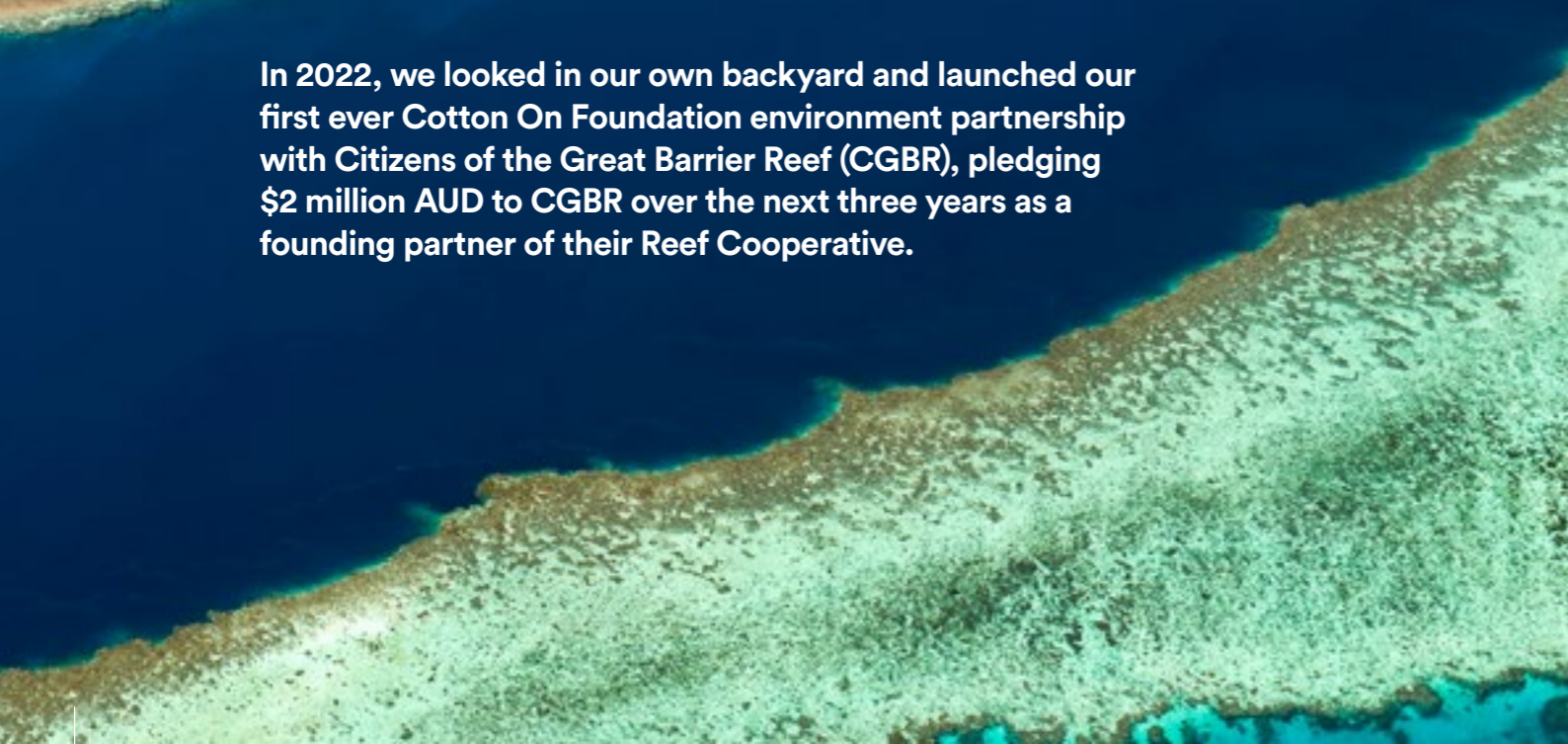






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In 2022, we looked in our own backyard and launched our first ever Cotton On Foundation environment partnership with Citizens of the Great Barrier Reef (CGBR), pledging \$2 million AUD to CGBR over the next three years as a founding partner of their Reef Cooperative.



Let's protect the Great Barrier Reef

## Our \$2M Pledge to Citizens of the Great Barrier Reef

Bringing together Traditional Owners Yirrganydji Land and Sea Rangers, reef scientists from James Cook University, reef restoration experts Mars Sustainable Solutions and leading tourism operator GBR Biology, we're taking action to preserve oceans and protect reefs and marine wildlife to maintain diverse ecosystems.

The first of its kind globally, the Reef Cooperative is a 21st century approach to conservation, bringing research, science, technology and tourism industries together to share knowledge and work dedicated to the preservation of the reef.

The Reef Cooperative works in a circular model to understand the reef and the animals that call it home, focus on risks and act to protect reef habitats. At each stage, decisions are directed by Indigenous ecological knowledge from Traditional Owners and First Nations groups along the Great Barrier Reef.

Acting as a blueprint for global and scalable reef conservation, the project includes surveying more than 300 reefs, documenting targeted coral spawning events, delivering First Nations youth education programs and installing 700 bases for coral growth.



*“Everything we do is designed to be efficient and scalable to meet the escalating urgency of coral reef loss around the world and to support the massive scale-up of conservation that’s required this decade. Our strong emphasis on people power, tech innovation, knowledge sharing and a non-competitive approach, in parallel with global reach and engagement, makes our model highly transferable and adoptable. The Cotton On Foundation first came in to support Citizens through funding vessels for the second Great Reef Census. Their additional support helped the Census survey 315 reefs and collect 42,000 survey images for citizen science analysis. From here, the Cotton On Foundation has become the founding funder of the Reef Cooperative project, led by Citizens of the Great Barrier Reef.”*

Citizens of the Great Barrier Reef



This year, with a heavy heart, we witnessed as the east coast of Australia and KwaZulu-Nata, South Africa, were the victims of devastating floods and weather events. When we heard our mates were in dire straits, we knew we had to help fast.

## Case Study

# Community Response: Flood Relief

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## Partnering with Australian Red Cross

With our team and stores as our top priority, we extended our reach to lend support to our mates who needed it most, the people of Queensland and NSW - starting by committing \$500,000 AUD to the Australian Red Cross Qld and NSW Floods Appeal. Over a two-week period, we pledged that 100% of proceeds from online and in-store Cotton On Foundation product sales (as well as one-off donations) would go towards helping flood-affected communities.

To our extreme delight (but not surprise), our team and customers rallied together to surpass this goal. As a result, between 11-27 March 2022 we raised \$583,079 AUD. This money went towards supporting the Australian Red Cross recovery and rebuilding response, including cash grants for those affected.

Driven largely by our in-store team, we were able to utilise the Cotton On Foundation's unique fundraising framework to quickly drive collective action to create a positive impact across the country.

## Partnering with UNICEF in South Africa

When another community in our own backyard was affected by extreme flooding a short time later, we rallied again. In April 2022, the area of KwaZulu-Natal (KZN) experienced the worst floods in South Africa's history. With the Cotton On Foundation's long history of investment in the region's schools in the township of KwaMashu, we knew our team and customers would want to help.

With a goal of raising R500,000 from Cotton On Foundation product sales between 29 April - 15 May, and backed by the momentum of the Australian campaign, we took our cause to retail stores across South Africa. We were able to crush our goal, raising R512,000 for the UNICEF KZN flood relief response.

These vital funds went towards supporting 800 families with psychosocial support and counselling as well as dignity packs, including soap, clothes, toothbrushes, toothpaste, deodorant, bleach, and sanitary pads.





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# Supré Foundation

We are united in a mission that together, we are the force for a better tomorrow. Through our three key pillars, we advocate for a world where girls and women can reach their full potential. We're committed to funding and collaborating with partners and programs that break down the barriers to education, support mental health and wellbeing, and amplify climate-positive initiatives.

**Pillar: Education Equality**  
**Partner: Stars Foundation**

Stars Foundation provides holistic mentoring support to one of the most at-risk groups in Australia - Aboriginal and Torres Strait Islander girls and young women. Stars Foundation operates full-time, intensive support and mentor programs for Indigenous girls in schools, with the aim of improving health and education outcomes.

In 2022, we have supported more than 100 Indigenous Australian girls aged 16-18 in the Northern Territory through Stars Foundation in-school mentoring programs. From Alice Springs and Tennant Creek to Katherine, East and West Arnhem Land, these programs help to ensure girls positively attend school, successfully complete Year 12 and transition into further education or career pathways beyond graduation.

**The Good committed: \$250,000**

**Pillar: Mental Health and Wellbeing**  
**Partner: Beyond Blue**

Beyond Blue's vision is for everyone in Australia to achieve their best possible mental health through support services, programs, research, advocacy and communication activities.

Our commitment ensures 5,000 people have access to professional mental health support and information 24/7 through Beyond Blue's phone line (1300 22 4636) and online via webchat or email. Providing this support whenever they need it, wherever they are - this service, in many cases, can be life-changing.

**The Good committed: \$250,000**

**Pillar: Environment**  
**Partner: Citizens of the Great Barrier Reef**

In 2022, Supré Foundation launched an environment pillar. The focus - to protect, preserve and restore the earth's natural assets by joining forces with those who are delivering powerful, measurable, sustainable impact to protect our oceans, land and wildlife.

We're working in collaboration with the Cotton On Foundation's \$2 million AUD commitment to deliver greater conservation within the Great Barrier Reef (GBR). This brings together Traditional Owners Yirrganydji Land and Sea Rangers, reef scientists from James Cook University, reef restoration experts Mars Sustainable Solutions and leading tourism operator GBR Biology to form the Citizens of the Great Barrier Reef. Supré Foundation proudly supports the protection and preservation of the Great Barrier Reef for future generations.

**The Good committed: \$55,000**





### International Women's Day Tote Bag by Emma Hollingsworth

Emma Hollingsworth is a Kaanju, Kuku Ya'u, Girramay woman who grew up in tropical Far North Queensland. She now operates in Meanjin out of her home studio. Her work tells her own story of a young Indigenous woman growing up and paving a path in a modern world, and all of the trials and tribulations that go with that. Emma partnered with Supré Foundation to provide her original artwork to be featured on a limited edition Supré Foundation Tote Bag to celebrate International Women's Day 2022. The artwork, titled "Strong Spirit", explores the idea of resilience and strength. "Strong Spirit is a reflection of the adversities faced and overcome by those who came before us and the strong spirit of our ancestors," explains Emma.

## We have

### Partnered with Stars Foundation to support:

- 97% of Stars Foundation's students completed Year 12 despite COVID-19 impacts in 2021. The national Indigenous Year 12 attainment rate is 38% in very remote areas, where many of the Stars Foundation programs operate (Closing the Gap Report 2020).
- 93% of 2021 Stars Foundation graduates have successfully transitioned to employment or further study (as at June 2022).
- Stars Foundation students in established programs achieve a school attendance rate significantly higher than students not taking part in the program. Stars Foundation's student attendance rate is 79%, while the Indigenous student attendance rate at the same schools is 66%.



### Pathway Opportunities with Stars Foundation

In 2022, the Supré team worked with the Stars Foundation to provide career pathway sessions to educate and inspire Stars students, giving them the opportunity to explore different career paths before they graduate Year 12 and the Stars program. The sessions allow students to hear about the different roles and career opportunities that are available within a fashion retail space, whether that be within one of our support centres or retail stores.



All of the work Cotton On Foundation does is only possible with your support.

Thank you for partnering with us to make a difference. We are the force for a better tomorrow.

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### Our partners



CITIZENS OF THE GREAT BARRIER REEF





Living and breathing our purpose also means that we need to look outside our own walls to drive meaningful change in the community.

# Partnerships

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Over the last 30 years, we've grown to span 20,000 team members and 22 countries but our connection to local communities has remained a core part of who we are. They've shown up for us since day one and, just like our customers, we're pretty obsessed with making a positive difference in the places where we live and work.

Our Partnerships ethos is focused on finding like-minded organisations that share our desire to empower and support our mates around us. From healthcare initiatives to mental health and women's empowerment, we're here for the roots where we came from.





## Our Partners

### 1% for the Planet (AU)



Ceres Life is a proud member of 1% for the Planet, which means we are committed to donating 1% of all the brand's sales to non-profits that work to protect the environment. After supporting Drip by Drip for over a year, in March 2022 we commenced support for Greening Australia.

Greening Australia is a national non-profit, independent environmental enterprise that applies a science-led, collaborative approach to deliver nature-based solutions addressing the twin crisis of climate change and biodiversity loss by:

- Restoring Australia's diverse landscapes
- Protecting biodiversity in ways that benefit communities, economies and nature

This year our team also participated in Greening Australia's annual tree planting day and donated 100% of proceeds from the Ceres Life 'Choose Earth' fleece to Greening Australia.

**The Good:**  
\$47,837 AUD - Greening Australia  
\$28,400 AUD - Drip by Drip

### AFLW (AU)



We're a business driven by 80% female-identifying team members and we're really proud to be the official apparel sponsor of the AFL Women's (AFLW) in Australia. We provide all 18 clubs with elite on-field apparel designed in partnership with the teams and their athletes, so they are game day ready.

**The Good:** \$2.35 million AUD of on-field apparel product contributed to the AFLW since the partnership began in 2017.

### Mental Health Foundation (NZ)



Since 2019, we've partnered with and supported Mental Health Foundation as the exclusive retail partner for their Pink Shirt Day campaign, where we work with their team to design and sell their pink charity t-shirt - aimed at supporting mental health by stamping out bullying.

**The Good:** Together with our customers, we've raised more than \$1.65 million AUD over the last four years.

### Taking Care of Business (RSA)



TCB has been committed to their purpose to empower the people raising the next generation for 12 years across South Africa. Rebranded in 2022, their new trading name and logo reflect their commitment to equipping and supporting aspiring entrepreneurs to unlock their potential and access the economy. They believe that when you help people start and take care of small businesses, you can help them take care of their families and eradicate poverty - for good.

**The Good:** \$437,153 AUD of product donated to TCB.

### New Roads School (USA)



Our first partnership led by our team on the ground in the USA launched at New Roads School, a Kindergarten - 12th-grade school in Santa Monica, California. In the melting pot of cultures that make up the neighbourhoods of Los Angeles, New Roads supports children throughout their education by creating more than a learning environment. The school is an authentic and diverse community that prepares young people for life by developing dedication to learning, a respect for independent thinking, and an expanding curiosity about the world and its people.

**The Good:** \$39,700 AUD donated in financial support this year.

### Para Los Niños (USA)



Para Los Niños supports vulnerable Kindergarten - 8th-Grade children and their families to achieve success in life and school. Para Los Niños Charter Middle School is a centre for urban education, providing students and families with the support and tools necessary to ensure academic success. We take great pride in providing ongoing support to 6th-Grade students through provision of back-to-school supplies as well as financial support to ensure a successful transition during this critical period of youth and academic development.

**The Good:** \$63,000 AUD provided in financial support and product donations this year.

### Sea Shepherd Australia (AU)



This year we partnered with Sea Shepherd Australia, offering an exclusive range of 100% organic cotton t-shirts sold around the globe online and in-store. 10% of the proceeds from the sale of each item in the range has been donated to Sea Shepherd's efforts to defend, conserve and protect our oceans.

**The Good:** \$144,193 AUD donated to defend, conserve and protect our oceans.



## Case Study

It's 2017 and round one of the inaugural Australian Football League Women's (AFLW) season is about to kick off. The first-ever AFLW game is Collingwood v Carlton, and the crowd support is overwhelming - there are 22,000 fans packed into the stands and outside there's a crowd lock-out.

# Empowering Female Athletes Across Australia

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Those lucky enough to be inside the ground are witnessing history as the first-ever AFLW teams run out on the field, and they're wearing Cotton On on-field product. It's a proud moment for the AFLW and a proud moment for us - and that feeling has continued for every round and every game since.

Fast forward to today, and we've been the official apparel partner for the AFLW since that inaugural season back in 2017. Having long-standing ties as an official sponsor of our local Australian Football League (AFL) team and 2022 premiers, the Geelong Cats, we became the first on-field partner tasked with supporting the on-field apparel program for the entire AFLW league, an industry first.

Back then, we knew taking on this endeavour would be big, but the response has blown us away. To say we're passionate about playing a role in supporting the biggest surge of increased participation of girls and women in sport, all through the establishment of an elite-level competition, would be an understatement. It's what *The Good* is all about: being a force for meaningful change. It's why we show up every day. As a business with more than 80% of our team identifying as female, and a similar percentage of our customers women and girls, promoting causes that engage and empower women are ones that we will always champion.

As the official apparel partner, we've seen the league grow from eight teams in the first season to 18 teams in the 2022 season. Having the ability to work collaboratively with the first AFLW players to design and bring to life how they wanted to be represented as sportswomen through their playing/training kits was so important to us. Ever since, we've been creating elite sportswear and playing kits for the now 18 clubs, ensuring that more than 600 players and staff are decked out in industry-leading products that allow them to perform at their best. We bring the latest technologies to our performance product as well as being socially and environmentally conscious in the fabrications we use, for example, recycled poly guernseys.

The story doesn't stop with the groundbreaking AFLW. We've worked with First Nations artists to bring their stories and culture to life through on-field gear throughout the season. Our goal is to constantly promote both individual and First Nations Country and community links within the clubs.

We also work closely with the LGBTQIA+ community within the AFLW, designing Pride guernseys in conjunction with individual clubs and players for the league's Pride round.

And we're just getting started. Game on!





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Aboriginal and Torres Strait Islander people should be aware that the following pages may contain images of people who have passed into the dreaming.





As an Australian-born business, our Reconciliation Action Plan is an important step in working towards our purpose. We also know that just acknowledging First Nations peoples is not enough. Reconciliation for us must be authentic and underpinned by growth, connection, justice and respect.

# RECONCILI :ACTION

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It's a journey of many footprints, and we're approaching that journey with curiosity, humility and heart.

We know we must listen, learn and come together with a genuine desire to create a future that supports cultural safety, diversity and inclusion. For us, it's all about building a culture of belonging and self-expression where everyone has a voice and every voice is heard.

We will celebrate First Nations peoples, including their continuous survival on their unceded lands - the same lands where our business was born.

We will reflect, open our hearts and walk together with Aboriginal and Torres Strait Islander peoples and our global team through our reconciliation journey, for *Good*. In doing so, we're reshaping our identity as we continue to fulfill our purpose to make a positive difference in people's lives.





## Our Reconciliation Journey

Guided by our [Ethical Framework](#), we're here to create meaningful change and channel our focus on the things that matter most. It's all about enabling positive change in the communities where we live and work, and reconciliation is an important part of this journey. It's for Aboriginal and Torres Strait Islander peoples. It's for our people, for our customers and for a more unified Australia.

Since 2013, we have supported First Nations-led programs in Australia. Learning on Country Galtha Rom Workshops, Wellbeing Workshops and The Mulka Art and Music Project in Yirrkala help to deepen connection to culture within the school curriculum through knowledge from Elders, engage and support students through mentorship, and express Yolŋu culture through music, story, art and creative expression. We also engage with partners Strong Brother, Strong Sister on Wadawurrung Country and the Stars Foundation.

In recent years, we've worked with First Nations AFLW and Geelong Cats team members, collaborating with players to create guernseys that tell their story and pay respect to their heritage.

We will continue to embed reconciliation across our internal business and for our customers, building relationships and developing a shared understanding and respect for Aboriginal and Torres Strait Islander peoples' values, cultures and everyday challenges.

Our Reconciliation Action Plan will also further support the Cotton On Foundation to strengthen our partnerships with organisations owned and led by Aboriginal and Torres Strait Islander peoples.

For us, it's a continuous journey where we strive for a more unified and equitable future for every Aboriginal and Torres Strait Islander person.



Cotton On x King Stingray partnership  
Yirrkala, Northern Territory  
Photographer: Sam Brumby

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Yirrkala School  
Northern Territory







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NAIDOC Week at Cotton On Global Support Centre  
Wadawurrung Country  
North Geelong, Victoria

## We will

- Deliver on our 44 commitments in our Reflect Reconciliation Action Plan (RAP)
- Embed initiatives that support reconciliation across our business and for our customers, using our voice to enable positive change for Aboriginal and Torres Strait Islander peoples
- Build new relationships with and create meaningful opportunities for Aboriginal and Torres Strait Islander peoples
- Educate and raise awareness through our RAP, turning intention into meaningful action for our team members, customers, and in the communities we live and work in
- Continue building a culture of Belonging, where every team member can thrive through self-expression, cultural safety and be celebrated for who they are
- Partner with and consult Aboriginal and Torres Strait Islander peoples as an integral part of our RAP development and process. We will do this through respectful and appropriate consultation within Cotton On and with our external partners
- Be transparent about our RAP journey with our people and our customers as we enable long-term and meaningful change
- Improve policies to recruit and support Aboriginal and Torres Strait Islander peoples in our business, and for our customers, using our voice to enable positive change for Aboriginal and Torres Strait Islander peoples
- Report on our progress and work with Reconciliation Australia.

To view our full Reconciliation Action Plan, [click here](#).





Students at Cotton On Foundation supported school  
Garrthlala, Northern Territory

## We have

- In partnership with Reconciliation Australia, our First Nations RAP Advisor and Traditional Owners, launched our first Reconciliation Action Plan, Reflect
- Contributed over \$2 million AUD to First Nations projects
- Carried out brand cultural workshops with First Nations peoples.
- Partnered with First Nations artists to design guernseys for the Geelong Football Club and for the AFLW
- Partnered with Stars Foundation, committing \$500,000 AUD to support 200 education places for Indigenous girls and young women in Stars Foundation in-school mentoring programs in the Northern Territory
- Increased representation of First Nations music in our Support Centres, Distribution Centre and our stores
- Recognised National Reconciliation Week
- Celebrated NAIDOC Week
- Raised the Aboriginal Flag at our Global Support Centre
- Led team leadership trips to First Nations community projects in Northern Territory
- With support of Traditional Owners, embedded an Acknowledgment of Country across several touchpoints of our business and use of Acknowledgment of Country and Welcome to Country protocols
- Promoted First Nations artists, product collaborations and events
- As part of our ongoing commitment to Reconciliation, we will continue to participate in each of the above initiatives over the next 12 months and beyond, reviewing each as we go to maximise impact

To view our full Reconciliation Action Plan, [click here](#).



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## Thank You

Many hands make light work, but that doesn't mean it's easy. Taking the high road never is, but it's always better to have mates alongside you on a journey like this. Like-minded ones who are just as committed to creating meaningful change, to being a force for something bigger, and to not settling until we get somewhere better.

So, to you we say thank you. To our teams, our customers and our partners around the world, none of this is possible without you. You are the inspiration behind this report and what drives us to publish a snapshot of what we have achieved together over the past 12 months.

Operating with integrity is the foundation on which we are built, it's one of our core values. So we've worked with key stakeholders and industry specialists to make sure these pages are meaningful, transparent and honest.

We're so proud of all the *Good* we've been able to achieve this year! And as the world slowly returns to a version of normal, we will continue to show up for each other and we remain steadfast in our commitment to finding a better way forward. We're filled with hope and excitement as to what the next year has in store. We're eager to get started and hope you are too, because together we can make a positive difference.

**Together, we are a force for *Good*.**









COTTON:ON

division KIDS

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