

Diversity Policy

Effective Date: July 2011

1. Commitment to Workforce Diversity

Specialty Fashion Group Limited (SFG) seeks to attract and retain the best people to achieve our mission of “Making women everywhere look good and feel great”.

Workforce diversity recognises and values the contribution of people of different backgrounds, experiences and perspectives. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

SFG embraces workplace diversity as a competitive advantage. A skilled workforce that reflects the diversity of our customers and communities is able to increasingly meet their needs.

We are also committed to seeking to create a workplace culture that:

- is free from discriminatory conduct, policies or practices;
- inclusive and respectful of the different needs of employees, in relation to their family responsibilities; and
- recognises and rewards employees based on merit.

2. Application of Policy

This Diversity Policy applies to all businesses within the Specialty Fashion Group, and all Team Members (full time, part time and casual) of Specialty Fashion Group Limited

3. Responsibility for Diversity

SFG has established a Diversity Work Group to ensure a continued focus on diversity as a key strategic business objective.

The role of the Diversity Work Group is to maintain and oversee workplace diversity within SFG and provide guidance to the Board and Executive Team on diversity issues.

The Diversity Work Group is chaired by the General Manager, Human Resources and has representatives across the business.

The Diversity Work Group has the following specific accountabilities in relation to this Diversity Policy:

- implementation of this Policy in all businesses within SFG;
- recommending to the Board specific diversity objectives pursuant to this Policy;
- regularly monitoring progress towards achievement of diversity objectives;
- measuring the achievement of objectives and reporting to the Board; and
- reviewing this Policy and amending as appropriate to maximise the achievement of the commitment to diversity and objectives set pursuant to this Policy.

4. Governance

Consistent with SFG's legal obligations and principles of sound corporate governance in undertaking its responsibilities, the Diversity Committee will have appropriate regard to:

- relevant provisions of the ASX Corporate Governance Principles and Recommendations;
- applicable Equal Employment Opportunity and anti-discrimination legislation; and
- any commitments made to the Equal Opportunity for Women in the Workplace Agency (EOWA) as part of the statutory reporting requirements on gender diversity.

5. Diversity Objectives

Each year, the Board will set specific, measurable objectives regarding diversity, in relation to gender diversity (the Diversity Objectives), based on the recommendations of the Diversity Committee.

The relevant priorities of our diversity strategy will be determined by the current and emerging needs of our workforce. This may change over time and vary across the different Group businesses and levels of the organisation. We may utilise employee surveys, forums and focus groups to gain insight into potential barriers to diversity within SFG.

In determining appropriate Diversity Objectives, including gender diversity, the Board may consider strategies in the following operational areas:

- recruitment and promotion to facilitate greater diversity in the composition of Team Members at different organisational levels and on the Board;
- career development to build capability for promotion and transfer;
- talent and succession planning, including skills development programs and mentoring and support strategies;
- assessing achievement of pay equity between women and men;

- training in diversity and cultural awareness and equal employment opportunity; and
- development of options for flexible work arrangements and role redesign to support such arrangements, consistent with business needs.

Each year, the Diversity Committee will review and report to the Board on the relative workforce representation of men and women at all levels of each business within SFG.

6. Disclosure

The Board will make appropriate disclosure of this Diversity Policy to shareholders in the Annual Report of Specialty Fashion Group Limited. This will include outlining specific objectives regarding gender diversity, as set out in the ASX Corporate Governance Principles and Recommendations, as part of the Annual Diversity Objectives.

7. Review of Policy

The Board has approved this Diversity Policy and each year, the Board will approve the Annual Diversity Objectives and assess the progress towards achieving them.

The Diversity Committee will review this Diversity Policy annually and make recommendations to the Board regarding any amendments to improve the effectiveness of the Policy.

SFG may change, replace or withdraw this Diversity Policy at any time, on an individual and/or collective basis. It does not form part of any contract of employment between SFG Limited and a Team Member.

8. Contact

Any questions relating to this Diversity Policy or the Annual Diversity Objectives should be directed to:

- Gary Perlstein – Chief Executive Officer
Phone: (02) 8303 7990
- Sonia Moura – General Manager, Human Resources
Phone: (02) 8303 9807