



MODERN SLAVERY STATEMENT

MODERN SLAVERY STATEMENT

City Beach rejects modern slavery in all its forms. Modern slavery is unlawful under various laws within Australia and we are committed to ensuring the health, safety and wellbeing of our workforce, and to implementing and enforcing effective systems and controls to reduce the risk of modern slavery in our business and in our supply chains.

Modern slavery is a global issue that affects an estimated 40 million people worldwide. We, at City Beach, understand that eliminating modern slavery is not simply the responsibility of countries that engage in such abuses of human rights. Modern slavery, which includes slavery, servitude, forced labour, child labour, debt bondage, forced marriage, deceptive recruiting for labour and human trafficking, is often a hidden problem and we recognise we have a responsibility to ensure that we do our part to address these systemic issues.

City Beach is committed to working with suppliers to reduce the risk of human rights abuses in our business and the businesses we partner with. We are committed to ensuring that all parts of our business and supply chains fully understand our expectations.

As a youth fashion retailer, we are often privileged to be the very first job that many of our team members have ever had. It is not lost on us that, for millions of people around the globe, entry to the workforce has not been the coming of age experience we know in Australia, but one marred by tragedy and abuse.

As addressing the risk of modern slavery is complex, City Beach is taking a continuous improvement approach to reducing the risks of modern slavery within its supply chain, aiming to reduce the risks over time.

CITY BEACH STRUCTURE, OPERATIONS & SUPPLY CHAIN

Established in 1985, Fewstone Pty Ltd ACN 010 496 465 ATF City Beach Trust Trading as City Beach is a national, privately owned, Australian clothing retail company with over 4,000 employees who work in retail, warehousing, and support office staff. City Beach is incorporated in Australia, and the Head Office and Registered Office is located in Brisbane CBD, with a centralised Distribution Centre located in Murrarie, Brisbane. We have a bricks and mortar retail network of over 60 stores located across QLD, NSW, NT & WA and an online store.

City Beach provides clothing apparel, swimwear, footwear, accessories, and a wide variety of products to consumers via our retail store network and our online store.

Our stores are stocked with product sourced both domestically and internationally by our brand partners and our own in-house designed brands with supply chains located in various countries around the world. Our City Beach in-house designs are manufactured by supply chains located primarily in China, with a small percentage of our suppliers located in other countries including Bangladesh, Indonesia, Mexico and Pakistan. This reporting period we have focussed on risks with our direct suppliers since we have the strongest relationships and greatest influence in this group. In the future, this will be addressed by assessing and understanding risk that exists within our brand partners' supply chains.



RISK ASSESSMENT

Like most industries, the fashion industry is not immune to exploitation, and is in the top five products imported by Australia from countries which are at risk of using modern slavery in the production of the goods. We have many established suppliers, across Asia and the Pacific, who source raw materials and manufacture product in countries considered a high risk for human trafficking, slavery, indentured servitude, forced marriage, deceptive recruitment and gender inequality.

Slavery can exist in any stage of a clothing retail supply chain, from the picking of the cotton in use, to the manufacturing of the clothes and even during the later stages of fulfillment when product is shipped from its country of origin to Australia. All of these stages of production and supply are essential to our business.

To better understand the risks that maybe evident in our supply chain, City Beach has identified a strategy for assessing four types of Modern Slavery Risk. The risk assessment matrix includes:

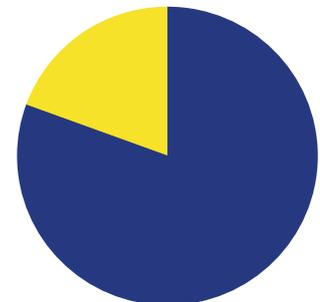
1. Country Level Risk
2. Human Rights Risk
3. Worker Risk
4. Process & Practices Risk

In this reporting period we have begun assessing the Country Level Risk of our direct supply chain. This will be followed by a review of our existing supplier audit reports to assess Items 2, 3 and 4. These findings will allow us to visually heat map suppliers with higher levels of Modern Slavery Risk and help us to work with those suppliers in remediating identified risk within their places of work.

As 80% of our direct supply comes from China, we are using the Global Slavery Index to understand the most prevalent risks within our supply chain.

According to the Global Slavery Index, it was estimated in 2016 approximately 24.9 million men, women, and children were living in modern slavery in the Asia and Pacific region. The Asia and Pacific had the second highest prevalence of modern slavery in the world.

■ CHINA
■ OTHER



In China, it was estimated that there was 3,864,000 victims of modern slavery with the highest percentage of victims falling within the forced labour category. The Global Slavery Index findings estimated that of China's total population 1,397,029,000; there were approximately 2.8 victims per every 1,000. Furthermore, findings from factory inspections in China revealed that some employers had factory workers producing garments that were forced to work for no pay. In other findings, workers producing shoes for international brands were physically and verbally abused while others were forced to work excessively long hours to hit production targets and were paid below China's minimum wage.

Following the assessment of our direct supply chain, the same method of assessment will be used in the next reporting period to work with our brand partners to get a fully comprehensive understanding of these risks within our entire supply chain. This will inform the essential action steps that we can take to minimize our contribution to Modern Slavery in our business.

¹Global Slavery Index, <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>

ACTIONS TAKEN TO ADDRESS RISKS IN THE REPORTING PERIOD 2019/2020

POLICY DEVELOPMENT AND UPDATE

One of the ways we are addressing modern slavery, is by the implementation of new policies which apply to all directors, officers, employees, contractors, consultants, labour hire staff or other workers, subcontractors and suppliers of City Beach which outlines our commitment and expectations in relation to modern slavery, and how issues or concerns should be raised. These policies also apply to any other representatives of our business or of any business in our supply chain.

The City Beach Code of Conduct, Modern Slavery and Whistleblowers Policies have been developed and updated in the past year, and form an essential part of our internal governance in relation to Modern Slavery. City Beach also has a grievance policy which employees can use to raise concerns. These reflect our commitment to acting ethically within our business and enables us to enforce more stringent guidelines and behavioural conduct of the suppliers and manufacturers that we do business with.

SUPPLIER ONBOARDING AND ONGOING ENGAGEMENT

To ensure City Beach continues to contribute towards the elimination of modern slavery within our supply chain, we have revised our suite of documentation which our suppliers must comply with. Through the implementation of more stringent policies and procedures we are able to ensure that our manufacturers and suppliers are aware of our commitment to addressing modern slavery and our expectations for their compliance.

The updated suite of documentation includes:

- Supplier Master Terms & Conditions;
- Supplier Agreement;
- Modern Slavery Policy; and
- Whistleblowers Policy.

Our onboarding documents have been legally reviewed to include enforceable modern slavery & anti-bribery clauses. The legally binding contracts are bolstered and accompanied by robust Modern Slavery and Whistleblowers Policies which suppliers are contractually required to comply with, and which ensure that our suppliers understand our expectations regarding modern slavery which incorporates the above documents and provides training (see below). Further, to communicate our commitment and expectations around eradicating modern slavery within our supply chain we are in the process of renewing all existing international suppliers and manufacturers contracts to include the above suite of documents.

CERTIFICATION AND COMPLIANCE MONITORING

At the time of onboarding, where possible, suppliers must provide City Beach with an industry recognized compliance certificate and report such as;

- Amfori - Business Social Compliance Initiative (BSCI)
- Qualspec – Social Compliance Audit Report
- SMETA – Sedex Members Ethical Trade Audit Report
- Worldwide Responsible Accredited Production Certificate

As each of the above industry recognised audit reports includes a unique compliance rating system, City Beach reviews each report and tracks unsatisfactory compliance issues raised. For compliance issues identified that do not meet satisfactory standards, we liaise and work directly with those supply partners to understand the actions taken or intended to be taken.

During the next reporting period 2021 – 2022, a compliance audit of our international supplier reports will be prioritised, and this will be immediately followed by an audit of our domestic suppliers. Report findings will be tracked and logged, with review automation built into our document management system providing us with visibility of any compliance issues raised.

Where persistent or significant non-compliance issues remain, under our supplier contracts, City Beach can terminate our supplier partnerships and agreements if necessary.

TRAINING & AWARENESS

To ensure that both our employees and suppliers are informed of the risks of modern slavery, we have implemented an awareness campaign that forms an essential part of our corporate training suite. Content is available on our internal operational platform for employees and is made available to suppliers via an information pack.

The training and awareness program occurs during the employee and supplier onboarding cycle, with videos, statements, policies and relevant links made available for education purposes.

As further global statistics and information becomes available, our internal resources and documentation will be refreshed and updated to ensure our employees and suppliers are kept informed of the latest developments.



ASSESSING THE EFFECTIVENESS OF ACTIONS

Some ways in which we will be assessing the effectiveness of our actions during this reporting period will include a bi-annual meeting with all the relevant City Beach modern slavery stakeholders. During the meeting progress status reports will be discussed for each of the following areas of action identified:

- A comprehensive review of the progress made with the international supply chain risk assessment matrix.
- Identify the number of suppliers who have successfully executed new policy and documentation packs along with a list of suppliers that are yet to comply. Discuss, document and record suppliers of concern.
- Discuss compliance issues and tracking outcomes of any actions that have or haven't been taken by suppliers that have been identified through reviews of the supplier audit reports, such as the BSCI, Quallspec and SMETA.

During the next reporting period, we will also be obtaining regular feedback on the modern slavery awareness training that we have made available to our employees. This will be done by embedding a short survey asking employees the following questions:

1. Did you find this information about Modern Slavery informative?
2. Has this information about Modern Slavery, assisted you in understanding how we as a Retail Business contribute to the global issue at hand?
3. Is there any further information you would like to understand about how your Business Unit/Department may be contributing to Modern Slavery?

Assessing modern slavery risk within our supply chain, is an ongoing process for the business which will require refinement as we continue to work with and educate ourselves and our supply partners on the global issues at hand. The assessment findings that we identify during this reporting period, will help to inform us of our next steps which we can improve upon in the following period.

CONSULTATION PROCESS

As there is only one entity reporting in this statement, no process of consultation was undertaken.

MODERN SLAVERY STATEMENT APPROVAL

This statement was approved by the Directors of City Beach on 31st March 2021.


Carmelo Ierna, Director
City Beach, March 2021

