



# 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. At City Beach, we 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 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 privately owned Australian retail company with around 4,000 employees who work in retail, warehousing, and as 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 Murarrie, Brisbane. We have an online store and a bricks and mortar retail network of over 60 stores located across Australia, selling clothing, swimwear, footwear and accessories.

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 but not limited to Bangladesh, Bali, Mexico, and Pakistan. The 2021 reporting period has been focussed on risks with our direct international suppliers since we have the strongest relationships and greatest influence in this group, whilst also starting to assess and understand risks that could exist within any newly onboarded domestic brand partners' supply chains.

## RISK ASSESSMENT

According to the Global Slavery Index, fashion 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. 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.

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. With 80% of our direct international supply coming from China, we understand that this region poses the greatest risk of Modern Slavery to our business.

In this reporting period, we focused on assessing the risk of our direct international supply chain, by renewing supplier agreements and by doing a review of supplier audit reports provided to assess risks. These findings allowed us to begin working with those suppliers in remediating identified risk within their places of work. This work will be ongoing.

This reporting period we also began working with any newly onboarded domestic supplier brand partners to get a better understanding of any risks that could exist within our supply chain. In the next reporting period, we will circle back and work with our current domestic supplier partners. This will inform the steps that we can take next to minimize the risk of our contribution to Modern Slavery.



## ACTIONS TAKEN TO ADDRESS RISKS

### **POLICY IMPLEMENTATION**

In the prior reporting period, one of the first actions taken by City Beach was to develop a suite of policies which apply to all directors, officers, employees, contractors, consultants, labour hire staff or other workers, subcontractors and suppliers of City Beach. The policies outline 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 and to any businesses in our supply chain.

The City Beach Code of Conduct, Modern Slavery, Whistleblowers, and Grievance Policies now form an essential part of our internal governance in relation to Modern Slavery. These reflect our commitment to acting ethically within our business and enable us to enforce more stringent guidelines and behavioral conduct of the suppliers and manufacturers that we do business with.

This reporting period we increased our focus on the implementation of these policies, first and foremost with our direct international supply base, as outlined below.

### **SUPPLIER ENGAGEMENT**

To ensure City Beach continues to contribute towards the elimination of modern slavery within our supply chain, last year we developed a suite of documentation which our suppliers should comply with. Through the implementation of more stringent policies and procedures we aim 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, a Supplier Agreement, our Modern Slavery Policy, and our Whistleblowers Policy.

In this reporting period, to communicate our commitment and expectations around eradicating modern slavery within our supply chain, we worked to renew the supplier agreements of our existing international suppliers and manufacturers, whilst also using these policies to onboard new suppliers. 81 suppliers were issued the updated agreement documentation, of which 56 have been finalized.

We have certainly found some suppliers are very cooperative with renewing terms and signing our policies, however we have found some suppliers to be more resistant. We continue to work with the remaining 25 suppliers with an aim to complete this process. We also onboarded 5 new domestic suppliers with this updated documentation. In the next reporting period, we will begin the process of renewing our existing domestic supplier contracts to include the above suite of documents.

The City Beach Modern Slavery Policy states that suppliers must use best endeavours to ensure that there is no modern slavery in their supply chains and operations, and comply with any City Beach Supplier Code of Conduct that may be implemented from time to time. Any sub-contracting arrangements must impose obligations on sub-contractors to comply with this policy and must include appropriate due diligence procedures for sub-contractors.

In the event suppliers identify any occurrence, or material risk, of modern slavery in their supply chains or operations they are to take practical and effective steps



to address that occurrence or risk. Suppliers must notify City Beach as soon as practicable of any occurrence, or material risk, of modern slavery they have identified and notify relevant authorities where appropriate. Suppliers must, at their own cost, undertake all remediation activities required by City Beach to address modern slavery or material risks of modern slavery in their operations.

## **CERTIFICATION AND COMPLIANCE MONITORING**

At the time of onboarding (or when new agreements are provided to existing suppliers), international suppliers are now requested to provide City Beach with an industry recognized compliance certificate and report such as:

- Amfori - Business Social Compliance Initiative (BSCI)
- Quallspec – 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 production team 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 this reporting period, we undertook a compliance audit of all international suppliers by requesting copies of certification. We have found this process more difficult than the renewal of our supplier agreements. 37 of our international suppliers have provided at least one form of recognized compliance certificate, with 44 yet to provide any certification. Many of our suppliers reasoning is that obtaining certification is very expensive. However, we continue to request certification where none has yet been provided.

For those that have provided certification, findings have been tracked and logged, with review updates incorporated into our document management system providing us with visibility of any compliance issues raised and progress to remedy. An example of where we have found an issue and been able to positively impact conditions for workers is a supplier who was highlighted as not providing toilet paper to workers. Following our review of this report and flagging the issue with the supplier, this issue has now been remedied.

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 our employees are informed of the risks of modern slavery, we have implemented an awareness campaign that forms part of our corporate training suite. Content is available on our internal operational platform for employees to access.

The training and awareness program occurs during the employee onboarding cycle, with videos, statements, policies, and relevant links made available for education purposes. This year we ensured all members of our merchandise production teams viewed this training material. In total, 93 employees have viewed this training. Feedback on this material was sought as outlined below.

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

We assessed the effectiveness of our actions during this reporting period in our bi-annual meeting with the relevant City Beach modern slavery stakeholders, namely the Production team responsible for liaising with International Suppliers, Buying representatives responsible for Domestic suppliers, and the Operations team. During this meeting progress status reports were discussed for each of the following areas of action identified:

- Identified the number of international suppliers who have successfully executed new policy and documentation packs along with a list of suppliers that are yet to comply. 81 suppliers were issued new agreements, of which 56 have been finalized. We continue to work with the remaining 25 suppliers. Also discussed any specific suppliers of concern, including those suppliers yet to be actioned.
- Identified the number of international suppliers (37) who have provided compliance certification, and those who have not (44). Discussed difficulties in obtaining certification from the 44 outstanding suppliers. Also discussed 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 provided.

During this reporting period we also requested feedback on the modern slavery awareness training that we have made available to our employees. This was done by embedding a short voluntary survey asking employees the following questions:

1. Did you find this information about Modern Slavery informative? 8 employees answered this question, with all 8 answering Yes.
2. Has this information about Modern Slavery assisted you in understanding how we as a Retail Business contribute to the global issue at hand? 8 employees answered this question, with all 8 answering Yes.
3. Is there any further information you would like to understand about how your Business Unit/Department may be contributing to Modern Slavery? 8 employees answered this question, with all 8 answering No.

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.

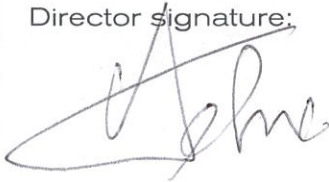
## CONSULTATION PROCESS

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 all Directors of Fewstone Pty Ltd on December 21st, 2021.

Director signature:

A handwritten signature in black ink, appearing to read 'C. Ierna', written over a light blue horizontal line.

Carmelo Ierna, Director  
Fewstone Pty Ltd, December, 2021