

CUE CLOTHING Co.

MODERN SLAVERY STATEMENT

INTRODUCTION

Cue Clothing Co. has published this statement in accordance with the Australian Modern Slavery Act 2018 as a summary of our operations over the last year and the steps we have taken towards mitigating the risk of modern slavery. This statement covers the entirety of our current business operations across FY22/23 as well as looking forward and building for the future.

This year, we continued our long-term commitment to supporting the Australian fashion industry. We do this by designing all of our product in Australia and producing styles locally (in Australia). Supporting Australian business, our own team, suppliers and factory workers is important to us and an integral part of the Cue philosophy. In 2022, we became a member of the Australian Fashion Council (AFC), the peak body for the Australian fashion and textile industry. At the end of 2022, AFC named Cue among the first cohort of brands to be accredited with the first ever Australian Fashion™. The trademark aims to promote Australian fashion brands that prioritise people and planet together with profit to lead a legacy of thriving prosperity.

Doing the right thing across our business today and into the future is something we have always strived for, dating right back to the start of our business in 1968.

“CUE – the name says it all: it means to be on target, on the ball and ready for the next thing”

Rod Levis, Cue Founder & Owner

OUR COMPANY

Cue Clothing Co. known to our customers as Cue, incorporates the business entities of Cue Design Pty Ltd ABN 71 000 655 336, Cue & Co Pty Ltd ABN 57 000 725 306 and Cue International (NZ) Pty Ltd ABN 97 640 585 904. Veronika Maine is a sub-brand of the Cue Clothing Co. group.

Cue Clothing Co. is a privately owned business which opened in Sydney, Australia in 1968. 55 years on and we still manage our head office of 105 employees in Sydney, Australia. We operate 161 retail stores across Australia and New Zealand with over 708 retail employees (16.4% part-time, 15.5% full-time and 68.1% casual) who are directly employed across our business operations.

Our product categories include apparel and small quantities of accessories such as belts, bags, footwear and jewellery.

OUR PRODUCTION

Our designs:

Every Cue Clothing Co. style, for both Cue and Veronika Maine, is designed in our Sydney studio. All sourcing, designing, patternmaking and sampling is undertaken by our skilled in-house team. Every style, whether manufactured in Australia or by our nominated offshore suppliers, is managed in the same way - from initial sampling to final design and fit.

Our fabrics:

We source the majority of our fabrics from global fabric mills. Our selected mills are located in Australia, Korea, China, Turkey, France, Italy, Japan and a small quantity from Spain. We manage our own Sydney based fabric warehouse which stores all the fabrics and trims used to manufacture in Australia. For our offshore manufacturing, fabrics are sent directly to our suppliers from our nominated mills.

Our operations:

We also operate our own Sydney based warehouse which provides pick and pack services. Our warehouse delivers to all of our retail stores across Australia and New Zealand as well as our online direct to consumer sales (locally and internationally).

We categorise our manufacturing into the below tiers:

Tier 1: Cut, make, trim and end stage manufacturing

Tier 2: Input factories such as wash houses, dye, print, embroidery etc

Tier 3: Suppliers such as fabric mills, spinners, trim/accessory providers

Tier 4: Initial stage raw materials and logistics

The majority of Cue Clothing Co. garments are manufactured in Australia [69% of Cue and 61% of Veronika Maine production is based in Australia], China and Vietnam.

We work with ten (10) Tier 1 domestic suppliers, many of which we have worked with for over 20 years.

The remainder of our production is based offshore where we engage fifteen (15) Tier 1 suppliers. These suppliers are predominately located in China (66%) and Vietnam (32%) with small volumes of manufacturing in the Philippines, India, Brazil and Indonesia. Cue Clothing Co. has no financial interest in any factories used to manufacture our products.

Our supply chain model requires our offshore suppliers to manufacture and deliver our products to our nominated freight forwarders in the country of production. Our garments are then shipped to Sydney via sea freight and delivered to our warehouse by road transport. At times, we use air freight for the delivery of our garments, however this is minimal and used only when required.

Our Australian suppliers manufacture and deliver products directly to our Sydney warehouse.

We also utilise other service providers such as logistics partners, visual merchandising, consumable items such as hangers and customer bags, cleaners and service/maintenance providers. We know our responsibility extends across our entire business operations and we always look to partner with service providers who have internationally recognised programs to combat and mitigate the risk of modern slavery across their business operations where possible.

RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAIN

Apparel and accessory manufacturing, whether through local or offshore production, is a complex process that requires regular governance. We aim to continually assess our production to ensure we mitigate the risk of modern slavery across our supply chain and our entire business operations. We recognise that the location of each of our suppliers presents different risks to modern slavery, therefore they require differing management approaches.

We've identified a number of key areas where our risk of modern slavery may be higher as a result of different human rights concerns in the country of the supplier. These include; reliance on unskilled labour, the potential use of recruitment agencies, exploitation of female workers, seasonal and migrant workforces, child labour, forced labour, wage concerns, excessive working hours, lack of supply chain transparency, discrimination, harassment, unsafe factories and insufficient freedom of association and grievance programs for workers.

We understand that our production may cause, contribute or be linked to the risk of modern slavery and we have worked to mitigate these risks.

All of our Tier 1 suppliers undergo a social compliance audit every two years at least. In Australia, this is managed by Ethical Clothing Australia (ECA) through a yearly accreditation which ensures that indicators of modern slavery are identified and rectified. For our offshore suppliers, we contract a third-party auditor or agree to recognise authorised audits provided by our suppliers in order to reduce audit fatigue on the factory.

We continue to uphold our supply chain governance through our Modern Slavery Policy and our Discrimination and Whistle Blower policies which apply to all Australian operations. Within our Modern Slavery Policy, we've developed a remediation process to ensure workers who suffer any form of modern slavery are always protected and maintain control of their situation. We also have governance controls in place for our Tier 1 suppliers via a confidential grievance mechanism for factory workers. This mechanism was rolled out in 2022 and will be continued with new suppliers as we onboard them.

RISK ASSESSMENT AND DUE DILIGENCE

From the very beginning, Cue has been a partnership led business. Whether with our suppliers, our retail team or our designers, we believe in communication that is built on mutual respect and loyalty.

In addition to our long standing ECA accreditation, we also actively engage or hold memberships with organisations who aim to protect supply chain workers. These include the Leather Working Group and the National Retail Association. We also participate in sustainable and ethical raw sourcing initiatives to develop more sustainable products, such as Australian Good Earth Cotton and FibreTrace®.

Over the years we have worked to maintain a small, professionally managed supply chain which enables us to work closely with our suppliers and manage our expectations.

We categorise our manufacturing into tiers. This helps us to understand where our risks are greatest and allows us to focus our attention on these areas. To simplify our supply chain and mitigate modern slavery risk, we always aim to work with vertical factories where all stages of production occur in the same factory.

Through our close working relationship with our suppliers, we have sound knowledge of our Tier 1 factories (100%). We are continually deepening our traceability and at present, we are aware of 50% of the Tier 2 suppliers used to manufacture our garments, such as printers, wash houses and dye factories.

Because we source the majority of our fabrics ourselves, we have the ability to maintain strong control over the process. While we know our fabric suppliers, we are working on our traceability to identify the spinners and mills where our fabric

has originated from. As a result of our fabric sourcing, we know approximately 70% of our Tier 3 suppliers. As part of our Sourcing Policy, all Tier 1 suppliers must source majority of Tier 3 materials (zips, buttons, labels and swing tags) from our nominated Tier 3 suppliers. Tier 4 is our greatest opportunity and area of focus. We continue to take part in traceability initiatives and actively certify a larger percentage of our Tier 4 raw materials' origin and properties.

GOVERNANCE

In addition to understanding our entire supply chain, we need to ensure we provide strong governance of both Cue Clothing Co. and our customers' expectations of the manufacturing processes. Our Code of Conduct and Supplier Agreements (established in 2021) ensure that our expectations are clearly defined. We have implemented our Code of Conduct and will have rolled out our Supplier Agreement to all current and new suppliers by the end of 2023.

We are aware that a small amount of sub-contracting occurs within our supply chain when specialist machinery is required to manufacture specific processes on our garments. Our normal procedure is to select suppliers based on their capability and capacity to manufacture our garments without the use of sub-contractor factories. This gives us confidence that our garment will be manufactured to our high standards. While we recognise this may increase our risk of unauthorised subcontracting by suppliers, we have strict expectations of our suppliers surrounding this area to mitigate this risk. All local factories including sub-contractors are audited by ECA.

Whilst introducing new suppliers is not something that occurs frequently at Cue Clothing Co., we have controls in place to ensure we only onboard new suppliers that meet the expectations outlined in our Supplier Agreement. This process includes reviewing the factory standards through external third-party social compliance factory audits, factory pictures and capacity and capability assessments.

Visiting our suppliers and factories is key to building stronger partnerships. COVID-19 restricted our ability to meet in person and required us to create new ways for our business teams to engage with our suppliers and factories on a daily/weekly basis. Like all businesses, we have implemented frequent conference calls with suppliers and factories to ensure we maintain regular connection. During this reporting period we were able to arrange a key member of our production department to visit our offshore suppliers in Vietnam.

Supplier and factory feedback is important to us, in fact we encourage it! We have fostered open and trusted partnerships over the years with our suppliers who know they can raise any concerns they have about our requests or expectations. This includes raising any issue directly with our senior management.

At the core of our sourcing program is our commitment to do the right thing and ensure our entire team adhere to responsible sourcing practices. This includes critical path management to ensure we don't impose unrealistic timelines

on our suppliers. We have an internal Responsible Purchasing Practices document which all members of the sourcing team adhere to. As part of the growth and development of our sourcing model, we continue to adopt external resources to educate our team and implement best practice expectations.

The importance of our supply chain is communicated with our staff members from day one, whether they work in our design studio, our stores or our warehouses. During onboarding and throughout their employment, all staff members receive training on the brand's history and operations. It is imperative that staff members have a strong understanding of the Cue Clothing Co. business as a whole and can communicate it to our customers.

Our company policies and core behavioural competencies emphasise a culture of inclusiveness, teamwork and being solutions oriented. We take reports of discrimination, bullying and harassment in the workplace very seriously and have a zero-tolerance approach to matters of this nature. As per our whistle blower policy, employees may raise concerns through our formal grievance channels and matters are investigated as a priority.

ASSESSING THE EFFECTIVENESS

Assessing the effectiveness of our Modern Slavery program is crucial to ensure what we are doing is working. To date, we have not identified any cases of modern slavery in our supply chain. We're very proud of this result, but we also know remaining vigilant and increased transparency across our manufacturing tiers will ensure modern slavery is not concealed or overlooked.

Through our factory social compliance audit program, factories are monitored for their compliance against internationally recognised human rights factors, such as modern slavery. These assessments are always completed by independent third-party bodies who audit on our behalf.

Within every audit, factory workers are interviewed in both an individual and in a group environment about multiple areas of compliance such as: their rights, working hours, working and living conditions as well as factory safety. Our factory auditors are experienced in asking the right questions and identifying any concerns within the workers' answers. We welcome worker feedback and understand it's also important that workers voluntarily participate in the interview program.

We are committed to investigating opportunities of improvement over the coming year. This includes setting more defined targets and establishing KPI's (key performance indicators) in our sourcing program that measure our effective risk assessment.

PROCESS OF CONSULTATION WITH OTHER ENTITIES

Cue Clothing Co. is managed through one head office management team. As such, any actions implemented or planned across the entire Cue Clothing Co. business operation have been developed for all entities.

Approval

This 2023 Modern Slavery statement was approved by the Board of Directors of Cue Clothing Co. on 20th December.

Mr Rod Levis

Chairman of the Board

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.