

MODERN SLAVERY ACT

STATEMENT

2020

city chic collective

LEADING A WORLD OF CURVES

INTRODUCTION

This Modern Slavery Act Statement is made by City Chic Collective Limited (ACN 057 569 169) ('CCX') pursuant to the Australian Modern Slavery Act 2018 ('Act') and is made in respect of the FY20 reporting period (being the 52-week period ended 28 June 2020). As this is CCX's first Statement under the Act, it includes references to actions undertaken prior to the FY20 reporting period in order to provide historical context for our current position in understanding and managing modern slavery risk.

CCX is the reporting entity for the purposes of the Act and is a publicly listed company on the Australian Securities Exchange ('ASX') with its head office in Sydney. This Modern Slavery Act Statement however covers the activities and operations of CCX and its subsidiaries (collectively, the 'City Chic group', 'City Chic Collective' or 'our' or 'we') across the regions in which the City Chic group operates.

CITY CHIC COLLECTIVE

A GLOBAL COLLECTIVE OF PLUS-SIZE BRANDS

City Chic Collective is a global retailer specialising in plus-size women's apparel, footwear, and accessories.

Our customer-led offering, which appeals to fashion-forward women, has a strong following in Australia, USA and New Zealand with a rapidly growing presence in Europe and the United Kingdom.

Our omni-channel model comprises of multiple websites in Australasia and the USA, marketplace and wholesale partnerships with major US retailers and wholesale partners in Europe and the United Kingdom, as well as stores in Australia and New Zealand.

OUR VISION

LEADING A WORLD OF CURVES

city chic

avenue

Hips & Curves

FOX&ROYAL

CCX

SALES FY20

\$194.5M

EMPLOYEES

Head Office **104**
AU Stores **525**
NZ Stores **45**
USA **4**

WEBSITES

AU, NZ, USA

STORES

93

ACTIVE CUSTOMERS

663 000

OUR SUPPLY CHAIN

City Chic Collective products are sold through a network of stores in Australia and New Zealand, online via our websites in Australia, New Zealand and the USA, and to customers in the USA, UK and Europe through partner platforms.

All product is designed in Sydney, Australia and is manufactured by our partner factories or agents primarily based in China. The City Chic group does not own or partially own any factory or manufacturing plants. All our sourcing and procurement is via 3rd parties, as detailed more fully below.

Our goods are primarily shipped from various China ports to our 3rd party fulfilment centres or distribution centres based in Sydney, Dallas and Auckland, along with shipments direct to wholesale partners in the USA and Europe. We use

a combination of localised transport companies and carriers to distribute customer orders, and bulk goods are primarily transported via international shipping lines and road / rail transport throughout Australia, NZ and USA. In limited contexts, we use international air freight to transport bulk goods.

With a store network across Australia and New Zealand, and our online platforms across the globe, we have customer service call centres based in Mexico and the Philippines, which are managed by third party service providers, as well as an in-house customer service team in our Sydney head office.

The apparel and footwear supply chain is highly complex and involves many layers.

We define these layers as tiers within our supply chain, and we have identified the following 4 tiers:



TIER	DEFINITION	EXAMPLES	RELATIONSHIP
1	Factory & Production Workshops	Factory that cuts, makes and processes City Chic group product that is shipped to us or our partners for sale.	Direct & Indirect
2	Fabric Mills, Accessories Suppliers, Dying & Printing Mills	Where Fabric is produced. Trim suppliers such as buttons or zips. Includes processing mills that fabric mills use to dye or print fabrics and accessories.	Indirect
3	Yarn & Spinning	Textiles mills and spinners of yarns.	Unknown
4	Raw Material Sources	Cotton farms, man-made chemical processing.	Unknown

Our supply chain has traditionally been China-focused, with the core of our factories based primarily in the South China provinces.

With the acquisition of the Avenue brand in October 2019, we integrated the brand into our existing supplier base and, after careful assessment partnered with a select group of factories that were supplying stock to Avenue prior to our acquisition of the brand who we believe complement our existing factory base.

During the reporting period, we commenced the process of onboarding and transitioning these select Avenue factories into our ethical trade program. We also inherited a small group

of factories that had running orders or stock in transit as part of a 6-month transition plan. For factories used during the transition, we accepted valid standing audits already in place from prior to our acquisition. These new factories are also primarily based in China. As our business grows, and reflecting on the global uncertainty created by the COVID-19 pandemic, we are looking to diversify our supply chain to new regions outside of China.

At City Chic, we are proud of the long-standing strategic partnerships we have in place with several key suppliers. These relationships have been built and maintained through a satisfactory level of transparency and trust. These suppliers have

grown with our business and have embedded our ethical trade policies in their business operations.

However, as we expand our sourcing base, develop new relationships and onboard new factories, including in new regions, we know there may be increased risk of modern slavery or unethical practices.

For FY20 - As of 28th June 2020:

- + 101 Tier 1 Factories
- + 23 New Factories Onboarded
During FY20
- + Approx. 7000 Garment Workers
- + Gender Split = 69% Women / 31% Men
- + Mainly Ship from Shenzhen, Shanghai,
Ningbo, and Qingdao Ports ex China
- + Ship Globally to Major Ports
in AU, USA, UK, DE

Whether we place orders via an Agent/Trading Company or directly with a factory, we require our partners and suppliers to disclose all 'Tier 1' factories they wish to use to supply product for any of our brands.

POLICIES & CONTROLS IN PLACE

City Chic Collective has an ethical trade program that reflects and seeks to align our company values and applicable legislation.

Our ethical trade policies and practices are developed and mandated for use by all City Chic group entities and across all geographies. Our policies are developed and managed centrally with all decision making and key stakeholder consultation undertaken via the Sydney Head office.

We strive to create a relationship with our vendors that is based on collaboration and transparency, that empowers workers to have a voice, and that is supported by assurance activities. As part of our Vendor Code of Conduct, each Tier 1 factory is onboarded and signs up to our ethical trade program (detailed below) and these vendors agree to our allow us to inspect each Tier 1 factory.

As part of the onboarding process, we conduct and review factory social audits and work through our social and human rights checklist with our suppliers. Whilst it is desirable to work with accredited factories, we acknowledge that in the apparel and footwear industry, not all factories will be at this stage at the beginning of our relationship with them. We aim to collaborate with these vendors and have processes and policies in order to help us set expectations and onboard new vendors.

The components of this program are detailed more fully below.

Our goal is to develop, with our supply chain partners and factories, a roadmap which aims at communicating clear guidelines to support our ethical trade policies and standards. We ask that our partners work with us to seek to uphold basic human rights and that our Tier 1 partners confirm they are aligned with, and will comply with, the standards and requirements we have set to govern our working arrangement.

We have established our human rights policies by aligning to the following International Labour Organization ('ILO') conventions as our guiding principles. These basic human rights include, but are not restricted to, the following fundamental freedoms and rights:

Freedom from discrimination (ILO Convention 111)

We employ and deal with all workers fairly and without discrimination regardless of their race, religion, sex or disability. We do not discriminate against individuals who wish to exercise their legitimate rights.

Freedom from slavery or servitude (ILO Conventions 29 & 105)

We oppose forced labour, prison labour and bonded labour (people forced to work until they have paid off a debt). We never confiscate identity papers, forbid workers to leave facilities or coerce workers with threats of violence or non-payment.

Freedom of association (ILO Conventions 87 & 98)

We believe in freedom of expression and freedom of thought when exercised in accordance with local laws. All workers have the right to form and join groups for the support and advancement of their occupational interests. We ensure that the voice of workers are fairly heard and taken into account.

Freedom from invasion of privacy (ILO Convention 183)

We respect the right of each worker to privacy and never engage in invasive conduct such as body searches or unwanted pregnancy testing.

Living wage (ILO Convention 95 & 131)

All workers in the factory of our partners must be paid wages and benefits that should, at a minimum, be enough to meet basic needs for living and meet national legal standards.

Forced or prison labour (ILO Conventions 29 & 105)

We have a zero tolerance for involuntary work in breach of the freedom from slavery or servitude described above.

Child labour (ILO Convention 138 & 182)

We have a zero tolerance for the employment of anyone under 16 years or younger than the age for completing compulsory education in the country

of manufacture (whichever is higher). Every child has the right to develop physically and mentally to her or his full potential and we expect our business partners to take all reasonable steps to confirm the age of all workers and uphold the fundamental protections set out in the United Nations Convention on the Rights of the Child.

With this in mind, we have developed a Vendor Factory onboarding pack which seeks to communicate these expectations, help the factories in our supply chain prepare appropriately for social audits and to implement and embed our ethical trade policies.

The Vendor Factory onboarding pack consists of the following policies and processes:

Code of Conduct (COC)

The vendor code of conduct has been developed to help communicate clear expectations of our ethical trade policies. All Tier 1 factories read and sign up to this conduct.

Rules of Engagement

The Rules of Engagement are the 10 key pillars of our ethical trade program.

They underpin what we stand for in seeking to ensuring no worker is exploited in our supply chain and that all workers experience safe and fair working conditions.

Social Audits

As part of our assurance activities and social audit program, we seek to audit social compliance for all Tier 1 factories that work with us. The social compliance audit covers the following areas:

1. Health & Safety, Hygiene
2. Waste Management
3. Child Labour
4. Working Hours, Wages & Benefits, Living Wage
5. Labour practices

This audit is based on the SA8000 standard and also considers mandatory local legislation as well as international guidelines. We aim to audit all Tier 1 factories on an annual basis, however depending on corrective action plans we have put in place, some factories may require follow up checks after 3 or 6 months from their last audit.

Our visibility into tiers below Tier 1 (and part of Tier 2) is currently very limited. As we continue to map our supply chain, we will seek to extend our auditing to tiers beyond Tier 1, which overtime may include laundries, trim/accessory suppliers and fabric/yarn mills.

Whistle-Blower Policy

CCX is committed to creating an ethical work environment where our team members feel safe

and are encouraged to speak up and report conduct that concerns them. We recognise that wrongdoing may not be uncovered unless there is a safe and secure means for telling someone about it. We recognise that uncovering wrongdoing is important for managing risks, maintaining our integrity and upholding our corporate governance framework. Our Whistle-blower Policy is part of our overall corporate governance framework and includes disclosures by employees and officers as well as current and former contractors and suppliers.

IDENTIFYING RISK

We are aware that the risk of modern slavery exists in the textile and garment industry supply chain.

We are also aware that as we broaden our sourcing regions, there is heightened risk of modern slavery as we look to regions where there may be more migrant workers or vulnerable populations.

According to the Global Slavery Index report (2018GSI), it is estimated that over 40 million people are enslaved¹ with 58% of victims are in China, Bangladesh, India, Pakistan and Uzbekistan. 71% of these victims being female and 1 in 4 children².

City Chic Collective recognises that there is a risk of modern slavery in any area of our business where there is:

- + Migrant labour (country to country or within a country)
- + Temporary and contract agency workers
- + Outsourced recruitment and HR functions
- + Where minimum wage does not equal living wage

- + The use of young workers or child labour
- + Workers displaced because of COVID-19 shutdowns and restrictions
- + High level of refugee or vulnerable population
- + Entering new sourcing regions, underdeveloped countries

In the apparel and textiles industry, we believe these risks include bonded or forced labour, trafficked persons, or deceptive recruitment along with use of child labour within the supply chain.

In order to start to understand high risk areas in our supply chain we have focused our efforts during the reporting period in the following areas, which are detailed more fully below.

- + Understanding our supply chain – commenced mapping the tiers
- + Updating our ethical trade policies
- + Enhancing our social audits
- + Building capacity – training and development of the sourcing team to understand what modern slavery is and how to find it

¹ The UN defines Modern Slavery as slavery offences, sexual servitude offences, trafficking in persons offences, forced labour, deceptive recruitment, debt bondage and organ trafficking

² <https://www.un.org/press/en/2018/gashc4244.doc.htm> ; <https://www.globallslaveryindex.org/2018/findings/highlights/>

We acknowledge we do not have all the answers and we believe we need to work and collaborate with our supply chain partners, our industry peers and external stakeholders to help drive real change.

Whilst social audits are an important tool, they do not always report all underlying human rights issues that could exist in the factory.

It is difficult, for example, to report harassment, bullying, forced labour or bonded scenarios.

As part of our code of conduct, our Tier 1 factories acknowledge that unannounced audits may be conducted, along with offsite worker interviews to encourage workers to chat with our auditors in what they would deem a safe environment outside their place of work.

We seek to customise our social audits to trigger questions that could alert us to a potential issue, which we would then drill down into further and investigate depending on the responses.

As part of factory social audits and during worker interviews, we seek to understand how workers are recruited, whether they are from a different region or country and whether they come from undeveloped areas, which are all flags of a potentially vulnerable population.

The answers to these questions can be indicators of risk; and we use these as triggers or alerts to look deeper.

We recognise that there is a risk of factories hiring external consultants to help them pass their social audits by falsifying factory documents to help them meet stated criteria without implementing any of the required policies or controls. This issue makes the audit process more complex, and as a

result, we acknowledge we cannot rely on audit data alone. We endeavour to validate our audits by reaching out to workers via other channels.

Whilst unannounced audits help, we place greater importance on engaging and collaborating with our factories and providing worker voice tools to empower workers to have a voice and to be heard. In our experience we believe by empowering workers to have a voice, we can better identify issues. We have set up a worker hotline and grievance mechanism in our Tier 1 factories which is monitored by local independent bodies and reported directly back to the CCX Sourcing team. The hotline email, phone and QR codes are published in our Tier 1 factories and info cards are distributed to workers to encourage them to report any unsafe or unfair conditions they may be experiencing.

We also partner with our factories to implement a plan to work towards paying a living wage rather than just minimum wage, so that workers are on a path to earning an income that covers their basic family living expenses which for many is higher than what a minimum wage can afford.

UNDERSTANDING & MANAGING RISKS

Our journey so far:

1. Ethical Trade vendor program launched
2. Developed transparency road map
3. Code of Conduct in place
4. Rules of Engagement in place
5. Tier 1 Factories mapped
6. Published factory list
7. Gender split in factories recorded

During the reporting period we sought to enhance our ethical trade policies and programs.

We strengthened our vendor code of conduct, placing more emphasis on the link between paying a liveable wage and ensuring factories are using a responsible worker recruitment process.

We included within our code of conduct policies encouraging workers to have the right to form worker appointed committees, to collective bargaining agreements and the freedom of association.

Our social audit reports were updated to also check worker records and recruitment processes used, along with additional questions that trigger potential modern slavery risks.

Whilst we acknowledge that modern slavery

is likely to be found in some capacity in all industries and areas of operation, based on our understanding of our industry, we believe that the areas at highest risk of modern slavery within City Chic Collective's operations are within the garment manufacturing processes that sit under tier 2 in our supply chain, being Cotton Farming, Yarn and Dye Mills and Synthetic fibre production processes.

TIER	DEFINITION	MAPPING STATUS
1	Factory & Production Workshops	Fully Mapped
2	Fabric Mills, Accessories Suppliers, Dyeing & Printing Mills	Partially Mapped
3	Yarn & Spinning	Still to Map
4	Raw Material Sources	Still to Map

As we have mapped our Tier 1 factories, and established processes and controls to help us monitor worker rights in this tier, we believe the risk of modern slavery existing at this level is lower.

However, we understand that the further down the tiers we go, there is a greater risk of modern slavery practices; the workers in these levels are less accessible and visible to us and we do not have a direct relationship with these suppliers.

Over the past 2 years, we have sought to enhance our ethical trading policies and programs with the aim of discovering and addressing issues in these higher risk tiers of the supply chain. However, we know it is difficult to map and establish direct relationships at these levels, particularly if we try to do it alone.

We recognise collaborating with our supply chain, both offshore and local NGO's and others in our industry will help us find, investigate, and seek to remediate issues, including modern slavery and the violation of worker rights, in these tiers.

Our Road Map and Actions:

Completed

- ✓ Developed our Vendor ethical trade program
- ✓ Published our Vendor code of conduct
- ✓ Published our Tier 1 factories and part of Tier 2
- ✓ Published our ethical sourcing policies
- ✓ Launched CCX grievance mechanism / worker hotline

Planned actions for FY21

- + Map deeper in our supply chain
- + Commence the re-audit of factories with a customised audit to better identify risks of modern slavery
- + Develop and roll out worker surveys
- + Reassess risks based on data and changing conditions and circumstances
- + Engage or partner with NGO's or civil society to support our efforts in identifying modern slavery risks and any associated remediation plans

Remediation plans / actions

We know we do not have all the answers on how to find and remediate all forms of modern slavery in our supply chain. These risks have been heightened with the challenges of the global pandemic we are all trying to navigate.

The inability to travel, visit and engage face to face with factories and workers within the supply chain has required us to reassess and consider other options to engage with our supply chain and to act and respond to issues.

We also recognise we do not have the expertise, capacity or ability to achieve everything on our own and that we need to collaborate and/or partner with industry, NGO's, local experts and civil

society³ to help us and the industry more broadly, try to make some systemic changes.

Whilst during the reporting period we sought to enhance and implement tighter policies and improved social audits, we understand we have much more to do.

We want to continue to seek and listen to the voice of the workers by updating tools and implementing more options to gain their trusted feedback.

We have engaged and continue to partner with Qima (formerly Asia Inspection) to conduct our factory social audits and quality checks, to be our “eyes and ears on the ground” in our Tier 1 factories.

We have put in place a worker hotline which the Qima team independently manage and monitor for us, raising any concerns or issues to our team in Sydney.

Enhancing our worker voice program is on our road map as a key action to continue to build on. We are working with Qima and partnering with Ulula to develop a survey tool where we hope to reach a greater number of workers in our supply chain, to gather their responses and feedback to support the worker interviews we conduct at the time of audits.

This tool will also help to give us more direct contact to workers where we can publish training and materials to empower workers to have a voice.

³ <https://www.un.org/en/sections/resources-different-audiences/civil-society/index.html>

OUR RESPONSE TO COVID-19

As we navigate through this global COVID-19 pandemic, we continue to place great importance on all our ethical trade policies and responsible sourcing practices. We believe that workers have a right to a decent working life that pays them a fair and liveable wage, and we want to give workers, no matter how deep they are in the supply chain, the opportunity to have a voice.

We believe we have a responsibility to all our workers, including those in our supply chain, to afford them safe and healthy working conditions free of any exploitation.

Our views have not changed because of this pandemic. We remain committed to behaving in what we believe is a responsible and conscious manner to do what we can to support workers by:

1. Honouring supplier commitments
2. Seeking to understanding and support workers at greater risk
3. Continuing to listen to workers and their experiences
4. Seeking to ensure safety and worker rights are respected
5. Collaborating with others to protect the vulnerable
6. Seeking to build back stronger for the future

Whilst our ability to visit and engage with workers directly has been impacted, we are working closely

with our partners in the supply chain and our 3rd party quality and audit teams in China so that we continue to maintain some visibility into, and report on, our factories and supply chain practices.

We recognise that through this experience there could be heightened risk of poor labour practices, however we remain committed to working with our partners to seek to ensure workers enjoy a safe and responsible work environment.

Our Tier 1 factories have been proactive in setting up their workspaces to avoid overcrowding and to keep some form of distance between workstations.

Where needed, factories have also developed anti-virus strategies to protect their workers and all factories have had to meet their local regulations in order to re-open.

Examples of safety measures put into place include:

- + Regular and thorough cleaning in the factory
- + Communal areas have been re-engineered to promote social distancing
- + PPE has been provided and is required to be used whilst in the factory
- + In high risk cities or regions, factory owners have organised bus transportation for their workers to and from the factory, to limit exposure to external contacts outside the factory.

We do not support a factory lockdown once

all workers are on the premises as a means of ensuring workers are not exposed to COVID-19. It is important that all workers have freedom of movement and are not held within any factory unwillingly. Factories have the right to limit any external party entering the complex, but they must allow their workers to exit if they wish.

Throughout this pandemic we are seeing an emerging risk with some of our overseas distributors, particularly in the USA, experiencing a significant increase in staff turnover and absenteeism, which has consequently required those distributors to rely more heavily on temporary workers and migrant workers to keep up with demand. We are working with these distribution partners to ensure workers continue to experience safe and fair working conditions.

We appreciate that COVID-19 has impacted many lives globally and we are all trying to adapt to what seems to be the new way of working.

As the global pandemic continues to develop, we understand we must continue to review our actions and how we seek to support the most vulnerable in our supply chain. We remain committed to continue to learn, act, and respond to the risks that arise accordingly.

EFFECTIVENESS OF OUR ACTIONS

At City Chic Collective, we are committed to seeking to establish a transparent supply chain where we are proactive in our attempt to find and prevent modern slavery and we seek to partner with factories that are aligned with this goal. We recognise we are, however, removed and several layers away from knowing who the workers are in deeper tiers of the supply chain, which we consider at higher risk for modern slavery.

Before we approve any factory for production, we conduct due diligence on the factory to review current compliance and ethical standards in place. This includes but is not limited to:

- + Assessing a valid social audit already in place
- + Reviewing any certifications with accredited bodies
- + Communicating and seeking written commitment to our vendor code of conduct
- + Building a road map with the factory to embedding all our ethical trade policies

We recognise that in many cases modern slavery is hidden and difficult to address due to the complexity in the supply chains we operate in, along with the different levels and the number of relationships that exist. In Tier 1 we work closely with our 3rd party auditors, who help us undertake and validate our due diligence; they are our 'eyes and ears' on announced and unannounced factory visits.

Where issues are identified, we put corrective action plans in place with timelines. We seek to follow up significant issues within a 3 - 6 month period (depending on the issue).

We understand that issues are likely to be identified. Our goal, though our engagement is to (i) encourage transparency in relation to non-compliances or issues, and (ii) to help partner with our factories to improve the lives of workers, so our initial response to any non-conformance identified in an audit is to work with the factory to remediate the issue, provided the issue is not a 'zero-tolerance' breach.

Our policy is to audit all factories annually as a minimum, however, based on the risk rating, we may audit more frequently within the year.

The factory audit risk rating, which is a traffic light system, is made up of the factory's social audit score which takes into consideration the severity of any non-conformance issues identified.

By combining the score along with any associated risks, we receive an overall rating which we use to prioritise any remediation or corrective action plans (CAP). We then follow up progress against each CAP. After the reopening of factories during the reporting period, we took the opportunity to re-launch the worker hotline and training around the grievance mechanism. We asked factory management to re-communicate the worker hotline to workers and encourage the use of this channel should workers have any concerns.

Factories provided evidence of posters and

business cards being displayed and distributed to workers to communicate the hotline numbers, QR code and email details available to them.

We know that our processes are not perfect or foolproof in identifying and stopping modern slavery, particularly in the layers and tiers that we do not directly engage or operate in. It is also difficult to assess, with a degree of certainty, how effective our measures have been.

It is important to us that we all operate in a transparent supply chain and openly discuss and act on these complex issues and bring to light the areas that traditionally have been invisible. We believe being transparent helps to hold everyone in our supply chain accountable for their actions and how they operate.

Our policies require our factories to support the freedom of movement for all of their workers, and it is important to us that all workers have a voice that can be heard. Our goal is to educate and encourage factory management to support not only worker appointed safety committees, but also collective bargaining to create safe working conditions and an environment where all workers are paid and treated with dignity.

In addition to developing strong communication channels, due diligence processes and remediation plans when we find non-conformances with our policies and procedures, as part of our plan to increase our impact and improve our effectiveness, we continue to review potential external stakeholder relationships (such as partnering

with NGO's, civil society or peers) so that we can collaborate to try to make a greater impact than if we were to work alone.

CONSULTATION & APPROVAL

In preparing our first Modern Slavery Act Statement we have engaged with vendors, industry colleagues, NGO's and government to help us understand the definition of, and risks associated with, modern slavery in particular in the context of our business and operations. We have participated in conferences and webinars both locally and internationally to build our knowledge and to seek to continuously improve our plans and processes designed to identify and seek to mitigate modern slavery in the supply chain.

Regardless of the City Chic brand, region or group entity that is engaged in the procurement of product, decisions relevant to our supply chain are made by CCX and the sourcing team based in Sydney and policies and procedures relevant to modern slavery apply consistently to the entire City Chic group.

City Chic Collective's FY20 Modern Slavery Statement (for the 52 weeks to 28 June 2020) was prepared by the CCX Ethical Sourcing Team and has been approved by the CCX Board of Directors.



Phil Ryan
Managing Director & CEO

