

MODERN SLAVERY ACT

STATEMENT

2022

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 FY22 reporting period (being the 53-week period ended 3rd July 2022). This report is the third statement made by CCX under the Act, and while it is in respect of FY22, it includes references to actions undertaken prior to FY22 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.

This Statement was prepared to meet the mandatory reporting criteria set out under the Act. The table below identifies where each of the mandatory criterion can be found in CCX's Modern Slavery Act Statement.

CRITERIA REFERENCE IN THIS STATEMENT		Pages
1	Identify the reporting entity	4 - 5
2	Describe the reporting entity's structure, operations and supply chain	6 - 12
3	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	13 - 16
4	Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	17 - 25
5	Describe how the reporting entity assesses the effectiveness of these actions	26 - 28
6	Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	29
7	Case Study	20 - 23

CITY CHIC COLLECTIVE

A GLOBAL COLLECTIVE OF PLUS-SIZE BRANDS

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

It is a collective of customer-led brands and has a strong following in Australia, USA, UK, Europe and New Zealand.

Our omni-channel model comprises of a network of stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the USA, the UK and Europe. The collective of brands are also available through third-party marketplace and wholesale partners in Australia, New Zealand, US, Canada, UK, Europe and the Middle East.

In July 2021, City Chic Collective acquired the Navabi brand, online marketplace and

some inventory through the acquisition of JPC United GmbH in Germany. During the first half of FY22, the Navabi business was integrated into the collective.

OUR VISION

LEADING A WORLD OF CURVES



WE ARE

GLOBAL
PLUS-SIZE
CUSTOMER LEAD
OMNI CHANNEL

SALES FY22

\$369.2M

EMPLOYEES

AU **673**
NZ **58**
USA **4**
UK **8**

WEBSITES

AU, NZ, USA, UK, EU

STORES

90

ACTIVE CUSTOMERS

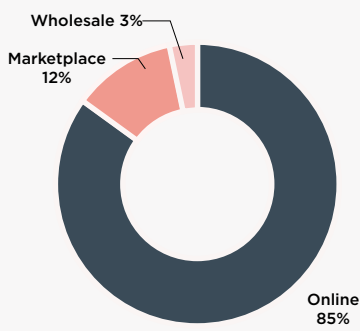
1.4M

FULFILMENT CENTRES | AU, USA, CAN, UK, GERMANY

GLOBAL BUSINESS OVERVIEW (FY2022)

AMERICAS

\$162.4M REVENUE



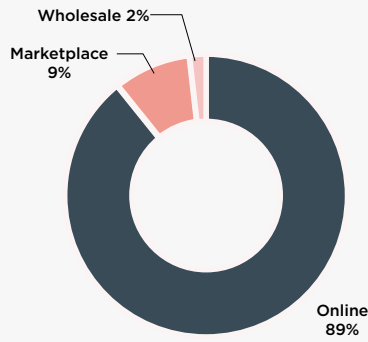
- + 579k Active Customers
- + 35.9m Annual Traffic
- + A\$237 Avg Annual Spend

avenue city chic EVANS
CCX CLOUDWALKERS* hips & curves

USA fulfilment site in Dallas
Canada fulfilment site in Ontario
Office in New Jersey

EMEA

\$45.1M REVENUE



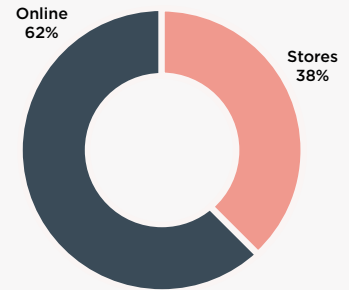
- + 295k Active Customers
- + 19.0m Annual Traffic (includes 11 months since Navabi acquisition)
- + A\$135 Avg Annual Spend

EVANS city chic avenue
CCX FOX&ROYAL navabi

UK fulfilment site in Gateshead
European fulfilment site in NW Germany
Office in London

AUSTRALIA & NEW ZEALAND

\$161.8M REVENUE



- + 521k Active Customers
- + 23.6m Annual Traffic
- + A\$310 Avg Annual Spend

city chic CCX FOX&ROYAL
EVANS avenue

ANZ fulfilment site in Sydney
90 stores as at 3 July 2022
Head office in Sydney

OUR SUPPLY CHAIN

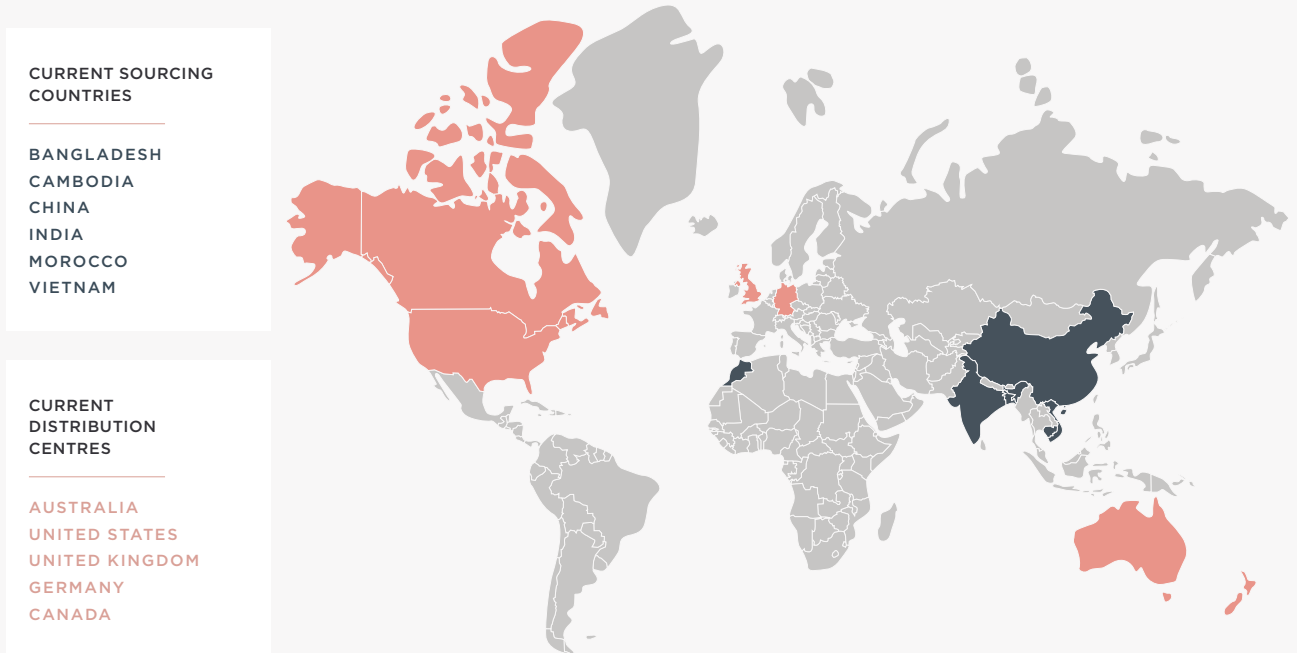
City Chic Collective products are sold through a network of stores in Australia and New Zealand, online via our websites in Australia, New Zealand, USA, UK, EU and to customers in North America, UK, Middle East and Europe through partner platforms.

Product is designed in Sydney, Australia and is manufactured by our partner factories or agents which are primarily based in China, however, CCX has spent the last year continuing to diversify its sourcing base and developing new sourcing regions, including Bangladesh, India, Morocco, Vietnam and Cambodia. 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 and south east Asian ports to our 3rd party fulfilment centres or distribution centres based in Sydney, Dallas, Gateshead, and Aachen, along with shipments direct to wholesale partners in the USA, Canada, Middle East and Europe.

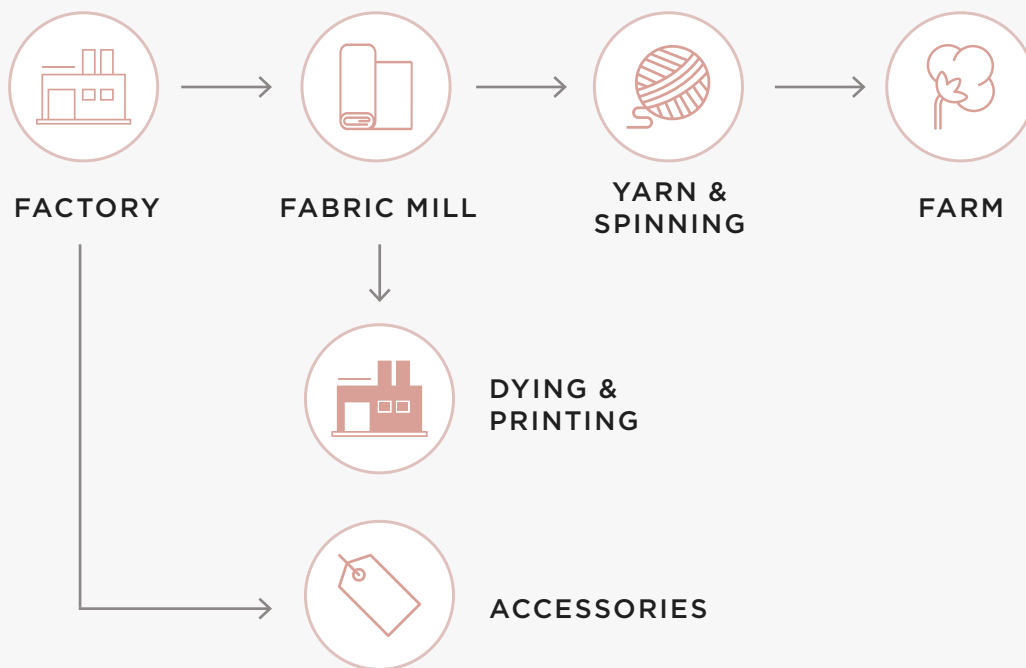
We use a combination of localised transport companies and carriers to distribute customer orders, and bulk goods are primarily transported via international shipping lines and road / rail transport throughout Australia, NZ, Europe and North America. In limited contexts, we use international air freight 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 Philippines, Mexico and South Africa, 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 chains are 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 to CCX
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 to CCX
3	Yarn & Spinning	Textile mills and spinners of yarns.	Relationship with Tier 2
4	Raw Material Sources	Cotton farms, plantations, ginning, man-made chemical processing.	Relationship with Tier 3

Our supply chain has traditionally been China focussed, with the core of our factories still based primarily in the South China provinces. As our business grows and reflecting on the global uncertainty created by the COVID-19 pandemic, we have continued to diversify our supply chain to new regions outside of China, and over the last year we have been actively onboarding new suppliers in new sourcing regions.

Following the acquisition of the Navabi brand in July 2021, we integrated the brand into our existing supplier base, and, after careful assessment, we chose not to onboard any new suppliers or expand our current factory base

with previous suppliers to this brand. We did inherit a small group of factories that had stock in transit as part of a 3-month transition plan.

As noted in our previous statements, 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.

Our Supplier & Factory Data:



101

Tier 1 Factories



130

Tier 2 Factories



6

Sourcing Countries



43,236

Tier 1 Garment & Footwear
Workers



56%

Workers are female in
Tier 1 Factories



79%

Tier 1 Factories achieved
“green” Risk Rating¹



SINGLE

Appointed Freight Forwarder
- using Local Agents from
10 Origin Ports



SHIP GLOBALLY

To Major Ports in AUS, USA,
UK, Germany, Canada
and NZ

¹ The Factory Audit Risk rating is made up of the factory’s social audit score along with consideration of the severity of any non-conformance issues identified. A green risk rating is defined as an audit score above the average with no critical issues found, and less than 10 non-conformance issues. For example, a non-conformance may be an inadequate number of workers are trained in first aid. A red risk rating means an audit score below the average and non-conformances are associated with a higher corrective action plan priority, along with potentially a shorter timeframe to remediate. For example, an inadequate number of fire extinguishers or other fire extinguishing systems in each building. Red risk ratings do not, however, include any zero tolerance issues, for example a forced labour or child labour issue.

POLICIES & CONTROLS IN PLACE

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 and 2' factories they wish to use to supply product for any of our brands.

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 on 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 (but is not limited to) 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 below 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.

Uyghur & Forced Labour tracing policy (Chain of Custody Process)

During the reporting year we strengthened our ban on regions that have been identified as regions that may use or endorse the use of forced labour or Uyghur labour², and we introduced a more rigorous chain of custody process to help us trace our cotton supply chain and validate sources through each step of the process.

We require our Tier 1 suppliers to:

- Read and sign our cotton ban policy
- Sign a declaration that no cotton or labour will be sourced from any of the banned regions specified
- Trace and disclose all tiers of the supply chain
- Compile chain of custody documents, with proof of purchase of all materials, from farm to factory

Post the FY22 reporting year end we continued to enhance this process by broadening the scope beyond the cotton supply chain. We are working on rolling out our Forced Labour Chain of Custody Process to all our Tier 1 factories and will require them to trace and document all stages of their supply chain.

²Laura T. Murphy, et al. (2021). "Laundering Cotton: How Xinjiang Cotton is Obscured in International Supply Chains." Sheffield, United Kingdom: Sheffield Hallam University Helena Kennedy Centre. <https://www.cottoncampaign.org/>

“

The 2021 Global Estimates show that millions more men, women, and children have been forced to work or marry in the period since the previous estimates were released in 2017⁴.

“

Forced labour is believed to account for 27.6 million of those in modern slavery.

This absolute number translates to 3.5 people in forced labour for every thousand people in the world⁴.

“

Women and girls make up 11.8 million of the total in forced labour. More than 3.3 million of all those in forced labour are children⁴.

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 enslaved³ with 58% of victims in China, Bangladesh, India, Pakistan and Uzbekistan; 71% of these victims are female and 1 in 4 victims are children⁴.

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 human resources 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
 - + A high level of refugee or vulnerable population
 - + Entering new sourcing regions and/or developing countries
- + Workers displaced due to wars or conflict
 - + Countries impacted by climate related events – e.g. communities displaced from natural disasters such as floods/fires resulting in loss of homes etc.

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.

Our approach to identifying modern slavery risk has been to:

1. Understand modern slavery is a risk and can be present in our supply chain
2. Educating ourselves on the triggers and signals to look for
3. Strengthening our ethical trade policies to help address risks
4. Implementing monitoring techniques to support our policies
5. Preparing remediation plans
6. Due diligence on our processes and policies
7. Continuous improvements on policy, process and awareness
8. Collaborating with industry, civil society and government

We conducted a risk assessment of existing and potential sourcing geographies to evaluate each region on their human rights risks including key indicators for modern slavery risk.

³ The UN defines modern slavery as slavery offences, sexual servitude offences, trafficking in persons offenses, forced labour, deceptive recruitment, debt bondage and organ trafficking.

⁴ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm
<https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>

As we continued to map our supply chain, it is apparent that gaining visibility beyond Tier 2 is challenging, however we continue to try to put steps in place to help us trace deeper to the lower tiers.

TIER	SUPPLY CHAIN OPERATION	RISK TYPES	KEY CAUSES	INHERENT RISK
On-Shore Operations	Stores Fulfilment Centres Head offices Cleaning services	Forced or Bonded Labour Forced Marriage	Migrant Workers Temporary Labour High Female Labour Force	Low
International Operations	Logistics - Freight Forwarding Call Centres	Trafficked Persons Forced or Bonded Labour Forced Marriage	Migrant Workers Temporary Labour High Female Labour force	Low - Medium
Tier 1	Factory (cut, make, trim)	Forced or Bonded Labour Freedom of Movement Child Labour	Migrant Workers Displaced Due to COVID	Medium
Tier 2	Fabric Mills Dying & Printing Accessories Suppliers	Forced or Bonded Labour Freedom of Movement Child Labour	Migrant/Temporary Workers Displaced Due to COVID Deceptive Recruitment	Medium
Tier 3	Yarn & Spinning Mills	Forced or Bonded Labour Freedom of Movement Child Labour	Migrant / Temporary workers Deceptive Recruitment Displaced due to Covid	High
Tier 4	Farms/Resource Mining Cotton Farms Linen & Forestry	Forced or Bonded Labour Freedom of Movement Child Labour Trafficked Persons	High level Refugee / Vulnerable Population Use of Uyghur Labour Migrant / Temporary workers Deceptive Recruitment Displaced due to Climate issues	High

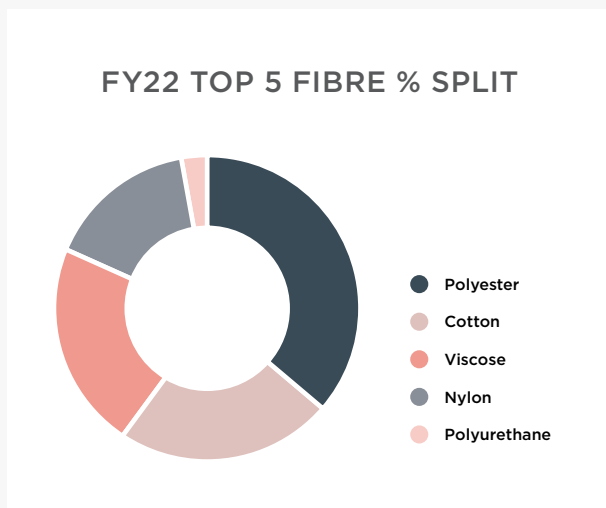
Last year we identified our biggest risks lie within the cotton supply chain. Whilst a commodity product, cotton is not as widely used in CCX as synthetic fibres and is used in less than 25% of the product sourced in FY22.

However, with the heightened risks associated with cotton farming, and allegations of forced labour camps being used in cotton farming originating from the Xinjiang Uyghur Autonomous Region (XUAR) we have chosen to make cotton tracing, and better understanding the sourcing process around cotton, a priority.

Our chain of custody process also goes beyond just the cotton origins, as we use the same framework for verifying key fibres or hot spots and the supply chains that we deem high risk.

As with many areas of risk, we saw opportunity to enhance & expand this process so that we continue to work through all layers of the supply chain and gather evidence on where each component and process originates from in our supply chain. Not only does this allow us to map down in all our tiers but we also can target high risk areas, suppliers or components. One difficulty we have found is ensuring that what we trace, and what is identified as part of the chain of custody process, is in fact part of the product we produce. In order to try and address this issue we rely not only on documents such as proof of payment, certificate of origin and shipping documents, but we also ask for photographic evidence to help confirm that all the traced components are used in our finished product.

We initially started this chain of custody process with a specific focus on our cotton supply chain as part of our due diligence to ensure cotton wasn't being used from sources or regions that we have banned. However, as the year progressed, we expanded the policy beyond cotton as part of our enhanced 'Forced labour policy' to support our efforts to trace a wider product base and supply chain.



UNDERSTANDING & MANAGING 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 the garment, textile and footwear 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	EXPECTED MODERN SLAVERY RISK LEVEL
1	Factory & Production workshops (includes approved sub-contracting CMT units)	Fully Mapped	Lowest
2	Fabric Mills & Accessories Suppliers, Dying & Printing Mills	Majority Mapped	Medium
3	Yarn & Spinning mills	Commenced Mapping	Highest
4	Raw Material Sources (including farms)	Commenced Mapping	Highest

It is important that we continue to monitor our actions and progress against the activities that form part of our roadmap, including items that were “ongoing” from previous years which are included below:

Progress Report (FY22 Status)

Includes ongoing items from FY21

ITEM	ACTIONS	STATUS
Map Supply Chain	<ul style="list-style-type: none"> + Continued to map deeper into our supply chain. + Focus on cotton tracing down all tiers + Chain of custody process underway for higher risk categories 	In Progress
Modern Slavery Risk Assessment	<ul style="list-style-type: none"> + Evaluation of key regions and their potential human rights risks 	Completed
Strengthen Ethical Trade Policies	<ul style="list-style-type: none"> + Enforced bans on certain cotton sourcing regions + Introduction of supplier chain of custody reporting and tracing 	Ongoing
Collaboration	<ul style="list-style-type: none"> + Business partner with ‘Be Slavery Free’ and the ‘Mekong Club’ + Signed up with Responsible Sourcing Network to pledge a ban on the use of cotton from high-risk areas 	Ongoing
Worker Voice Program	<ul style="list-style-type: none"> + Implemented pilot for worker surveys in Tier 1 factories in China 	Pilot Completed
Customised Audits	<ul style="list-style-type: none"> + Enhanced audits and/or certifications in place + Developed a living wage tracker 	Ongoing

Key Actions through FY22

Tracing & Transparency

As noted above, our focus continues to be tracing and getting greater transparency across more of our supply chain. Due to the risk profile associated with cotton, we focused on putting in place enhanced policy and procedures to help minimise our risks, including more focus on the chain of custody process for risk categories.

Strengthening Policy

In strengthening our cotton origins bans, enhancing our cotton chain of custody process and researching methods on how we can validate the origins of where cotton comes from, we have set up a process that we can apply to any fibre or risk area. We believe our chain of custody audit process will be part of our roadmap for years to come.

Due Diligence & Risk Assessment

We continued to update our living wage tracker internally to report, by factory audited, their progress and any gap to paying a living wage. Our enhanced audits place more emphasis on the link between paying a liveable wage and ensuring factories are using a responsible worker recruitment process, which supports us in monitoring risks within our Tier 1 factories. Through our audit process, we continued to gather wage data and work with factories to establish living wage benchmarks, so we can then assess and focus on risk areas.

Collaboration

We continue to be a business partner with 'Be Slavery Free' and the 'Mekong Club', giving us access to training, tools and insights on how to find and remediate modern slavery risks. We seek to take opportunities to engage in both industry and cross industry discussions or round tables, to both learn and collaborate with peers. We recognise collaborating with experts on the ground onshore and offshore helps us to formulate better processes and remediation strategies.

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. We also acknowledge that these risks may have been heightened with the challenges of the global pandemic, various climate related and geopolitical events.

The challenges we have experienced in travelling in prior years have continued. These challenges inhibit our ability to engage directly, face to face with factories and workers within the supply chain, however, we have implemented alternative approaches to continue to engage with our supply chain, both directly and indirectly through third parties who represent City Chic, to seek to remain engaged, to act and to respond to issues.

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

and civil society⁵ to help us and the industry more broadly, try to make some systemic changes.

With the help of 3rd party social audits, worker grievance mechanisms and worker surveys in place across the majority of Tier 1 factories, this tight monitoring allows us to develop corrective action plans to remediate any issues quickly. We recognise that remediation strategies cannot be a 'one size fits all' approach, and that careful assessment is needed, case by case, to determine the most effective and appropriate remediation strategy to deploy within a given set of circumstances.

Throughout the year, we engaged NGO's and industry peers to educate ourselves on improving controls and processes, and on practical options we should consider when developing remediation strategies.

⁵ <https://www.un.org/en/sections/resources-different-audiences/civil-society/index.html>

INTRODUCTION

Cotton growing and picking remains a very labour-intensive process in many cotton growing regions around the world. Cotton farms use a high percentage of seasonal migrant (foreign and national) workers. These workers are at high inherent risk of forced labour and modern slavery⁶.

Cotton farms also fall in Tier 4, the 'raw materials' tier of the supply chain, so access and transparency are often limited for brands/retailers and their suppliers. This amplifies the risk of forced labour and modern slavery.

We continue to act on key issues such as the forced labour risks associated with certain cotton farming regions as outlined earlier in our policies and controls.

⁶ <https://www.globallslaveryindex.org/2018/methodology/g20-analysis/>

POLICY & ACTIONS

CCX remains committed to taking steps to try and ensure our supply chain does not source directly or indirectly from regions that are known to engage in the use of forced labour, in line with our responsibilities under the UN Guiding Principles on Business and Human Rights.

Once the updated policy was rolled out to our Tier 1 suppliers, we onboarded our suppliers by obtaining signed acknowledgment noting they read and understood the policy and commit to not using or engaging labour or products originating from the banned regions.

Although all Tier 1 suppliers were required to sign up to our policy, we worked closely with key suppliers that were producing or sourcing our cotton-based product, to educate them on key indicators and documentation required to comply with a robust chain of custody process.

DUE DILIGENCE

It is important for us to monitor and validate our processes to assess their effectiveness. As a result, the due diligence process outlined above was supported by a pilot conducted with the assistance of an accredited third-party to perform cotton DNA testing to validate its origins, along with auditing products that were part of our cotton supply chain.

This pilot tested across a randomly selected collection of products (targeting high risk products and areas) from our supply chain. An independent audit team was nominated and engaged by the accredited third-party company we partnered with, and they instructed auditors to randomly visit some of our supplier's production sites. They gathered samples of products and fabric cuttings that contained cotton to send to a lab for testing.

This pilot program covered product made in several regions and targeted product that was both in fabric and in cut garments stages of production.

At the same time, our internal CCX team also worked closely on validating the chain of custody documentation we had received from vendors as part of our internal due diligence process.

FINDINGS & REMEDIATION

As testing was completed and results were being documented, we were made aware of a small number of samples that contained cotton originating from one of our banned regions. The results showed parts of the same order returning different results. Based on this data, we believe the results demonstrated that the cotton may have been mixed or contaminated in the spinning or fabric knitting process, as we found other garments of the same style and fabric from the same batch that did not return the same results.

CASE STUDY

Within the cotton supply chain⁸, although our supplier may purchase the lint from a known farm or approved origin, the risk of contamination of fibres can happen in several processes due to lack of robust segregation in most ginning, spinning or yarn mills.

The results of the pilot demonstrated both the importance, and the challenges, of being able to verify all points of the cotton supply chain, recognising the numerous steps that a cotton garment goes through.

In response to these findings, we did not accept the orders of identified product from our supplier and we stopped these goods from being shipped.

We recognise, however, that this action does not, on its own, have a direct impact on workers who may remain bonded in forced labour schemes.

As part of our remediation, we engaged with our supplier⁹, who was surprised with the result based on their tracing and understanding of their own supply chain, as they thought they had all the steps in place to make sure they were not sourcing from a banned region. Our aim was to help them understand where the issue may have come from, and to reinforce why it is important to trace, monitor and validate all components and processing within their supply chain.

Cotton Product Supply Chain



⁸ CMT refers to the “cut, make, trim” workshops that could be a separate site or sub-contractor to garment finishing factory.

⁹ At the end of the reporting period, we only identified this one issue from one supplier, however further testing is underway as part of this program, and we will continue to report findings in our next report.

LEARNINGS & CONTINUOUS IMPROVEMENT

From this experience, we are working together with all suppliers to not only increase their awareness of the risks that lie throughout the supply chain, but to help everyone adopt stricter controls in the full chain of custody process.

While the findings were challenging for our business, we know that no supply chain should assume that it is immune to the risk of modern slavery or exempt from the challenges we all face in trying to identify forms of modern slavery. From this perspective, we were encouraged to see that our actions helped to identify and shed further light on this issue, and we believe it will help us drive further improvements in our processes and our engagement with our suppliers.

We acknowledge that we need to continuously review and improve our processes to ensure they are effective, and we take learnings from what we have found to date and seek to improve by:

1. Implementing further updates to our Forced labour policy and improving our tracing and chain of custody program
2. Continuing due diligence by testing DNA on high-risk product
3. Developing a sustainable cotton sourcing policy
4. Broadening our focus to other key risk fibres and processes

No matter the scale or complexity of the issue we may find, we are committed to working on the best course of action and proactively planning for how we will seek to respond and remediate identified issues.

OUR FUTURE ACTION PLAN

ITEM	ACTIONS	PROGRESS FY22	KPI TARGET FY23
Map Supply Chain	<ul style="list-style-type: none"> + Continue to map deeper into our supply chain, down to Tier 4. + Target Cotton Tracing + Expand focus to high-risk areas for other product 	Tier 1 = 100% Tier 2 = estimated 70-75% mapped Tier 3 & 4 = in progress	Tier 1 - 100% Tier 2 - 80% Tier 3 & 4 - target 50%
Remediation Plans	<ul style="list-style-type: none"> + Formulate remediation plans for the different modern slavery risks + Understand the different cultural challenges by region when developing remediation plans 	Remediation plans in place for high-risk areas.	Ongoing updates to plans
Due Diligence	<ul style="list-style-type: none"> + Engage and pilot testing cotton and its origins with a 3rd party + Audit factory chain of custody process via 3rd party + Develop criteria for assessing modern slavery risk in 3rd party providers 	Cotton testing pilot commenced Chain of custody process rolled out Not started	Ongoing origin testing program in place. Expanded due diligence beyond testing Implement 3PL Code of Conduct and audit based on risk assessment
Living Wage	<ul style="list-style-type: none"> + Assess options to join multi stakeholder initiatives focussed on living wage 	Multi stakeholder initiatives assessment completed, and findings incorporated in our action plan	Completed. Wage gap analysis in place
Collaboration	<ul style="list-style-type: none"> + Partner with NGOs to help with localised training and worker support 	Ongoing as per remediation plans	Ongoing
Worker Voice	<ul style="list-style-type: none"> + Roll out surveys and hotline to new regions 	Roll out to Bangladesh completed	Roll out to India and Vietnam
Climate Justice ⁵	<ul style="list-style-type: none"> + Assess the potential link between climate justice and the impact it can have on modern slavery 	Commenced, partially completed and findings incorporated in our action plan	Ongoing
COVID-19 Response	<ul style="list-style-type: none"> + Audit factories and their Covid-19 response and Covid action plans 	Commenced, partially completed	Ongoing

⁵ Climate Justice is the concept that addresses the ethical dimensions of climate change. The United Nations, under number 13 of its sustainable development goals claims: "...the impacts of climate change will not be borne equally or fairly, between rich and poor, women and men, and older and younger generations."
<https://www.un.org/sustainabledevelopment/blog/2019/05/climate-justice/>

COVID 19 RESPONSE

Over the last year our response to the Covid-19 pandemic has not changed.

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.

We remain committed to behaving in what we believe is a responsible manner to do what we can to support factory workers by:

1. Honouring supplier commitments
2. Seeking to understand and support workers at greater risks
3. Continuing to listen to workers and their experiences
4. Seeking to ensure safety and worker rights are respected

We have developed a factory Covid-19 survey to help our factories self-assess how they have managed worker rights and health and safety conditions during the pandemic and through shutdowns which we will continue to roll out with our audits as part of our next steps.

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 risks for modern slavery.

With an evolving supply chain that is entering new regions, we seek to assess the risks associated with any new country/region and we try to look for triggers that can alert us to potential modern slavery risks. We monitor key items on an ongoing basis as we seek to continue to embed (and improve) frameworks we have developed, with the aim to be effective in our actions:

ITEM	ACTIONS/PROCESS	MEASURE
Vendor Onboarding	<ul style="list-style-type: none"> + All Tier 1 vendors signed up to CCX ethical trade pack + Building a road map with the factory to embed all our ethical trade policies 	All Tier 1 factories signed up to our Ethical Trade Policies and Code of Conduct
Transparency & Mapping	<ul style="list-style-type: none"> + All vendors to disclose all Tier 1 and Tier 2 sites used 	All Tier 1 and Tier 2 Factory Lists disclosed and published and updated every 6 months
Social Audits	<ul style="list-style-type: none"> + Conducted by our appointed 3rd Party Auditor – Qima + Assessing a valid social audit already in place (audit equivalency accepted from certified bodies) 	<p>Valid audit or social audit accreditation in place for all Tier 1 suppliers</p> <p>Corrective actions remediated within specified Corrective Action Plan (CAP) timeline</p>
COVID-19 Impacts	<ul style="list-style-type: none"> + Monitor and audit factory COVID-19 impacts 	Roll out factory self-assessment surveys

ITEM	ACTIONS/PROCESS	MEASURE
Cotton Risks	<ul style="list-style-type: none"> + Enhanced ban on certain cotton regions + Vendor pack on responsible cotton sourcing implemented + CCX signed cotton ban pledge with the Responsible Sourcing Network + Implemented a cotton chain of custody process 	<p>Vendors signed declarations in place</p> <p>Engaged 3rd party to test cotton origins</p> <p>Corrective action and remediation completed in timely manner</p>
Worker Voice Tools	<ul style="list-style-type: none"> + Pilot Worker surveys conducted to gain feedback on key areas and triggers to help provide us feedback direct from factory workers. + Roll out worker survey to regions outside of China 	<p>Worker survey scorecard for:</p> <ul style="list-style-type: none"> ✓ Modern Day Slavery ✓ Labour Practices ✓ Health & Safety ✓ Worker Satisfaction <p>Implement survey in Bangladesh</p>
Training & Communication	<ul style="list-style-type: none"> + Factory worker training - worker voice, worker empowerment and CCX grievance mechanism 	<p>Tier 1 factories in China publishing worker hotline details in public areas of the factory.</p> <p>Flyers and training session completed on 'worker voice' by CCX representative</p>

We know that our processes are not perfect or full proof 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. We are still challenged by the fact we know that due to the combination of geo-political tensions and/or the number and nature of climate related events, the number of people displaced each year is on the rise which leads to a heightened risk of workers being exploited.

We understand these are not the only challenges we face globally but as the frequency or magnitude of the impact of these events increases, we anticipate the number of people affected will increase and as a result, that the number of people enslaved is not declining.

It is important to us that we all operate in a transparent supply chain, 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.

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 third 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 FY22 Modern Slavery Statement (for the 53 weeks to 3rd July 2022) was prepared by the CCX Ethical Sourcing Team and has been approved by the CCX Board of Directors.

A handwritten signature in black ink, appearing to be 'PR', with a long horizontal line extending to the right.

Phil Ryan
Managing Director & CEO

