

**“Working with factories to recognize that a minimum wage does not always equal a living wage...”**

We commit to do our part in closing the gap between living wage and minimum wage.

We recognise that multi stakeholder initiatives are the best way to drive change and we look to global benchmarking to help determine a basic living wage by region.

In the absence of a single global formula to calculate living wage, we adopt the benchmarks set out by the Anker method and follow the guidance of Global Living Wage Coalition. Where the Anker methodology is not available, we adopt the benchmark from a similar region in the same country. We also reference WageIndicator.org as an additional resource.

**The Global Living Wage Coalition defines a Living Wage as...**

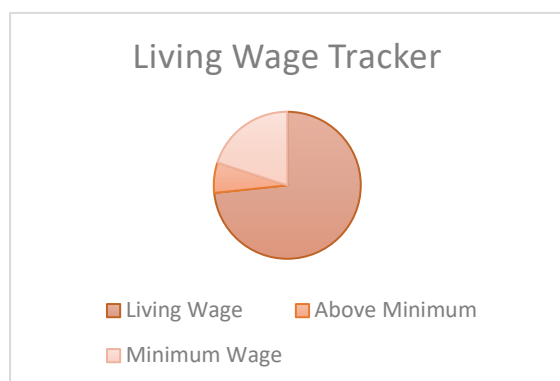
*“The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”*

With the different regions and wage structures that need to be considered, we understand this process takes time. We commit to supporting our Suppliers by training them on the importance of paying a fair living wage and what it means for their workers. We believe the process needs to be collaborative with all key stakeholders in order to each do our part to drive a sustainable change.

Through our audit process we train and then ask the factories to establish a living wage calculation. We believe this empowers all factory owners in understanding what a living wage is made up of and how their wages paid compare.

It is important for us to monitor progress of all factories and as a result we have developed our living wage tracker by recording:

- Paying Living wage
- On track to living wage = Paying above minimum wage
- Paying Minimum Wage (but does not equal living wage)



## City Chic Collective **LIVING WAGE STATEMENT**

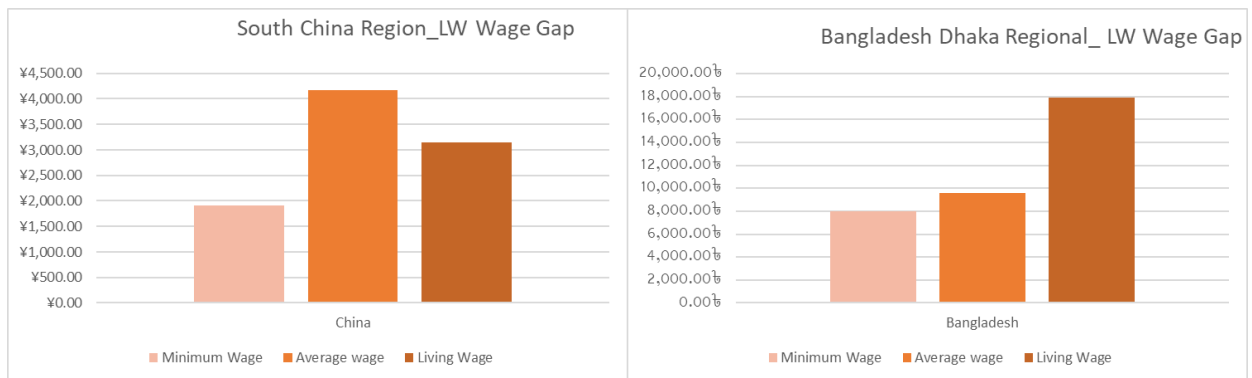
**\*Results are recorded at the time of the last factory/wage audit and reported at the end FY22 for Tier 1 factories.**

Historically, our sourcing has been primarily based in China, where we were proud to be working with factories where 90% paid a living wage.

As our supply chain has grown organically, with the acquisition of new brands and as we have introduced new sourcing regions, we know that there is a greater challenge for factories to pay a living wage due to the wider gap that exists when comparing back to the legal minimum wage.

We believe it is important to monitor and assess the wage position of our factories and their gap to paying a living wage. We recognise this is complex and we need to understand the different factors that apply to different regions and countries.

Included below are examples of the progress we have made in capturing data for some of the main areas we source from:



**\*Wages are represented in local currency by region**

**\*Minimum wage data is calculated as an average of all factories based in the same area**

**\* Average wage is calculated on all factories of that region and includes the wages across all workers and all factory operations; this provides a high-level view of progress in a particular region, but differences in progress, on a factory-by-factory basis, form part of our living wage tracker and factory audits as described above.**

**\* Living wage is one benchmark applicable to that region**

As part of signing up to the CCX Vendor Code of Conduct, all suppliers of product must commit to working towards paying a living wage based on the benchmarks defined by the Anker Methodology and the Living Wage Coalition by region. As part of this commitment, suppliers develop a roadmap with a timeline to consistently pay, within 5 years, a living wage to their workers.

We are committed to working with our factories to help them put in place actions and a roadmap to paying a living wage by providing:

- Better order planning & forecasting
- “The road to living wage” checklist
- Providing Worker hotlines and Grievance Mechanisms
- Supporting factories to proactively adopt a freedom of association policy

## City Chic Collective **LIVING WAGE STATEMENT**

- Promoting a gender equality policy
- To respect the rights of workers to collective bargaining
- Supporting NGO's to help train workers on Freedom of Association and collective bargaining

Unfortunately paying higher prices for goods doesn't necessarily translate to the payment of higher wages for workers. We are reliant on suppliers passing on increased profits to their workers which does not always happen.

Consequently, we continue to explore the concept of including negotiated wages as an itemised cost in the overall purchase price of product.

We are committed to continuing our internal assessment and pilot by costing and protecting itemised wages as part of our negotiations, building on the trial we commenced last year, to provide more data to support an informed assessment. Due to our order cycle, we expect to conduct this pilot over the next 8 months, so we can assess internally by financial year end. Our aim is to achieve a better labour cost for workers and to continue to record wages year on year as part of our gap analysis; our focus for the coming year is to enhance and complete our wage gap analysis.

We continue to take onboard learnings on how we can do our part to help drive change and improve purchasing practices that will support the movement towards living wages in the apparel and footwear industry. We seek to actively engage with industry peers and NGO's to share feedback, advice and insights on the role we can play to help achieve a common goal of living wages.