

2022

CORPORATE
GOVERNANCE
STATEMENT



city chic collective

Contents

- 03 Corporate Governance Overview and Structure
- 14 Acting Ethically and Responsibly
- 16 Our People
- 22 Risk Management and Assurance
- 26 Communicating with Shareholders
- 29 Remunerating Fairly and Responsibly

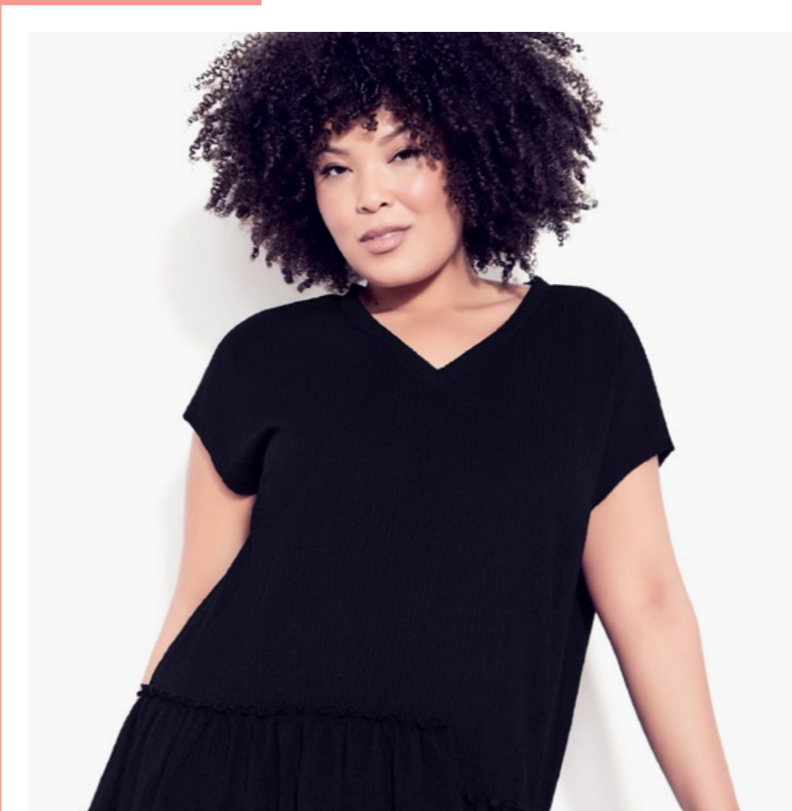
Overview

The Directors of the City Chic Collective Limited (City Chic or Company) Board are committed to the principles underpinning best practice in corporate governance, applied in a manner which is best suited to the City Chic group (Group), with a view to creating and delivering value for shareholders and to best address the Directors' accountability to all stakeholders.

In formulating the governance principles that guide the operations of the Group, the Directors have taken into account the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (4th edition). This is supported by an overriding organisation wide commitment to the highest standards of legislative compliance and ethical behaviour.

This corporate governance statement, which has been approved by the Board, outlines the Group's main corporate governance practices and policies in place during the 53 week period ended 3 July 2022, except where indicated otherwise.

Further information about City Chic's corporate governance practices and copies of key governance documents referred to in this report are all available on the Group's website <https://www.citychiccollective.com.au/investors>.



Organisational Structure

Board of Directors



Chairman and Non-Executive Director
MICHAEL KAY

Michael Kay joined the Board in October 2018 as an independent non-executive director and was subsequently appointed Chairman on 9 November 2018. Mr. Kay is a member of the Audit and Risk Committee and member of the People, Culture and Remuneration Committee.

Mr. Kay has significant listed company Board experience; he is the Chairman of Omni Bridgeway, and was previously Chairman of Lovisa. Mr. Kay has also held a number of senior executive roles during his career including CEO of McMillan Shakespeare and CEO of AAMI.



Chief Executive Officer and Managing Director
PHIL RYAN

Phil Ryan was announced CEO of City Chic in September 2018 and joined the Board in February 2019 as an executive director.

Mr. Ryan is the original Brand Director of City Chic. He is responsible for the strategic direction and operational leadership that has seen City Chic take a market leading position in the global plus-size industry.



Non-Executive Director
MEGAN QUINN

Megan Quinn joined the Board in October 2012 as an independent non-executive director. She is the Chair of the People, Culture and Remuneration Committee and a member of the Audit and Risk Committee.

Ms. Quinn is a specialist consultant working across a broad range of industries including financial and professional services, healthcare, consumer and digital, and is an international speaker. Ms Quinn was a co-founder of NET-A-PORTER and is a non-executive director at Reece, InvoCare and The Lottery Corporation.



Non-Executive Director
NATALIE MCLEAN

Natalie McLean joined the Board in August 2021 as an independent, non-executive director. She is a member of the Audit and Risk Committee and a member of the People, Culture and Remuneration Committee.

Mrs McLean has significant retail experience having worked in senior positions domestically in Australia and internationally with companies including Giordano, Rip Curl and the Cotton On Group. Mrs McLean is currently a director and the Chief Retail Officer of the Cotton On Group and a director of the Cotton On Foundation.



Non-Executive Director
NEIL THOMPSON

Neil Thompson joined the Board in August 2021 as an independent, non-executive director. He is Chair of the Audit and Risk Committee and a member of the People, Culture and Remuneration Committee.

Mr. Thompson has significant financial, operational and strategic experience from a broad range of senior roles and industries, including in the freight and logistics, industrial products and technology sectors. Mr. Thompson is currently a Finance Operating Partner at private equity firm Potentia Capital and was previously the Chief Financial Officer of Ascender HCM (a payroll software and services company). He is also a director of the Australian World Orchestra.

MICHAEL HARDWICK *retired November 2021*

Michael Hardwick joined the Board in May 2012 and retired during the reporting period, in November 2021. Mr. Hardwick was an independent non-executive director. Mr. Hardwick was also the Chair of the Audit and Risk Committee and member of the People, Culture and Remuneration Committee.

Mr. Hardwick is a Chartered Accountant, a member of the AICD and currently a director and the CFO of the CottonOn Group. Mr. Hardwick was previously a partner with the New York- based private equity firm Hudson Valley Capital Partners and has worked at PwC in both Melbourne and New York.

Role and functions of the Board and Board Committees

The role of the Board is to provide effective governance over the Group’s affairs to ensure the interest of shareholders are protected and enhanced and the confidence of the investment market is maintained whilst having regard to the interests of all stakeholders, including customers, employees, suppliers and local communities.

The Board of Directors is supported by two Board Committees – the Audit and Risk Committee (ARC) and the People, Culture and Remuneration Committee (PCRC) (previously called the Nomination and Remuneration Committee).

The Board and Board Committee Charter’s prescribe the structure of the Board and its committees, their respective functions and responsibilities, and the framework for director obligations. Copies of the Charters are available on the Company’s website. Further information about Board Committee’s is included below.

	Board	ARC	PCRC
Functions and responsibilities	<ul style="list-style-type: none"> • approving and overseeing implementation of corporate strategies, the annual budget and major capital expenditure • monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors • approving City Chic’s Code of Conduct and the values which underpin its culture • appointing the CEO and monitoring senior executive performance • satisfying itself that remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite • approving the Group’s risk framework and systems to ensure significant risks facing the Group (both financial and non-financial) have been identified and appropriate and adequate controls, monitoring and reporting mechanisms are in place • overseeing City Chic’s processes for continuous and periodic disclosure and communication with external stakeholders 	<ul style="list-style-type: none"> • reviewing and reporting to the Board on the annual and half-year report, financial statements and other public disclosures related to its roles and responsibilities • overseeing the external audit function • assisting the Board in reviewing the effectiveness and adequacy of the organisation’s internal financial control environment • reviewing and making recommendations to the Board on risk related disclosures, including material business, environmental and social risks • reviewing and reporting to the Board on the soundness of the Company’s overall risk management framework, considering financial and non-financial risk 	<ul style="list-style-type: none"> • assisting the Board in relation to the Company’s remuneration strategy, framework, policies and practices generally, and specific recommendations on remuneration packages and other terms of employment for C-level executives • assisting the Board in relation to the Company’s people and culture related strategies, policies and practices • recommending to the Board measurable objectives for achieving gender diversity in the composition of the Board, senior executives, and the work force generally • overseeing the Company’s initiatives to promote broad diversity and inclusion and overseeing the effectiveness of those programs • assisting the Board with the process for the appointment and re-appointment of non-executive directors including identification of suitable candidates for appointment to the Board • assisting the Board in relation to Board and C-level succession planning • assisting the Board with Director induction and continuing professional development.
Structure¹	<ul style="list-style-type: none"> • Chaired by Independent NED • 5 Directors (4 NEDs and 1 Executive Director) 	<ul style="list-style-type: none"> • Chaired by Independent NED • 4 Directors, all NED (Executive director attends all meetings by invitation) 	<ul style="list-style-type: none"> • Chaired by Independent NED • 4 Directors, all NED • (Executive director attends all meetings by invitation)
No. of Meetings²	29	5	5

¹ As at end of FY22 reporting period
² During the FY22 reporting period

STRUCTURING THE BOARD TO BE EFFECTIVE AND ADD VALUE

Composition

The composition of the Board and Board Committee’s during the reporting period is outlined below. Biographical information is included above.

Director		Board	ARC	PC&RC
Michael Kay	Independent non-executive director	○	●	●
Natalie McLean ¹	Independent non-executive director	●	●	●
Neil Thompson ²	Independent non-executive director	●	○	●
Megan Quinn	Independent non-executive director	●	●	○
Philip Ryan	Managing Director and CEO	●	Attends as an observer	
Michael Hardwick ³	Independent non-executive director	●	○	●

¹ Natalie McLean joined the Board on 5 August 2021.

² Neil Thompson joined the Board on 5 August 2021 and assumed Chair of the ARC from Michael Hardwick.

³ Michael Hardwick retired from the Board on 17 November 2021 and was Chair of the ARC.

- Chair of Board/Committee
- Member of Board/Committee

The Chairman and the Chief Executive Officer are not the same person. The Board is chaired by Michael Kay, who is an independent director. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board’s relationship with the Group’s senior executives. The Chief Executive Officer is responsible for implementing group strategies and policies.

The number of meetings held by the Board, ARC and PC&RC, as well as director attendance is set out in the FY2022 Annual Report.

Membership and appointment

Board and Board Committee membership is reviewed to ensure an appropriate skill mix, personal qualities, expertise and diversity to meet the Board’s responsibilities and objectives. When a vacancy exists or there is a need for particular skills, the selection criteria based on the skills deemed necessary are identified. The PCRC assist the Board to review potential candidates for Board appointment and retiring directors standing for re-election, considering a number of factors including skills, experience, expertise and personal qualities to enhance Board effectiveness, as well as any potential conflicts of interest and independence. The Board also undertakes appropriate checks and seeks confirmation of key matters in relation to any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director. These checks were undertaken prior to the appointment of two additional non-executive directors during this reporting period.

Board composition, skills and experience

As noted above, the Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties.

The Board seeks to ensure that the combination of its members provides an appropriate range of experience, skills, diversity, personal qualities and expertise to enable it to carry out its obligations and responsibilities. The Board believes that having a range of different skills, backgrounds, experience and gender ensures a diversity of viewpoints which facilitate effective governance and decision making.

The Board believes that the skills and experience in the areas listed below are desirable for the Board to perform its role effectively. The Board considers that the composition during the reporting period possesses an effective blend of these skills and experience which enables it and its committees to effectively govern the business, operate effectively as a governing body and add value in the context of the Group’s strategy:

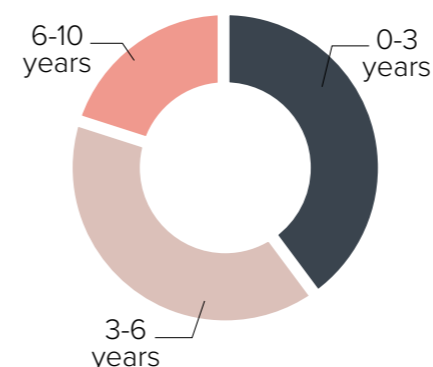
- Governance expertise and experience
- Risk management expertise and experience
- Financial and legal experience
- Corporate advisory expertise
- Executive/management experience
- Operational management expertise and experience
- Global expansion and international business dealings experience
- Technology, innovation and transformation experience
- Retail knowledge and experience
- Property expertise
- Listed company Board experience

The process undertaken to appoint two additional non-executive directors to the Board during the reporting period provided opportunity for a review of Board and Board Committee composition, performance and the appropriate mix of skills, experience and expertise to complement those of existing directors.

Each director has experience and expertise relevant to the Group’s business and level of operations.

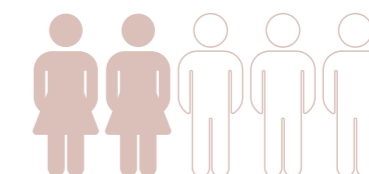
BOARD TENURE

Based on Board membership at the end of the reporting period.



BOARD DIVERSITY

Based on Board membership at the end of the reporting period.



Female: 40%
Male: 60%

BOARD GLOBAL EXPERIENCE



100% of Board has global expansion and international business dealings experience

The Board considers that its structure is, and will continue to be, appropriate in the context of the activities of the Group.

Appointment and Induction

The Company provides a letter of appointment to all directors, which sets out the Group’s expectations, their duties, the terms and conditions of their appointment, remuneration and forms part of the induction program for directors.

In the event of a new Director being appointed to the Board, as was the case during the reporting period, that Director is supported through an appropriate orientation and induction program on appointment.

Performance, Professional Development and Advice

Consistent with an 'agile' approach to performance management, the Board continually monitors and assesses throughout the year its collective performance, the performance of its Committees and the performance of individual directors to address any issues or areas for improvement as they arise.

The mix of skills, personal qualities, expertise and diversity of the Board and Board Committees is considered when appointing a new director to the Board and when evaluating the performance of the Board.

The Board also aims to conduct a more in-depth review of its performance and that of individual directors by undertaking periodic self-assessments of its collective performance, the performance of the Chairman and its committees. While such a review was not undertaken during the year, where these reviews are undertaken, Management are invited to contribute to this appraisal process and the results and any action plans are documented together with specific performance goals. The People, Culture and Remuneration Committee (PCRC) also assists the Board to assess, on an annual basis, retiring directors standing for re-election.

Directors are encouraged and supported by City Chic to undertake appropriate professional development opportunities and the Company Secretary will help to organise and facilitate the professional development of directors as required. As part of the 'agile' performance review process described above, and in regular Board discussions, consideration is given to whether additional professional development is needed to maintain the skills and knowledge of directors to perform their role effectively.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, after consultation with the Chairman.

Directors' Independence

As outlined in the Board of Directors Charter, the Board has determined a definition of an independent Director based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the nature of City Chic's operations and businesses.

Any past or present relationship with the Group is reviewed to assess the likely impact on a director's ability to be objective and exercise independent judgement. The Board reviews any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction is in compliance with the Corporations Act 2001 and is appropriately disclosed. The Board is confident that suitable processes are in place to satisfy expectations and requirements in relation to decision making and the management of conflicts of interest. The directors on the Board of City Chic contribute significant knowledge across a range of areas. Regardless of whether directors are defined as independent, all directors are expected to provide independent judgements and views to Board discussions.

With respect to the period of their engagement during the reporting period, each of the non-executive directors, being Michael Kay, Michael Hardwick (until 17 November 2021), Megan Quinn, Natalie McLean (from 5 August 2021) and Neil Thompson (from 5 August 2021), are/were considered by the Board to be independent directors. Michael Kay, Michael Hardwick, Natalie McLean and Neil Thompson own shares in the Company however are not substantial shareholders. Megan Quinn has been a non-executive director for approximately ten years, but the Board does not believe she has become too close to management to be considered no longer independent. The Group engages the services of Southern Cross Shopfitting, a company that is associated with the Cotton On Group. Natalie McLean is a director of the Cotton On Group, and its Chief Retail Officer. Natalie McLean is not involved in decision making relating to Southern Cross Shopfitting and its dealings with the Group and the Board considers her to be an independent director. The Board also considers Neil Thompson to be an independent director.

Executive Management Team



Chief Executive Officer and Managing Director

PHIL RYAN

Phil Ryan was announced CEO of City Chic in September 2018 and joined the Board in February 2019 as an executive director.

Mr. Ryan is the original Brand Director of City Chic. In 2006 Mr. Ryan led a team of six people that created the City Chic brand. He is responsible for the strategic direction and operational leadership that has seen City Chic take a market leading position in the global plus-size industry.



Chief Financial Officer

PETER MCCLELLAND

Peter McClelland joined City Chic in November 2021. Mr McClelland is a highly experienced public company CFO and COO in Australia as well as internationally. He has extensive finance and public markets experience, as well as experience across operations, supply chain, M&A and strategy in the retail sector.

His roles have included CFO and COO of oOh! Media, CFO of Velocity Frequent Flyer and, most recently, CFO of ISENTIA Limited. Prior to that he was APAC Chief Financial and Administration Officer of global retailer Luxottica, where he oversaw local distribution centre and logistics operations.



Chief Marketing Officer

CARLEY TURNER

Carley Turner was announced as the Chief Marketing Officer for City Chic in April 2021. Ms Turner was part of the founding team behind City Chic and has been instrumental in growing the brands that sit within the collective globally through her creative flair and commercial acumen. She oversees the marketing direction for all brands in the collective's portfolio including strategy, eCommerce, digital and customer experience across the global business. She has driven the collective to be a premier destination for plus-size women's apparel, recognising the importance of brand and customer perception within the plus fashion industry.

With over 15 years' experience in retail and fashion, Ms Turner has worked with some of Australia's largest women's apparel brands in a marketing capacity.



Appointment

Appropriate background checks are conducted before a senior executive is appointed. All senior executives have entered into written employment or executive services agreements with the Company, setting out the terms of their appointment.

Performance Evaluation

Consistent with an 'agile' approach to performance management, the performance of senior executives is reviewed regularly throughout the year to provide feedback, address any issues or areas for improvement as they arise. The Board also conducts an annual performance assessment of the CEO and other c-level executives and the CEO undertakes assessments of senior executives and, where necessary, discusses the review and any recommendations with the Board. A performance assessment of c-level executives was undertaken during the reporting period, consistent with this approach.

Company Secretary

Marta Kielich was appointed as Company Secretary with effect from 7 July 2020. All directors have access to the services and advice of the Company Secretary. Details of the skills, experience and expertise of the Company Secretary for the reporting period are set out in FY2022 Annual Report. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board Committees.

Acting Ethically & Responsibly

Culture, Conduct and Capabilities

In our endeavour to 'lead a world of curves', the Group recognises that respect for employees, customers, suppliers and other stakeholders is fundamental to the Group's long-term success and Group's social responsibility includes interacting with all stakeholders with integrity.

The Group has developed a Code of Conduct (the "Code") which has been endorsed by the Board and applies to all directors and employees. A copy of the Code is available on the City Chic website. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Group's stakeholders. In summary, the Code requires that at all times the Group's personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of the law and Group policies.

Our 'Core Capabilities' (which are akin to the Company's values and the foundation of City Chic's culture) support our goal and purpose to lead a world of curves. Our Core Capabilities are the skills and behaviours required to lead, grow and deliver exceptional experiences for her, our customer.

The core capabilities are:

1. We Put Her First - She is at the heart of every decision
2. We Are Passionate Connectors - We love what we do, and we work as one team
3. We Know It, Own It, Do It - We are knowledgeable, we are accountable, and we get it done
4. We Move Fast And Keep It Simple - We think quickly, act decisively, and keep things on point
5. We Are Fearless Agile Thinkers - We express ideas, take calculated risks, and embrace change

The Code and our Core Capabilities are further supported by Group policies including a Securities Trading Policy, Whistle-blower Policy and Anti-bribery and Corruption Policy. The Code and each of these policies form part of each employee's induction training. All employees are asked to sign a declaration confirming their understanding and compliance with the Code and these policies. A copy of the Code and City Chic policies are available on the City Chic website. The Board is informed of any material breaches of the Code and Group policies.

Group Sustainability

ESG across our supply chain

Creating safe and respectful working environments for all workers in our supply chain remains an overarching priority and focus. Following the acquisition of new brands and with the diversification of our sourcing regions, we have sought to partner with, and on-board, select new factories and vendors into our supply chain and our ethical trade policies.

People continue to be a focus for our organisation as we aim to improve the lives of workers in our supply chain across a range of priorities including:

- sourcing product in a recognised, responsible, and transparent supply chain
- working together to empower workers and give them a voice in the supply chain
- working with factories to close the gap between living wage and minimum wage
- seeking to ensure safe and healthy working conditions for all workers, in an environment where they are not exploited
- being aware of the risk of modern slavery in the supply chain, and implementing processes to better understand, identify and mitigate those risks and implement corrective action where identified.



101

Tier 1 Factories



6

Sourcing Countries



43,236

Workers in Tier 1



56%

Female Workers

We acknowledge that in the area of managing impacts to the environment and climate we have only achieved small steps and there remain a lot of opportunities, but the steps we have made are the foundation to working towards reducing our impact on this planet. Our current focus is on those areas where we believe we can help create a more positive and immediate impact on our planet, while continuing to offer affordable products to our customer.

During the reporting period we:

- introduced preferred fibres into a subset of our product
- developed more sustainable packaging options
- established processes across Europe and the UK for packing and textiles wastes and recycling, in line with Extended Producer Responsibilities in that region
- built on our knowledge & capacity for future climate strategies

Additional information about the actions we took, and progress we made, during the reporting period is outlined in our FY2022 Annual Report. Our Modern Slavery Report is available on our website <https://www.citychiccollective.com.au/csr>

Our People

Diversity and Inclusion

Workplace diversity recognises and values the contribution of people from different backgrounds, experiences and perspectives. It is the Group's aim to ensure that all team members have equal opportunity to participate and advance in their careers.

The Group values and recognises the diversity of our Team Members and the added value diversity provides to achieving the Group's overall objectives. The Group's diversity policy outlines the Group's diversity objectives in relation to gender, age, race, cultural background, disability, religion, gender identity, sexual orientation and professional background. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Group's progress in achieving them. A copy of the diversity policy is available on the City Chic website. The Group's diversity policy is underpinned and supported by a suite of processes and practices that are applicable to all who work for the Group and seek to create an environment that promotes inclusivity and attracts, retains and provides opportunities for well qualified employees, senior management and Board candidates, regardless of gender identity or minority group membership, and is reflective of diversity of thought and experience.

Objectives established for achieving diversity (including gender diversity) and progress towards achieving them during the year ended 3 July 2022 are set out below:

FY2022 Diversity Objectives

OBJECTIVE	ACHIEVEMENT
Seek to achieve and maintain gender diversity in the composition of the Board and the C-Suite Leadership Team of no less than 30% of each gender.	Achieved
Conduct CCX Diversity Survey annually	Achieved
Achieve a Sense of Belonging Score of 75% or above for all groups ¹ within the next two years (FY22 and FY23)	On track
Launch Diversity and Inclusivity Committee to lead diversity and inclusion awareness, process improvement, education, and initiatives	Achieved
Reposition employment brand and recruitment activity to increase the attractiveness of the company to males	Achieved
Launch FY22 workplace volunteering program	Discontinued

¹ 'Groups' include LGBTQI+, Disability/Impairment, Parents, Carer responsibilities, ESL, Gender Identity, over 45 age bracket

Due to the ongoing impact of COVID-19 related lockdowns, work from home arrangements and safety considerations during the reporting period, our workplace volunteering program was discontinued (having been originally rescheduled from FY21 to FY22). Although restrictions eased during the reporting period, a significant reduction in available volunteering opportunities remained reflecting health and safety concerns, including with respect to vulnerable populations and members of the community.

Diversity objectives established for FY2023 are set out below. They seek to identify areas of diversity that will help ensure all team members have a consistent employment experience, that they feel safe, respected, and valued when they come to work.

FY2023 Diversity Objectives

OBJECTIVE

Seek to maintain gender diversity in the composition of the Board and the C-Suite Leadership Team of no less than 30% of each gender.

Achieve a Sense of Belonging Score of 75% or above for all groups¹ by FY23

Introduce a Gender Affirmation Policy

Undergo an end-to-end 'Job Access' assessment to ensure optimal access to employees with a disability or impairment

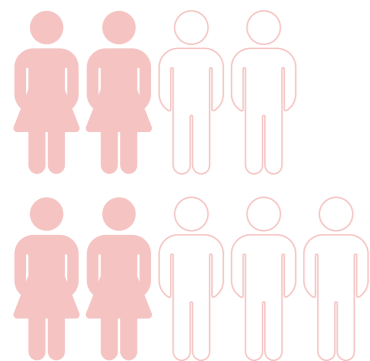
¹ 'Groups' include LGBTQI+, Disability/Impairment, Parents, Carer responsibilities, ESL, Gender Identity, over 45 age bracket

Gender Balance

City Chic's ongoing commitment to reporting on gender diversity is in line with the Workplace Gender Equality Act 2012 (WGEA). The proportion of women employed at different levels across the Group globally as at the end of the reporting period was as follows:

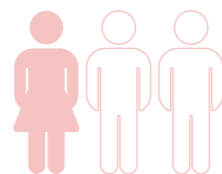
BOARD

2 of 4 non-executive directors on the Board are women; 2 of 5 Board members (including non-executive and executive directors) are women¹



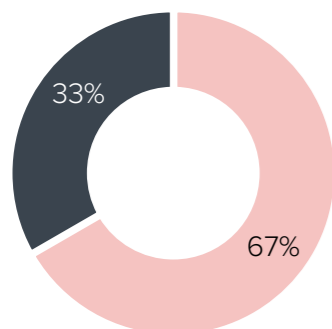
C-SUITE

1 in 3 C-Suite leaders (CEO, KMP and Head of Business) is a woman



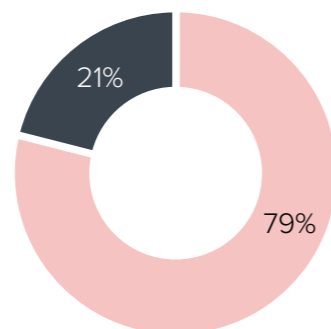
LEADERSHIP TEAM

67% of the Leadership Team (Other Executives and General Managers) are women



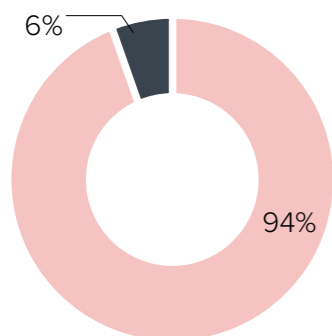
MANAGERS

79% of our Managers (Senior Managers and Other Managers) are women



WORKFORCE

94% of our workforce are women



Supporting Our People

Belonging

City Chic continues to undertake a number of initiatives, designed in part to facilitate our commitment to an inclusive and diverse workplace. In FY21 City Chic conducted its first Diversity & Inclusion (D&I) Survey and achieved a Sense of Belonging Score of 76% which was equal to the Culture Amp Global Inclusivity Benchmark. The survey was repeated in FY22 and a Sense of Belonging Score of 78% was achieved. The goal is to ensure all gender identities and minority group members have the same experience in the workplace. The survey results have identified the LGBTQI+ group, those that identify as having a disability or impairment, those with carer responsibilities for elderly, sick or disabled and those that identify as non-binary as areas of opportunity to improve. Our FY23 initiatives seek to focus on awareness and inclusion for these groups.

In FY21 we also recognised the underrepresentation of males in middle management and professional positions in our support office and we have and continue to seek to increase the attractiveness of the City Chic brand to the male sector of the labour market and to increase gender diversity in these workforce segments. Pleasingly the results of D&I survey indicate that those that identify as male feel valued and a sense of belonging in the workplace.

Engagement and Flexible Working Conditions

Employee engagement is measured annually, with quarterly 'pulse' checks, to provide regular and granular feedback to HR and leaders on all factors of employment experience which in turn inform P&C initiatives and priorities.

During periods of Covid-related lock-downs and/or work from home arrangements, we sought to maintain connection and engagement via a range of virtual social and connection activities.

To further support our employees, we provide our team with access to flexible working conditions, which based on their role and location may involve flexibility in start and finish times, casual or part time work, job sharing and/or for support office staff, hybrid working arrangements.

¹ as at the end of the reporting period and as at the date of this statement.

Safety

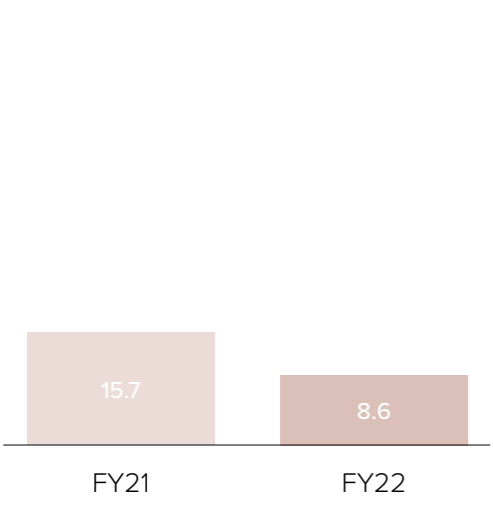
We care about the physical and psychological safety and health of our people and we are committed to creating a safe work environment.

As part of our HSE initiatives during the year, we, amongst other things:

- provided regular Covid-safety updates and associated training to ensure compliance with evolving government guidelines
- conducted regular Covid-safety audits
- provided employees with access to vaccination leave to encourage the uptake of vaccinations
- continued to offer general first aid and mental health first aid to retail operations leaders, HR and other interested employees
- all employees have access to a multi-faceted EAP service

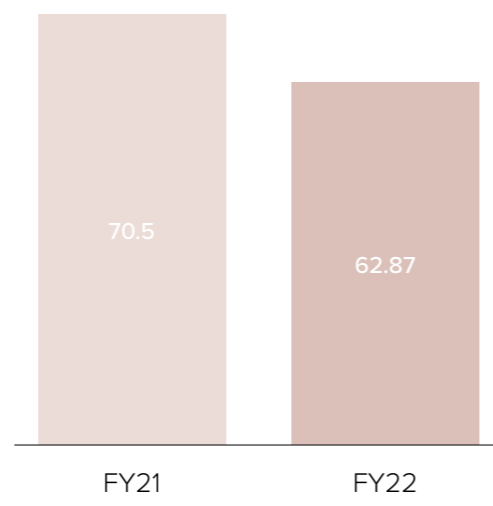
FY22 LTIFR¹

DOWN FROM 15.7 IN FY21



FY22 TRIFR²

DOWN FROM 70.5 IN FY21



¹LTIFR - total number of incidents recorded in the financial year that resulted in an injury that caused the employee to lose time from work against the total number of hours worked by our employees during that financial year

²TRIFR - total number of incidents recorded in the financial year against the total number of hours worked by employees during that financial year



Risk management and assurance

City Chic is committed to maintaining an effective system to address and proactively manage risk in accordance with relevant legislation and regulatory obligations, stakeholder expectations and good corporate governance principles.

The Board, supported by the ARC, is responsible for overseeing risk and ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Group's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Risk management framework

City Chic's risk management framework seeks to provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Group, having regard to, amongst other things, the Australian and New Zealand Risk Management Standard AS/NZS ISO 31000:2018.

The key elements of the framework are a Risk Management Policy, which establishes a mandate and commitment for managing risk, and a Risk Management Strategy which details the procedures and processes by which risk management will be implemented within the Group, including roles and responsibilities for identifying and managing risks as well as overseeing, monitoring and 'challenging' risk management. These documents have been approved by the Board and are supported by a group-wide risk register and other policies and procedures which are regularly reviewed, updated and reported on.

A review of the Group's risk management framework was completed by the ARC during the reporting period to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board.

As part of the process of approving the financial statements, at each reporting date the Chief Executive Officer and Chief Financial Officer provide statements in writing to the Board on the quality and effectiveness of the Group's risk management and internal compliance and control systems. This sign off is supported by confirmations from the senior leadership team on various risk and governance matters.

Under the Group's risk management framework, considerable importance is placed on maintaining a strong control environment. Adherence to the Code of Conduct is required at all times and the Board proactively promotes a culture of quality and integrity.

In April 2022, Ernst & Young (EY) was appointed as the Company's external auditor for the FY22 full year reporting period. Deloitte had been City Chic's auditor for more than 10 years, having been appointed in 2011. After long and thorough consideration, taking into account good corporate governance principles, the Board decided it was the appropriate time to change the Company's external audit provider.

In the absence of a dedicated internal audit team, the Group employs the services of professional third parties from time to time to provide independent reviews, make recommendations on, or provide assurance in relation to, specific internal control processes. In addition, as part of the Group's risk management framework, controls are periodically 'audited' or 'tested' internally and the outcome of that review is reported to the ARC.

The ARC is satisfied that the activities undertaken by management are sufficient in assessing and monitoring the Group's risk profile and internal control processes, and the practices are appropriate for a company of City Chic's size. Notwithstanding, and in the spirit of continual improvement, City Chic continues to look to identify and implement opportunities to improve the risk management framework and further develop a 'three lines of defence' model, in particular areas to deliver further assurance.

Material risks

The risk management framework seeks to ensure the Board and management have a clear line of sight in relation to material and emerging risks.

The Group's exposure to, and management of material business risks, including environmental or social risks are set out in the FY2022 Annual Report.

In addition, information about the Group's approach to corporate social responsibility, including ethical trade, supply chain management and management of environmental impacts, is detailed in the FY2022 Annual Report, in the investor presentation accompanying the FY2022 full year results, on the City Chic website and also in this document.

Financial Report Accountability

The Chief Executive Officer and the Chief Financial Officer who are present for Board discussion of financial matters are required to certify to the Board that the financial records of the Group have been properly maintained; the consolidated entity's financial statements comply with Accounting Standards, give a true and fair view of the financial position and performance of the Group; the financial statements and notes thereto are in accordance with the Corporations Act 2001 and their opinion is founded on the basis of a sound system of risk management and internal compliance and control systems which are operating effectively.

As noted above, the Board has established the ARC and this Committee is responsible for, amongst other things, overseeing the integrity of the Company's financial reporting systems and financial statements.

Verifying the integrity of periodic corporate reports

The Company's half year report and full year report (including the directors report) are audited or reviewed by the Company's auditor, and the Company does not release to the market any other type of 'periodic corporate report' as defined in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (4th edition). However, in order to be satisfied that information that is otherwise released to the ASX or made available publicly, such as the Company's corporate social responsibility disclosures or Modern Slavery Act statement are accurate, a range of reviews are undertaken by business unit owners / subject matter experts, legal counsel (internal and/or external), the company secretary, C-suite and/or the Board. Each of these individuals understands the requirement that information be accurate and balanced and that there is a reasonable basis for any statements of opinion.

Audit and Risk Committee

As noted above, the ARC is responsible for, amongst other things:

- recommending to the Board the appointment, removal and remuneration of the external auditors, reviewing the terms of their engagement, and the scope and quality of the audit and non-audit services
- overseeing the integrity of the Company's financial reporting systems and financial statements
- reviewing and reporting to the Board on the annual and half-year report, financial statements and other public disclosures related to its roles and responsibilities
- assisting the Board in reviewing the effectiveness and adequacy of the organisation's internal financial control environment
- reviewing and making recommendations to the Board on risk related disclosures, including material business, environmental and social risks

During the reporting period, the ARC was comprised only of independent, non-executive directors. As at the end of the reporting period, the ARC had three members (four until Mr Hardwick retired from the Board in November 2021) and the Chair of the Committee was an independent non-executive director throughout the entire reporting period.

Due to the relatively small size of the Board, the composition of the ARC (all non-executive directors are part of the ARC), and attendance at ARC meetings, reports, information and decisions made by the ARC are efficiently and effectively communicated to the full Board as required.

In fulfilling its responsibilities, the Committee receives regular reports from management and external auditors. It also meets with the external auditors without the presence of management at least twice a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to either the Chairman of the ARC or the Chairman of the Board. The Committee also has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party and obtain external legal or other independent professional advice.



Communicating with Shareholders

Shareholder Engagement

City Chic respects the rights of its shareholders and has adopted policies and practices to facilitate the effective exercise of those rights through the provision of information about the Group and its operations and the opportunity to participate at general meetings or other meetings which facilitate two-way communication.

Information about City Chic and its governance and copies of ASX disclosures are available via City Chic's website. City Chic aims to facilitate effective communication with investors to ensure all information in relation to significant matters is communicated in a timely, clear and objective manner.

Information is provided to City Chic's shareholders through:

- the City Chic Collective Limited Annual and Half-yearly Reports
- the Annual General Meeting (AGM)
- results announcements and ASX releases
- City Chic's website, which has a dedicated Investor Relations section

City Chic has a comprehensive shareholder engagement program which includes briefings, presentations and events throughout the year, in addition to the AGM. City Chic hosts briefing sessions for investors and analysts as part of its half-year and full-year results and other times, as deemed necessary. All material information and presentations are lodged with the ASX and are made available on the City Chic website.

AGM

Shareholders are encouraged to attend the AGM and ask questions of the Chairman and the Board. All AGM material is made available in the Investor Relations section area of our website. Resolutions at a meeting of shareholders are decided by a poll rather than show of hands.

Material information about a director standing for election or re-election, is provided in the notice of meeting for the AGM, in order to enable shareholders to make an informed decision on whether to elect or re-elect the candidate.

The external audit firm partner in charge of the City Chic audit is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report at the Annual General Meeting.

eCommunications

City Chic is focused on providing shareholders with timely updates and disclosures while also seeking to reduce our carbon footprint. As part of this focus, electronic communications are promoted, and through our share registry, shareholders can manage their communication preferences which include the option to receive communications electronically.

Continuous disclosure

City Chic satisfies its continuous disclosure obligations as required by the Listing Rules of the Australian Securities Exchange (ASX) and the Corporations Act by adhering to its External Communications Policy (available on the City Chic website) which requires material information to be disclosed in a timely manner to enable all shareholders and the market to have an equal opportunity to obtain and review material information about the Group.

All material market announcements are reviewed by the Board prior to being lodged with the ASX and copies of those announcements provided to the Board promptly after being released.

New and substantive investor/analyst presentations are released on the ASX ahead of any such presentation.

City Chic's annual and half-yearly reports, investor presentations, press releases and other information disclosed to the ASX, as well as information about corporate social responsibility and governance practices, are available on the City Chic website (www.citychiccollective.com.au).

Remunerating Fairly & Responsibly

City Chic's remuneration philosophy is to attract and retain talented and motivated individuals who enhance the Group's performance through their contributions and leadership.

People, Culture and Remuneration Committee

As noted above, the People, Culture and Remuneration Committee (formerly named the 'Nomination and Remuneration Committee') (PCRC) assists the Board in exercising a number of responsibilities in relation to Board composition (including succession planning and Board appointments), senior executive appointments, remuneration and other initiatives, strategies and risks connected with our people and culture.

During the reporting period, the PCRC was comprised only of independent, non-executive directors. As at the end of the reporting period, the PCRC had three members (four until Mr Hardwick retired from the Board in November 2021). The Chair of the Committee is an independent non-executive director.

The remuneration structures of non-executive and executive remuneration are separate.

Executive remuneration

As noted above, the PCRC considers remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives. The Committee, having regard to performance, relevant comparative information and independent expert advice where required, reviews executive remuneration and other terms of employment annually. As well as a base salary, remuneration packages include superannuation and performance related bonuses. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations and executing the Group's strategic objectives.

Non-executive remuneration

Remuneration of non-executive directors is reviewed by the Committee, and changes recommended to the Board, within the maximum amount approved by the shareholders from time to time. No changes to non-executive director remuneration were made during the reporting period.

Mr. Kay (as Chair of the Board) does not participate in discussions where his remuneration is decided.

Further information about City Chic's remuneration framework and directors' and executives' remuneration is set out in the FY2022 Annual Report under the heading "Remuneration report".

The City Chic Securities Trading Policy, available on the City Chic website, outlines restrictions in relation to dealing in City Chic securities including those issued under an equity-based remuneration scheme.