

chico's FAS^{ION}

June 2021

CORPORATE SOCIAL RESPONSIBILITY (CSR)

OUR CULTURAL VALUES

Our five core values shape the culture of our organization and define our Company's character - they serve as the lens through which we make decisions for our customers, our Associates and our Company.



We believe that as we continue our journey to thrive as a retail organization, staying focused on these Cultural Values is critical because they help drive our daily decisions and actions across our business, including in the important areas of Social Responsibility and Sustainability.

SOCIAL RESPONSIBILITY

At Chico's FAS, Inc. (the "Company" or "Chico's FAS") we know our *people* are key to our success. The *people* who design, make and sell our products, the *people* who support every function of our organization, and the *people* who buy our unique fashion. It's our responsibility to take care of our *people*, and the environments where they live and work. We believe that every person has a right to safe, decent and humane working conditions, whether in facilities operated by us or by third parties. We are committed to minimizing our environmental footprint, creating an inclusive culture, offering health and wellness programs for our people and supporting the communities where we operate.

In this document, we share an overview of the efforts we are making to improve the lives of those who work at and with the Company and the communities in which we do business. Please click [here](#) for details on our community engagement, charitable giving and other philanthropic efforts; or click [here](#) for an overview of the Company's Sustainability efforts to minimize our environmental footprint and our commitment to ethical sourcing.

The Company's Board of Directors (Board) believes that effective oversight of ESG matters is core to its risk oversight function and is essential to sustainability, providing value to shareholders and benefiting the communities we serve. In 2019, we took the important step to formalize our commitment to Environmental & Social Responsibility by establishing an Associate-led Sustainability Committee tasked with driving Company results through the lens of accountability, transparency and environmental & social stewardship by identifying and pursuing synergies between our brand DNA and environmental & social matters of public significance.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

June 2021

The Board is committed to supporting the Company's efforts to operate as a sound corporate citizen, as evidenced by the formation in 2021 of a new Board committee, the ESG Committee, with a dedicated focus on the Company's ESG policies and practices. With oversight by the ESG Committee, the Sustainability Committee identifies, develops and aims to accelerate the Company's sustainability & social responsibility goals and the Associate-led Inclusion & Diversity Council drives our I&D initiatives throughout our value chain. The ESG Committee is also taking a more active role in our diversity and inclusion efforts, including aligning on corporate goals and our diversity & inclusion roadmap and strategy.

FAS FACT: INTERNATIONALLY RECOGNIZED REPORTING STANDARDS MEANS BETTER DATA

A wide range of stakeholders, rely on a company's sustainability reporting to inform their everyday decisions, including which companies to invest in or to shop with.

In December 2020, we published updated CSR statements reflecting closer alignment to the **Sustainability Accounting Standards Board's (SASB) Apparel, Accessories & Footwear Sustainability Accounting Standard (ver. 2018-10)** disclosure topics, namely the Management of Chemicals in Products, Environmental Impacts in the Supply Chain, Labor Conditions in the Supply Chain and Raw Materials Sourcing.

Updating our disclosures to report in a manner that better aligns with the SASB Standard allows us to present our ESG disclosures in way that permits consistent comparison of our environmental sustainability and social responsibility initiatives data to such of our peers that have also adopted the SASB Standard for their own corporate sustainability reporting. As our data gathering and disclosure opportunities evolve over time, we plan continue to improve our efforts to better align with this Standard.

This document discusses our efforts related to Labor Conditions in the Supply Chain.

For our discussion on the Management of Chemicals in Products, Environmental Impacts in the Supply Chain and Raw Materials Sourcing, please click [here](#).

A Note on the Novel Coronavirus (COVID-19)

The COVID-19 global pandemic has changed our world. In the past 14 months, the health and safety of our communities has taken center stage as the societal effects of COVID-19 has dramatically affected the way we live, work, travel, socialize and shop.

Formed in March 2020, our COVID-19 Crisis Management Team continues to lead the Company's efforts to implement and update safety protocols designed to limit the impact of COVID-19 at our boutiques, our NSSC campus and our distribution center. For the safety of our customers and our Associates, we continue to follow the orders from our government officials along with the various guidance developed by the CDC, OSHA and state and local entities coupled with guidance developed by our trade associations.

The Company has rolled out new safety measures throughout our business, including but not limited to, ongoing Associate training on our latest cleanliness and safety protocols; enhancing cleaning, sanitizing and product handling practices; limiting occupancy and enforcing social distancing protocols in all of our locations; providing PPE, cleaning supplies and daily symptom screenings to all Associates; and where

chico's FAS^{ION}

June 2021

possible, encouraging our Associates to work from home. We've also taken advantage of newer communication technologies to enhance our new way of working.



Passion
for *Fashion*

Inhale fashion, exhale style.
It's what we love.

HUMAN CAPITAL

Our Values & Guiding Principles guide how we treat our customers and our Associates. At Chico's FAS, we believe that by being the Most Amazing Place to Work, Learn and Grow, we create an environment where we attract and retain the best talent and create opportunities for their continued success. This involves more than just managing traditional human capital areas like recruiting, hiring and onboarding, compensation planning, performance management and professional development. Our commitment involves continuously striving to improve our culture around Associate satisfaction, fairness & equality, inclusion & diversity, community outreach, ethics & compliance, health & wellness and other areas.

Associate Engagement

To measure how we are doing and identify areas of opportunity, we've conducted Associate Engagement Surveys for several years. These surveys are designed to measure a range of Associate engagement drivers like Organizational Culture, Career Growth Opportunity and Change Management, among others. Our 2019 survey found that the Company had overall Associate Engagement of 84%, and highest marks in Supervisor Effectiveness (87%), Teamwork (83%) and Leadership (82%).

In 2020, rather than conducting an annual Associate Engagement Survey, the Company conducted a number of "pulse" surveys - based on a five-star rating system - designed to assess the well-being of our workforce throughout the year, as we faced the various challenges presented by the COVID-19 virus. A pulse survey conducted in October 2020 requested feedback that most closely-aligned to the Associate engagement drivers above and revealed that with regard to Associate Engagement, the Company received highest marks (five stars) for the statement: "*I know my work impacts the Company,*" and four stars for "*I*

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FAS[®]

June 2021

am recognized for a job well done”, “I am a positive role model of the culture” and “I feel like I make a difference at Chico’s FAS”. In addition, the Company received four stars for the following statements aligned to Teamwork: “I actively collaborate with my peers and leader”; Supervisor Effectiveness: “I regularly receive feedback from my manager” and “I have access to the resources needed to do my job well”; and Leadership: “I feel informed of Company information”, “My leader shows an interest in me” and “I feel comfortable sharing my point of view at work, regularly seeking feedback”.

We also communicate with our workforce through a variety of channels and encourage open and direct communication, including Company-wide “All Hands Meetings” with the Executive team, frequent email communications and associate pulse surveys. We use our Associates’ feedback to continuously improve our learning and development programming, wellness programs and other opportunities.

Fairness & Equality

All our Associates deserve to be treated with respect and dignity, and here at Chico’s FAS, we remain committed to a harassment-free workplace. We are firmly committed to providing equal employment opportunities in accordance with our *Chico’s FAS, Inc. Code of Ethics* available [here](#) (“Code of Ethics”) and our *Equal Employment Opportunity and Harassment Prevention* policies (“HR Policies”), applicable to all of our Associates, including our officers and the Board of Directors (“Board”). But our commitment to fairness and equality doesn’t stop there.



chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FAS^{ION}

June 2021

Among other recognitions, Chico's FAS is proud to have been named one of America's [Best Employers for Women 2020](#) and for the second year in a row, one of America's [Best Employers for Diversity](#) by Forbes Magazine.

As a family of lifestyle brands for women and led by women, Chico's FAS has a strong commitment of supporting opportunities for women in a way that brings them both confidence and joy. As a leader in gender diversity, we are proud of the number of talented women in our 12,654 Associate workforce.

Chico's FAS, Inc. Gender Diversity Summary June 2021

Percentage Per Organizational Level

Gender	Company-Wide	Directors	Officers	Senior VPs	Executives	Board of Directors
Male	5%	37%	33%	5%	50%	44%
Female	95%	63%	67%	95%	50%	56%

We are also honored to be included on the [2020 Corporate Equality Index](#), published by the Human Rights Campaign, for our corporate policies and practices related to LGBTQ equality.

The Company believes that our responsibility to promote our values on fairness, equality, inclusion and diversity in the workplace extends beyond our own Associates; it includes a responsibility to conduct business with suppliers and service providers that have shared values and goals.

Our supply-chain programs monitor compliance with our *Global Code of Conduct* ("Code of Conduct", previously known as our *Terms of Commitment to Ethical Sourcing*) available [here](#) and our Code of Ethics (collectively with the Code of Conduct, the "Codes"). These Codes reflect the minimum standards and expectations of the way our supply-chain partners conduct their own businesses. To support our goal to maintain stable long-term relationships with suppliers that align with our values, we are adopting a more holistic approach to supporting fairness, equality and I&D initiatives in our supply chain.

Since at least as early as 2018, certain of our products have been produced at factories that engage in one or more women's empowerment programs or trainings, including: HER educational programs, FACT (Human Trafficking), PACE, Laborlink, POSH, Gender Based Violence-Free Workplace Training, Better Work, tutoring, scholarship and leadership programs, and community infrastructure projects, among others. However, until this year, the Company had only limited insight into these initiatives.

In the Company's fourth quarter 2020, our Sustainability Committee received the results of the Company's first Tier 1 supplier facility Environmental & Social audit questionnaire (E&S Audit). The E&S Audit was an important first step to gaining a better understanding into our suppliers' practices across a broad range of topics, including fundamental human rights, I&D and women's empowerment programs, among others.

The 2020 E&S Audit will also provide the Company with an important baseline from which to measure our I&D initiatives and their impacts in the years to come.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

SUPPLIER SPOTLIGHT 2020 - WOMEN'S EMPOWERMENT

MAS HOLDINGS, Sri Lanka

MAS Holdings (MAS), a Chico's FAS top-10 supplier producing Soma® Intimates and the largest design-to-delivery apparel solutions provider in South Asia, has doubled-down on a commitment to empower 10,000 of its employees by 2021 by providing health and wellbeing education and services focusing on sexual and reproductive health and; awareness on gender-based violence. After exceeding its goal in 2020, MAS is now committing to reach a total of 20,000 employees by the end of 2021.

With women making up 70% of the company's 99,000 global workforce, MAS identified a fundamental requirement to support and empower its female employees very early in its operation and began to invest heavily in women's career development, skill development and more importantly in their health and wellbeing. In 2019, the company outlined bold, measurable and time-bound plans to empower its employees, anchored to its globally acclaimed hallmark women's empowerment platform '[Women Go Beyond](#)'.

Focusing on hygiene, nutrition, family planning, pre and post-natal care, and sexual and reproductive health and rights, enabled both male and female employees to share this comprehensive knowledge in their communities to create awareness.

MAS's efforts highlight women's empowerment - through the discovery of untapped intellectual capacities and skillsets, economic freedom, autonomy and self-confidence - as the foundation of economic stability in Sri Lanka and the region.

For more information on these efforts, read their full article [here](#)

We look forward to sharing additional learnings related to our product supply chain, and to developing roadmaps and strategies for moving our fairness, equality and I&D conversations forward with other of the Company's business partners and activities in the future.

Ethics & Compliance

The Company takes pride in fostering open and effective communication between Associates and management. We strive to ensure that our Associates work in an environment that fosters two-way communication without fear of retaliation. We have an Open-Door policy; an Ethics Hotline available to our Associates and members of our global supply chain 24 hours a day, 7 days a week; and a Loss Prevention Hotline.

The Company also has mandatory Associate training courses designed to educate and reinforce various of our corporate compliance policies on topics like our Code of Ethics, Insider Trading, FCPA & Anti-Harassment, and others.

Anyone with information about known or suspected violations of our Code of Ethics (including suspected workplace violence), any of our Company policies, or of any law, is encouraged to take advantage of the

chico's FAS^{ION}

June 2021

available Hotlines or report the matter to a member of management, our Human Resources department or our In-House Legal Counsel under our Open-Door Policy.

Chico's FAS prohibits any form of retaliation against an Associate who participates in an investigation, reports a suspected violation, or expresses a concern in good faith.



INCLUSION & DIVERSITY

At Chico's FAS we believe in the power of a culture based on inclusiveness and diverse points of view. We value the diverse experiences, perspectives, and backgrounds of our Associates & customers so that we can promote customer centricity, continuous improvement, inspiration & inclusivity, accountability and a passion for fashion. We are committed to an inclusive environment that celebrates our individuality, influences our culture and innovates the way we work.

This year, the Company selected its 2020-2021 Inclusion & Diversity Council ("Council") led by our Head of Inclusion & Diversity.

Beginning in 2021, our Board, through the ESG Committee, will provide oversight regarding the Inclusion & Diversity ("I&D") roadmap and strategy. The Council has identified the following 3 main focus areas that will help us continue to lay the groundwork to enhance our I&D efforts, Attraction & Retention, Education & Training, and Customer Focus.

Attraction & Retention: In 2020, we encouraged all Associates to self-identify their individual demographics to assist the Council in determining underrepresented groups in our workforce. We also took the important step of certifying several senior recruiters as Certified Diversity Recruiters under the AIRS standards on I&D best recruiting practices and the Company has been accepted into the Military Spouse Employment Partnership (MSEP). We firmly believe that when potential candidates see themselves represented in the marketing and recruiting materials of potential employers, it increases the likelihood that the candidates will apply for those positions. As a result, we've updated our visual recruitment materials to better represent our diverse workforce.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FAS³

June 2021

For the last several years, to assist with Associate retention, our Human Resources department has continued their efforts to map out and communicate career paths for our Associates that offer opportunities for growth both inside and outside of the line of direct reporting. For example, in 2019, the Company began offering an internal gig work program that leverages the expertise and talent of our Associates on projects outside of their own departments. This allows our Associates to “show-off” the breadth of their expertise and provides additional opportunities for our management teams to identify and groom internal talent to meet our business needs.

Health & Wellness: The Company provides safety training and offers benefits that provide competitive and affordable options for the health, well-being, and financial security of our Associates and their families. We continuously foster a culture of wellness by providing access to many programs, tools, and resources which encourage a healthy lifestyle. In addition to a Parental Leave Policy, the Company provides a generous Paid Time-Off (PTO) program to promote a healthy work-life balance for our Associates.

Our NSSC campus features an on-site fitness center with classes, personal training and fitness events, an outdoor fitness path, as well as an on-site health center for Wellness visits, nutrition and health assessments, counseling and other great tools to help our Associates commit to their personal health and wellness programs. Our corporate intranet provides news and information on Associate services such as on-site cafes with healthy dining options, childcare facility, fitness center, healthcare clinic, auto repair and detailing services, dry cleaning, personal shipping/mail services, corporate discounts and other amenities and services.

As we strive to attract and retain the best talent in our industry, the Company's benefits package continues to evolve in order to meet the needs of our dynamic workforce.

Succession Planning & Development: The Company's commitment to I&D goes beyond attracting and retaining a diverse and inclusive workforce. We are also committed to providing an inclusive culture where all individuals feel respected, are treated fairly, provided with work-life balance, and an opportunity to excel in their chosen careers. This includes offering career advancement opportunities for our Associates and management via talent development.

We also believe that succession planning practices can be key to remaining competitive over the long term. As part of our efforts to understand the underrepresented groups in our workforce, we have analyzed the current state of the diversity of our workforce at the different levels of our organization. While we recognize that the Company has more work to do in this area, these learnings will assist the Company in developing inclusive succession planning opportunities at all levels of our organization, allowing us to provide opportunities for all of us to rise together.

Education & Training: We are committed to creating a work environment that provides all our Associates equal access to information, resources, development and opportunity and sets our expectations with regard to a harassment-free, diverse workplace. We conduct training on unconscious bias, the impact of inclusion, cultural awareness, and racial equity as well as offer a catalogue of over 1,000 learning, development and career pathing courses to our Associates to promote opportunities for personal growth.

As part of the national dialogue on the Black Lives Matter movement and race relations in the United States, we shared information and resources to help our Associates become *Upstanders Against Racism*, to encourage ongoing dialogue on race relations, and to achieve and sustain deeper Associate engagement. We continue to post educational materials, local resources and community involvement updates on the Company's internal website.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FAS[®]

June 2021

We've also launched enhanced Inclusion Training for our field Associates and will continue to expand I&D-focused training offerings for our Associates.



Customer
centricity

Our customer is at the center
of everything we do.

Customer Focus: At Chico's FAS, we've always put our customers first. whether through our Most Amazing Personal Service, our commitment to providing safer shopping experiences or the expansion of our omni-channel shopping choices, our customer truly is at the center of everything we do.

FAS FACT: SAFER SHOPPING EQUALS CONFIDENT CUSTOMERS

In our boutiques, we require proper face covering use by all Associates and customers and continue to offer contactless payment and e-receipt options as well as exclusive store hours for vulnerable shoppers.

Each of our brands now offer our customers a number of safer shopping options, including contactless Buy Online-Pickup in Store, Curbside Pickup or Shop-by-Appointment services and local Contactless Delivery options in select boutiques in addition to StyleConnectSM - our virtual styling service – designed to make shopping from home more convenient.

We've recently updated our websites to provide our customers with a one-stop browsing experience by including convenient links to access each of our brand's sites, no matter which website they visit – making it easier than ever to find an infinite assortment of apparel and intimates that look great together.

With our new My Virtual Closet feature available online, our customers can shop for new looks and find outfit recommendations that match back to their most recent purchases. Just one more way Chico's FAS is evolving into a Digital First company that creates simple solutions to meet our customer's evolving needs at the center of everything we do.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FASION

June 2021

Chico's FAS feels that our products and marketing should reflect our customers and celebrate their differences. Each of us deserves to feel heard, seen and respected, so we continue to develop collections that include solutions-based selections designed to provide superior fit, support and comfort for a wide range of personal, lifestyle and body conscious needs, to inspire confidence and joy in our customers. We have begun the process of expanding our basics color offerings to better represent and flatter the wide range of beautiful skin tones in our world and continue to offer extended sizing across all of our brands.

The Company has accelerated our efforts to feature ethnically, racially and physically diverse models and influencers and to create in-boutique and online experiences where our customers see themselves and each other reflected in our products and marketing. We will continue to strive to feature the breadth of the diversity found in our communities in all that we do.

In 2020, to help our Associates be inspired to inspire our customers, we created exclusive resources for our Associates, like our Trend Round-Up, Product Knowledge Portal and Chico's FAS Inspiration Salon, featuring product knowledge videos, magazines and other informative tools. These resources help improve our Associates' product expertise allowing us to assist customers dress for their body types and explore their own passion for fashion.



Be inspired
and *Inspire*
others

Seek out diverse ideas
and thoughts. Embrace
new ways of thinking.

Community & Involvement: We value diversity and recognize that building a company where Associates with unique backgrounds, experiences and viewpoints can work well together will benefit our business, our community and our society. Throughout 2020, the Company hosted listening sessions for our Associates on various social issues, either through Council-led or Associate-led "Let's Talk" sessions. We also participated in several events to celebrate [African American History Month](#) and participated in the [21 Day Racial Equity Habit Building Challenge](#) designed to foster more awareness around race, ethnicity and nationality during our day-to-day interactions with each other. As part of the larger conversation on inclusion and diversity, our Associate book club read and discussed [How to be an Anti-Racist](#) by Ibram X. Kendi and in September, we celebrated [National Hispanic Heritage Month](#) at NSSC.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

chico's FAS[®]

June 2021

We hosted several [LGBTQ Pride](#) events throughout 2020, and in November, we held a virtual version of our annual NSSC Veterans Day Flag Raising Ceremony to honor the Company's own military veterans and their families. We also continued our annual partnership with the United Way Program, which this year features the opportunity for Associates to direct donations to the social cause(s) of their choosing.

In recognition of the importance of our U.S. elections, prior to the 2020 Presidential election, we updated our Voting Policy to ensure our Associates were given the means and opportunity to cast their vote, including providing an NSSC Holiday to encourage Associates to take time off to vote and providing several other resources to assist our distribution center and field Associates to register and participate in our elections.

We actively encourage our Associates to participate in volunteer opportunities, fundraising and other diverse partnerships and activities that allows our Company to give back and take care of the communities where we live and work. Click [here](#) to learn more on these efforts.



Be
Accountable

We are accountable to metrics.
We are recognized for results.

GLOBAL COMPLIANCE

Chico's FAS, including its brands Chico's[®], White House Black Market[®], Soma[®] and Telltale[™] (collectively, the "Company") believes that every person has a right to safe, decent and humane working conditions. Our commitment to social responsibility is an integral part of the Company's culture and we require our suppliers to understand and comply with our Codes.

Our Code of Conduct is inspired by universally accepted human rights principles and the fundamental conventions of the International Labour Organization and The United Nations (UN) Guiding Principles on Business and Human Rights and is designed to reduce the risk that we become complicit in human rights violations. It sets forth our expectations for our suppliers regarding social, health and safety and environmental performance, while our Code of Ethics sets forth our expectations regarding their ethical performance. Suppliers that do business with the Company must contractually agree to comply with our Codes before producing goods for us.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

June 2021

While we do not own the factories where our products are manufactured, we are committed to forging strong partnerships with our suppliers so that the products we offer to our customers are produced under working conditions that are consistent with our Codes and our values. With our complex supply chain, it is important for our continued success that we work with suppliers who operate responsibly and demonstrate a commitment to transparency and continuous improvement. We have implemented written guidelines, formal processes and management oversight so that our Codes are not just words on paper, rather they represent the way we conduct our business and require others to conduct business with us.

As a result of our 2020 E&S Audit, the Company has taken the important step to update our own Code of Conduct available [here](#) to clarify our expectations on important human rights & labor issues, including the fundamental rights to clean water & humane treatment, the use of contract labor, fair wages & benefits, working hours, discrimination, collective bargaining and the implementation of social accountability policies.

Governance

Our commitment to global compliance begins at the top: oversight of the program rests with our Chief Executive Officer (“CEO”). Updates are provided to the CEO, Chief Financial Officer, and the [Audit Committee](#) of our Board on a wide variety of compliance matters, including but not limited to supplier compliance, sustainability, and regulatory compliance. Day-to-day responsibility for global compliance is owned by our Manager of Global Compliance, who reports to the Legal Department and is responsible for organizational alignment and managing our partnerships with internal and external stakeholders. The Global Compliance Department fosters a culture of transparency and seeks to continuously improve compliance with applicable legal and regulatory requirements, our Codes and the Company’s expectations.

Production Risk Assessments

We conduct annual risk assessments of our supply chain and of the countries in which our products are produced primarily focusing on current supply chain security, human rights and geo-political developments. This process enables our sourcing team to make informed decisions about where our products are manufactured and address any protective measures that are appropriate to meet our CSR expectations.

Assessing and Addressing Factory Conditions

The Company manufactures its products in approximately 21 countries. Our top 5 manufacturing countries are Vietnam, China, Sri Lanka, Nicaragua and India; each yielding at least 4.45% of our global unit volume.

We have developed a comprehensive process to train, monitor, audit and work with our suppliers, always striving for transparency and continuous improvement.



Products are sourced from approximately 21 Countries and 275 factories as of May 2021.
Total includes factories producing our branded products and third-party brands we purchased at wholesale.

Monitoring and Auditing

For the Company's branded products, we have a robust process to foster compliance with our Codes by our Tier 1 factories and to support our goal to maintain stable long-term relationships with suppliers that align with our values.

- An initial on-site audit is performed by an experienced third-party auditor contemporaneously with activating any Tier 1 factory producing our branded products. The audit incorporates guidelines from the International Labour Organization (ILO), the U.N. Guiding Principles, Better Work and industry standards. Our auditors evaluate the factory's compliance with health and safety; human rights, including with regard to discrimination, harassment, forced labor, child labor, freedom of association & collective bargaining and other protections; wages, hours and benefits; compliance with laws & ethical business practices; environmental safety; security, subcontracting and other social compliance standards and the standards set forth in our Codes.
- On-site audits typically include facility tours, document & systems reviews, interviews with workers and management, and physical inspections and observations.
- If an audit reveals that non-conformance(s) exist at any factory, based on the severity of the deficiency, we either prohibit production at the facility or formulate a suitable corrective action plan

June 2021

("CAP") with the supplier, that includes timelines for resolving the non-conformances and a schedule for follow-up audit(s), to ensure deficiencies are addressed over a reasonable period of time.

From time to time, we will terminate our relationship with factories or suppliers that are unable or unwilling to improve their performance in order to meet our CSR expectations.

At this time, we rely on our Tier 1 suppliers to communicate our Codes and expectations to their own suppliers, monitor their compliance and inform the Company of any issues that may arise.

FAS Fact:

In 2020, third-party audits of our Tier 1 suppliers revealed that:

- 100% of our audited facilities were in compliance with our child labor, forced labor and anti-discrimination standards
- All of our Tier 1 suppliers follow either our Code of Conduct or their own equivalents
- Nine (9) of our Tier 1 suppliers participated in [Better Work](#), a partnership between the ILO and the International Finance Corporation, designed to *"improve working conditions in the garment industry and to promote compliance with national law and international core labour standards in global garment and footwear supply chains."*

Labor Conditions in the Supply Chain

Our Tier 1 factories producing Company-branded products are usually audited annually by experienced third-party auditors to ensure compliance with our Codes and all applicable labor standards; interim follow-up audits are performed as necessary if annual audits reveal deficiencies requiring a CAP to be completed.

From time to time, the Company will conduct collaborative audits with other companies as well as accept audits from Better Work and WRAP for long-term suppliers, to reduce audit fatigue in our supply-chain. For third-party brands offered in our Company's boutiques, the Company requires the brands to provide us with satisfactory audits or suitable assurances of compliance on behalf of their Tier 1 suppliers to ensure that their practices are aligned with our Codes.

In addition, for initial test orders, we will accept certain third-party factory audits conducted on behalf of other brands. If a test order results in further orders with the factory, a follow-up audit conducted by our third-party auditor will be scheduled.

As with many of our peers, we are still experiencing the impact of the COVID-19 global pandemic on our supply chain. Due to lockdowns, travel restrictions and similar virus-mitigation efforts, our ability to schedule on-site audits of the Company's factory-base has been limited this year. As a result, in 2020, we temporarily increased our reliance on Better Work, WRAP and other recent third-party audit reports for new factory activations. While our annual re-audits were significantly reduced in 2020, we were able to audit 38.60% of our factory base (110 audits). As lockdowns and travel restrictions ease, we expect our auditing program to return to normal.

June 2021

In 2019, out of 285 Tier 1 factories in our vendor base, we commissioned 211 audits (74.04%) at factories producing the Company's branded products and we accepted 74 audits (25.96%) for third-party brands and test orders.

A recent review of our 2019 and 2020 audits revealed areas of opportunity for our Tier 1 factories to improve their wage and benefits documentation practices and consistently reinforce day-to-day safety practices.

FAS FACT:

Our 2020 E&S Audit revealed that over 80% of our Tier 1 suppliers:

- include a training element in their human rights policies
- address the protection of women's rights
- have a formal grievance reporting process for concerns related to human rights
- state a commitment to a fair or living wage for all employees & have policies addressing working hours
- have a policy that encompasses freedom of association
- indicated they provide anti-corruption training to all employees, including management

and over 70% of our Tier 1 suppliers:

- indicated they have an enterprise level environmental policy
- address the protection of minority groups' rights
- apply the same human rights policy standards to their own suppliers
- indicated they have policies that encompass the right to collective bargaining



Continuously
Improve
follow your curiosity

Supplier and Brand Collaboration

The Company realizes the significant advantages in collaborating with industry groups, trade organizations and other retailers to advance our high compliance standards. The Global Compliance Department is

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

June 2021

actively engaged in the communication with and education of our suppliers using tools such as our Vendor Portal, field visits, monthly conference calls with key suppliers, participation in multi-brand compliance summits and worker engagement programs.

In addition to other social, safety and environmental training sessions, fire safety continues to be a priority across our supply chain. We partner with various industry associations to promote local fire safety training opportunities and encourage our suppliers to participate in these sessions. In 2018, we conducted safety trainings throughout the Asia-Pacific region; resulting in improved scores related to Fire Safety for many of our factories. Upcoming training sessions will focus on providing our suppliers and their workers with the tools needed to identify and correct common non-compliance issues related to Health and Safety.

The American Apparel and Footwear Association (AAFA) is an industry leader of positive change for the apparel and footwear industry. We are proud that an expert in our Sourcing team was invited to join the *AAFA Safety in Denim Finishing Working Group (DFWG)*. The DFWG was established “to drive positive, sustainable solutions for social responsibility in the denim manufacturing industry”.

In 2018, our expert acted as the Technical Lead to assist the DFWG in drafting the [HEALTH & SAFETY GUIDELINES FOR WORKERS IN DENIM FINISHING](#), published by the AAFA in December 2018 (the “Guidelines”). The Guidelines are designed “to assist denim finishing facilities in providing a safe and healthy work environment that prevents accidents, injuries, and illnesses that may arise out of, or occur as a result of, the operation of their facilities.”

In 2019, we began providing the Guidelines to our denim supplier base for their adoption. We believe all or substantially all of our core denim suppliers are aware, engaged and follow the Guidelines, and we monitor their process through technical evaluations for our denim facilities conducted by our third-party auditors.

Measuring Factory Improvements

Our comprehensive monitoring program continues to provide us with insight into the complex challenges of workplace conditions, environmental opportunities, safety, security and ethical business practices. The Company utilizes global benchmarks and our historical auditing data to measure factory performance. Our Vendor Scorecard provides our partners with a report of a facility’s performance from a compliance perspective.

Our program includes a support system that can help factories tackle challenging labor, health and safety, environment, human rights, ethics and security issues. We are proud of our progress furthering our factory compliance programs. Our emphasis on workplace conditions has demonstrated measurable improvement within our factory base with increased compliance in the audit criteria topics of Health & Safety and the Environment. The results of our COVID-19-limited auditing conducted in 2020 has indicated that the factories audited were able to sustain full compliance with audit criteria in the areas of non-discrimination, women’s rights, child labor, forced labor and harassment. We encourage a relationship with our suppliers that is built on transparency and recognize they have been a key component of our success; we look forward to continuing improvements through future collaboration.

Supply Chain Security

As part of our continued commitment to the safety and security of our supply chain, in 2003, the Company voluntarily partnered with US Customs and Border Protection (CBP) in the Customs Trade Partnership Against Terrorism (C-TPAT) [program](#). We earned and have continued to maintain Tier 3 certification, meeting the requirements for the highest security status awarded by CBP.

chico's

W H I T E
H O U S E
B L A C K
M A R K E T

Soma

June 2021

About this Statement

The goals, plans, targets and commitments in this statement are aspirational; as such, no guarantees or promises are made that they will be met or successfully executed. Furthermore, data, statistics, and metrics included in this statement are non-audited, are not prepared in accordance with generally accepted accounting principles (GAAP), continue to evolve, and may be based on assumptions believed to be reasonable at the time of preparation, but may be subject to revision. This statement contains certain forward-looking statements, including statements regarding our corporate social responsibility and environmental, social, and governance targets, goals, commitments, and programs and other business plans, initiatives, and objectives. These statements are typically accompanied by the words “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “projects,” “may,” “will,” “should,” “would,” “could,” or other similar expressions. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Our actual future results, including the achievement of our targets, goals, or commitments, could differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed in our most recent annual report on Form 10-K, and subsequent quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission (SEC), as well as, with respect to our sustainability targets, goals, and commitments outlined in this report or elsewhere, the challenges and assumptions identified in this statement. You should consider the forward-looking statements in this statement in conjunction with our annual report on Form 10-K and our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC now and in the future. The Company urges you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this statement. The Company cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this statement are made as of the date of this statement, unless otherwise indicated, and we undertake no obligation to update this statement to reflect subsequent events or circumstances.