

FATFACE

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE IMPACT REPORT

1 JUNE – 31 MAY 2022

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THE FATFACE APPROACH TO SUSTAINABILITY

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THE FATFACE APPROACH TO SUSTAINABILITY

ABOUT THIS REPORT

We are pleased to publish our second Environmental, Social and Governance (ESG) Impact Report, which describes our commitment to generating positive change for people and planet. The scope of this report spans our operations for the financial year ending May 2022.

This report has been compiled in accordance with our Corporate Governance Policies which are aligned to statutory regulations, industry standards, national policies, agendas, and recommendations. Consistent with the broader national and international Sustainable Development Agenda, our Corporate Governance Policies underpin our ESG approach in accordance with the Climate Change Act (2008) and the 2030 Agenda for Sustainable Development adopted by all United Nations Member States in 2015 underpinned by the Sustainable Development Goals (SDGs). All our greenhouse gas (GHG) emissions data has been prepared in line with the statutory Streamlined Energy and Carbon Reporting (SECR) standards and calculated in line with the GHG Protocol.



FatFace is a British, family, lifestyle clothing brand that is Made for Life. With a unique heritage, FatFace creates product ranges across womens, mens, kids, footwear and accessories for the whole family to live life in. Our products are designed with purpose and built to last. Considered Style. Trusted Quality. Sustainably sourced. FatFace is a multichannel retailer with a thriving international digital business as well as over 180 stores in the UK and a highly engaged social community.

FATFACE: OUR HERITAGE



OUR VALUES

LIVING LIFE:

Life is for living and should be an incredible adventure

BETTER TOGETHER:

The greatest fun is had spending time with those we love

FEELING GOOD:

Finding time to feel good with a healthy body and mind

POSITIVITY AND FUN:

Celebrating the smallest moments with the biggest smiles

ENVIRONMENTALLY CONSCIOUS:

Devoted to style. Dedicated to sustainability

ONE COMMUNITY:

Equality and inclusion isn't an aspiration but the standard



Welcome

A MESSAGE FROM OUR CEO WILL CRUMBIE



Welcome to the FatFace ESG Report 2022.

As an international fashion business, we know our operations fundamentally impact the communities connected to us and the planet. This year we have

continued on our sustainability journey – striving to advance toward our ambitious 2025 strategic ESG goals, and we are proud of our progress so far.

Over the past 12 months, we have gained real momentum. From innovative collaborations and partnerships to embracing sustainable switches in our day-to-day, we're proud of all that we've achieved, including:

- Launching our ground-breaking 75-year partnership with the National Forest; Our forest will be home to 60,000 trees, set amongst the scenic countryside and rolling landscapes of the National Forest UK site
- Achieving carbon neutral status for operational emissions in the UK
- Starting our journey towards becoming part of the B Corp community and working towards certification in 2022/23, providing leadership in our sector by demonstrating our commitment to people and the planet

- Making progress towards our goal to source 100% of our primary raw materials from sustainable sources by 2025
- Launching our partnership with Thrift+ to offer an easy way for customers to give unwanted clothes a new lease of life while supporting a charity of their choice
- Launching 'FatFace PreLoved. Reloved.' with Thrift+, where customers can explore a collection of preloved pieces, sell their past FatFace favourites, and become part of our circular fashion community
- Launching our Ethical Marketing Policy
- Ensuring 100% of the electricity powering our head office and UK stores now come from renewable sources
- Switching to fully recyclable 'hexwrap' paper instead of bubble wrap to pack our online orders
- Ensuring all of the paper for our store carrier bags and catalogues is either recycled or sustainably sourced. For winter, we continued with our 'mindful wrapping' initiative, encouraging customers to use their store bags as wrapping paper this year
- Investing significantly in wellbeing programmes across our organisation

The wellbeing of our colleagues has always remained a significant priority for us at FatFace. We launched our first engagement survey with over 1,300 of our crew taking part to tell us about the issues they are passionate about, and we celebrated Mental Health Awareness Week with various interactive workshops. We also participated in Men's Health Week for the first time this year, which was dedicated to creating a conversation and space for our male colleagues to discuss important topics.

We have been doing more than ever with our community work too, changing lives wherever FatFace goes. FatFace and our FatFace Foundation have raised and donated almost £2 million since the Foundation was launched to help support our charitable partnerships with The Prince's Trust, Shelter and the Marine Conservation Society, and numerous other vital causes.

As we look ahead, we intend to increase the quality and availability of our data to improve our transparency and we are committed to publishing a list of our first-tier suppliers later in 2022 as we continue to embed ESG into our day-to-day business operations.

Will Crumbie – CEO
August 2022

OUR SUSTAINABILITY JOURNEY

DEVOTED TO STYLE. DEDICATED TO SUSTAINABILITY.

WE FUNDAMENTALLY BELIEVE THAT FASHION SHOULDN'T COST THE EARTH - WHICH IS WHY WE ALL NEED TO PLAY OUR PART IN PROTECTING THE PLANET. AT FATFACE, SUSTAINABILITY AND STYLE GO HAND IN HAND. WE PROUDLY MAKE CLOTHES FOR OUR CUSTOMERS TO LIVE LIFE IN. ALL DAY, EVERY DAY.

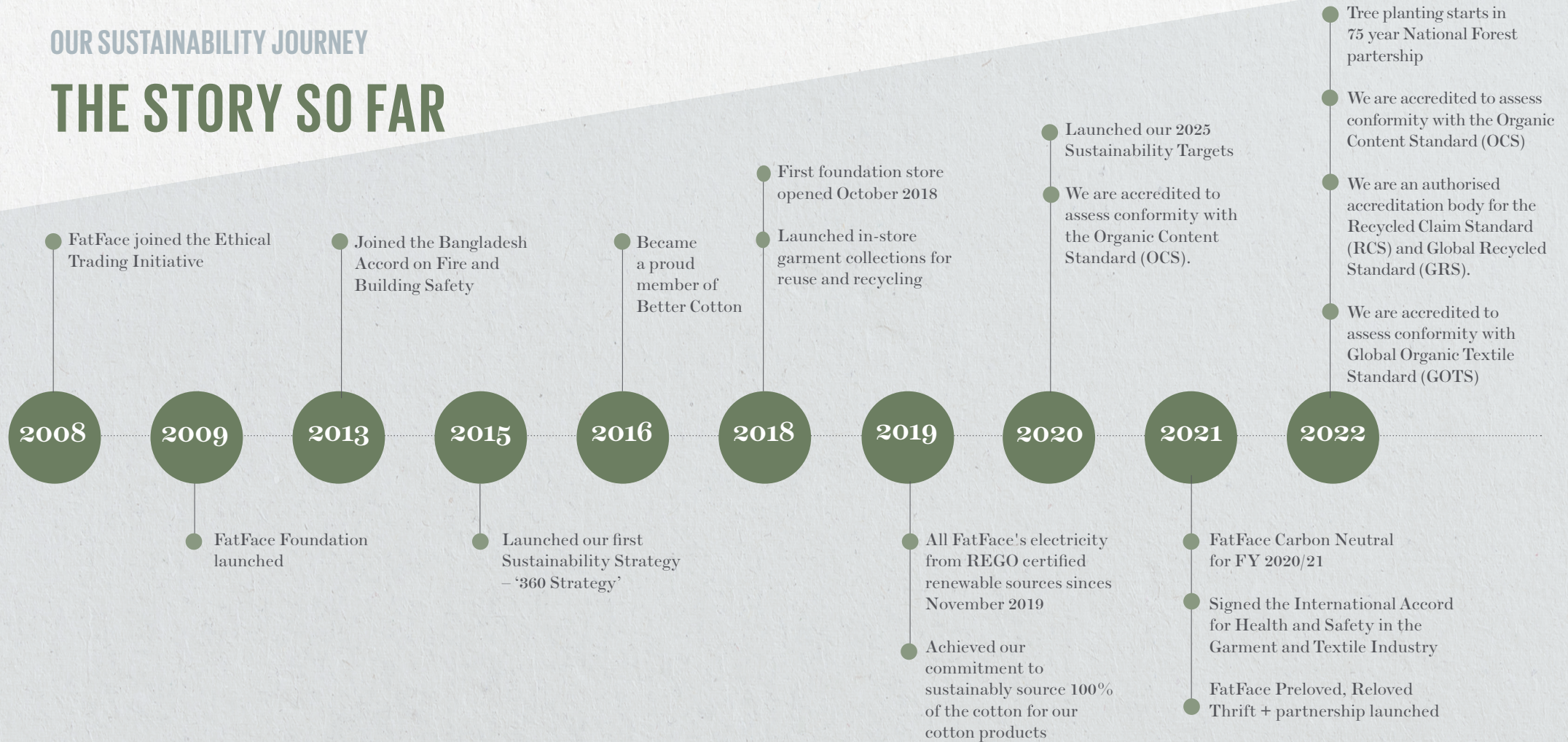
CONSIDERED STYLE. TRUSTED QUALITY. SUSTAINABLY SOURCED.

Our sustainability journey began in 2008. Since then, we've been making great strides to set stretching sustainability goals and working hard with honesty, integrity and passion to make the most sustainable choices for our product, our planet, and our community.

Our current Three Pillar Strategy was developed for 2021-2025 and sets the framework for our sustainability approach, standing as a core aspect of our business strategy.

OUR SUSTAINABILITY JOURNEY

THE STORY SO FAR



Learn more at TextileExchange.org & global-standard.org

OUR STRATEGY

Our Three Pillar Strategy is the fundamental framework that supports our sustainability goals and commitments. Developed collaboratively by all functions across the business, we wanted to ensure ownership of our targets and champions who would drive progress to achieve our goals.

Within each function there are champions who are accountable for ensuring we continue to work towards our sustainability goals.



THREE PILLAR STRATEGY



PRODUCT.

We're committed to using more sustainable materials.

Includes our supply chain, our raw materials, the workers, and the impact that manufacturing has.

- What we buy
- Where we buy it from
- How we sell it



PLANET.

We're committed to reducing our impact on the planet.

This is our business impact, through our controlled operations, the energy we use and the waste we generate including:

- How we run our properties
- How we move our products
- How we use energy and process waste



COMMUNITY.

We're committed to supporting our local communities

This is our own people, our manufacturing partners and the communities we touch via our offices, physical stores and online communities as well as charity partners, including The FatFace Foundation.

- How we operate in and give back to local communities
- Colleague development on sustainability

COMMUNICATIONS

This is the way we talk to our customers, crew and stakeholders. These are the channels that we use to support the celebration of progress made in the three pillars.

Find out more
[FATFACE.COM/SUSTAINABILITY](https://www.fatface.com/sustainability)

100% of our cotton products have used more sustainable cotton since 2019



HEADLINE OBJECTIVES. BY 2025 WE WILL HAVE:

PRODUCT

1. Committed to increasing our use of sustainable materials:
 - 100% of our Cotton products will be from more sustainable sources
 - 100% of our Polyester products will be switched to recycled
 - 100% of our Viscose products will be from sustainable sources
 - 100% of our Linen products will be from sustainable sources
 - 100% of our Leather products will come from LWG tanneries
2. Expanded our supplier engagement programme to include goods not for resale (GNFR)
3. Focused our buying decisions to prioritise our 'gold standard' suppliers
4. Publicly disclosed our first-tier product supply chain

PLANET

1. Achieved zero waste to landfill
2. 100% of energy powering our head office and stores will come from renewable sources
3. Eliminated single use plastic in our business
4. Become a carbon neutral business

COMMUNITY

1. Created a sustainable fundraising stream to donate 1% profit per year to our chosen charities
2. Donated 10,000 days to local charities and chosen partners
3. Worked with key partners to support underprivileged communities to provide opportunities that may otherwise be out of reach

COMMUNICATION

'SUSTAINABLE' AND 'FATFACE' WILL BE SYNONYMOUS IN OUR CUSTOMERS' MINDS.

ALIGNING WITH THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), or global ‘goals’, are a collection of 17 interlinked targets designed to be a “blueprint for achieving a better and more sustainable future for all.” The United Nations General Assembly established the SDGs in 2015 with an achievement deadline of 2030. We have prioritised **six** SDGs where we are positioned to have the most significant impact and will incorporate measurable targets into how our actions contribute toward fulfilling the Goals.



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| <div data-bbox="203 496 331 625"> </div> <div data-bbox="118 635 376 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="118 673 403 853"> <ul style="list-style-type: none"> • We ensure that we offer our employees financial wellbeing support in areas such as financial planning and managing debt </div> <div data-bbox="118 935 405 962"> <p>KEY FOCUS AREAS – OUR SUPPLY CHAIN</p> </div> <div data-bbox="118 971 403 1339"> <ul style="list-style-type: none"> • The FatFace Way of Life sets out our expectations that workers in our supply chain are paid fairly. Pay is checked rigorously during Sedex Members Ethical Trade Audits (SMETA) and our deeper Verification Assessments </div> | <div data-bbox="539 496 667 625"> </div> <div data-bbox="459 635 714 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="459 673 741 890"> <ul style="list-style-type: none"> • Provide health and wellbeing support to our employees and recognise the importance of specific areas such as positive mental wellbeing </div> <div data-bbox="459 935 743 962"> <p>KEY FOCUS AREAS – OUR SUPPLY CHAIN</p> </div> <div data-bbox="459 971 741 1377"> <ul style="list-style-type: none"> • We uphold ILO (International Labour Organisation) and ETI Base Code (Ethical Trading Initiative) standards and ensure health and safety regulations in our textile and garment factories are strictly audited by third party authorities </div> | <div data-bbox="880 496 1008 625"> </div> <div data-bbox="797 635 1055 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="797 673 1079 927"> <ul style="list-style-type: none"> • We support young people through our partnership with The Prince’s Trust schemes such as Kickstart, other early career programmes and work experiences </div> <div data-bbox="797 971 1081 999"> <p>KEY FOCUS AREAS – OUR SUPPLY CHAIN</p> </div> <div data-bbox="797 1010 1081 1264"> <ul style="list-style-type: none"> • As a member of the ETI (Ethical Trading Initiative), we fully support their standards to uphold human rights and counter modern slavery in our supply chain </div> | <div data-bbox="1218 496 1346 625"> </div> <div data-bbox="1135 635 1393 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="1135 673 1417 1077"> <ul style="list-style-type: none"> • Our customers are encouraged to use and care for the products they buy from us in a way that extends product life to reduce waste • We demonstrably act, through effective waste management, to follow the waste hierarchy </div> <div data-bbox="1135 1121 1420 1149"> <p>KEY FOCUS AREAS – OUR SUPPLY CHAIN</p> </div> <div data-bbox="1135 1160 1413 1449"> <ul style="list-style-type: none"> • We work closely with our suppliers to ensure our materials are sourced responsibly, sustainability claims are independently certified and strict processes are adhered to. </div> | <div data-bbox="1556 496 1684 625"> </div> <div data-bbox="1473 635 1731 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="1473 673 1753 1300"> <ul style="list-style-type: none"> • We are committed to climate action and will maintain a carbon neutral status for business operations year on year • We use accredited offsetting projects to counter residual emissions • We pursue an additional long-term offsetting strategy through our partnership with the National Forest </div> | <div data-bbox="1895 496 2022 625"> </div> <div data-bbox="1812 635 2092 662"> <p>KEY FOCUS AREAS – OUR BUSINESS</p> </div> <div data-bbox="1812 673 2119 1412"> <p>FatFace is committed to protecting natural resources and will responsibly source all land-based raw materials. We are proud that since 2019, 100% of the cotton for our cotton products is more sustainably sourced through our partnership with Better Cotton and using the Organic Content Standard (OCS) which verifies organically grown material and tracks it from source to final product. We are expanding our programme to include more of our commonly used raw materials</p> </div> |
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ENGAGING WITH FATFACE STAKEHOLDERS



FatFace has a myriad of stakeholders that influence the way we operate. Bringing these stakeholders along on our ESG journey is key to achieving our goals:

- **INVESTORS:** Our investors offer the critical funding that allows our business to grow. We welcome forward-thinking sustainability-aware partners that fully support our ESG ambition.
- **SHAREHOLDERS:** Our shareholders focus on building a strong brand that will generate value in the medium term.
- **CUSTOMERS:** Our customers are vital to FatFace, the reason we are in business and our priority stakeholder group. We proudly make clothes for our customers to live life in. Our customers care about sustainability and convey first-hand what they expect from us as a company. They want to know about the materials we source, where we manufacture, steps we are taking to reduce plastic in our packaging and how we are working to improve the sustainability of our delivery fleet. These are essential questions, and we continue to strive to meet our sustainability goals in these areas.
- **OUR CREW:** Our crew sit at the heart of FatFace and have made us who we are today. Our employees want career progression opportunities and fair compensation for their hard work. In return, FatFace is focused on productivity, efficiency, and cost-effectively delivering a high-quality service to our customers. Our crew are vital to delivering our ESG programme and are also a

source of ideas and innovation. Anonymous employee engagement surveys and face-to-face interaction will ensure we know how they feel about working at FatFace and can help shape our vision.

- **COMMUNITIES:** FatFace recognises the importance of the communities within which our business operates and from where we recruit our crew. We are acutely aware of how challenging things are for many individuals as we witness the effects of the cost-of-living crisis upon us. We actively partner with charities such as the Prince's Trust to give young people the skills they need to live, learn and earn, and Shelter, to end the devastating impact of the housing emergency.

- **THE ENVIRONMENT:** We are committed to minimising and ultimately offsetting any detrimental effects our operations may have on the environment and creating a sustainable future for the business.

- **MANUFACTURING PARTNERS:** We rely on a number of manufacturers to produce the garments and products we supply to our customers. A strong, trusted, and transparent supply chain is integral to our success as a retailer.

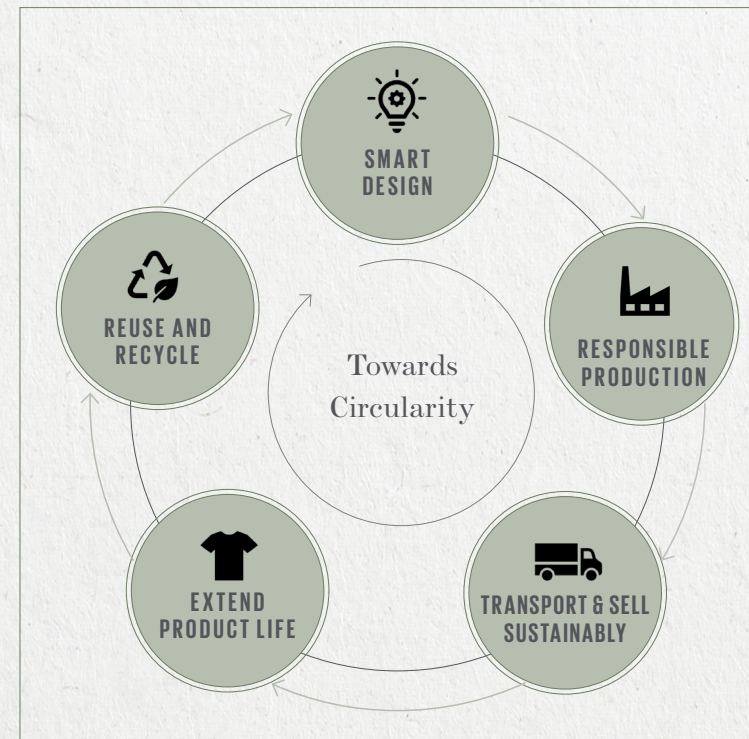
- **REGULATORS:** We seek to build a cooperative relationship with regulatory bodies and maintain compliance with current legislation.

OUR COMMITMENT IS THAT BY 2025 WE WILL HAVE:

1. Committed to increasing our use of sustainable materials:
 - 100% of our Cotton products from more sustainable sources
 - 100% of our Polyester products will be switched to recycled
 - 100% of our Viscose products will be from more sustainable sources
 - 100% of our Linen products will be from more sustainable sources
 - 100% of our Leather products will come from LWG tanneries
2. Expand our supplier engagement programme to include goods not for resale (GNFR)
3. Focused our buying decisions to prioritise our 'gold standard' suppliers
4. Publicly disclosed a list of our first-tier suppliers

TOWARDS CIRCULARITY

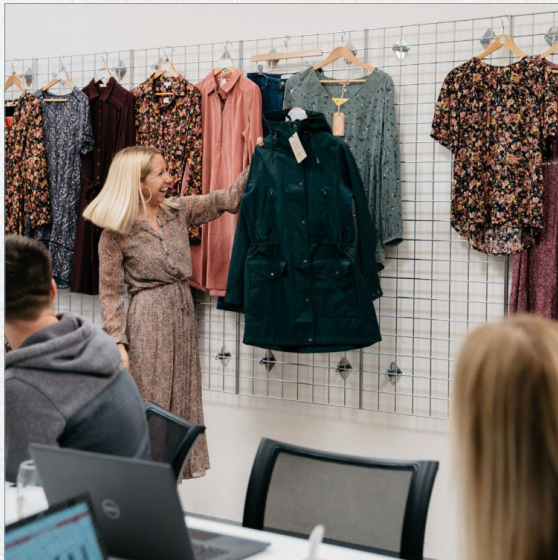
We recognise at FatFace that it is important that we move away from a linear model towards a more circular concept for the way we design, produce and encourage the disposal of our products. We are not a fast fashion brand and truly believe that our products should be made to last for the long term. By focusing on how we choose materials, how natural resources are managed, how we value human resources, and how we educate and empower our customers to ensure our products are used and disposed of responsibly, we can continue to strive toward creating a more circular model in the future.



SMART DESIGN

At FatFace, we endeavour to design our garments and products with care. As we shift towards circularity, we must target fibre and materials that are more sustainable and manufactured with minimal impact on the environment. We have set ourselves the ambitious target that 100% of our most common raw materials will be from more sustainable sources by 2025. We are incredibly proud to have already met that target for our cotton sourcing, which is our most predominant fibre. While we have some way to go with our polyester, viscose and leather, we are making good progress towards our goals.

Beyond designing our products using sustainable materials, we make every effort to make sure that our garments are durable and made to be lived in as well as to last – we want our customers to enjoy our clothes for years to come! We have design tools in place to ensure that we monitor garment construction every step of the way. We also listen carefully to customer feedback, evaluate returns and communicate closely with our suppliers to ensure that our quality standards are met.



We have set ourselves the ambitious target that 100% of our most common raw materials will be from more sustainable sources by 2025.

COTTON

FatFace loves cotton! We use it in over 70% of our products. We are incredibly proud that 100% of the cotton for our cotton products is now more responsibly sourced. We've achieved this by sourcing both organically grown cotton and responsibly sourced Better Cotton for all our clothing, as well as accessories such as socks and scarves. We are signatories of the Organic Cotton Standard (OCS) with Textile Exchange and members of Better Cotton.

Organically grown cotton is specifically grown without harmful pesticides and fertilisers, which is better for the environment and the farmers who produce the cotton. Conventional cotton production practices, which require substantial application of fertilisers and pesticides, threaten the quality of soil and water and the health and biodiversity in and downstream from the cotton fields. Heavy use of pesticides can also pose a risk to the health of farm workers and nearby communities. The amount of organic cotton in the world is only a tiny percentage of the total global cotton yield, so there's not much to go around. This is why we use two cotton sourcing standards. Better Cotton and Organic Cotton are two separate standards relating to cotton production. Better Cotton is a non-profit organisation helping farmers to reduce the impact of cotton production on the local environment and improving the livelihood of farmers globally. In addition, Better Cotton uses 10% less water and organic cotton 19% less compared to water needed to produce conventional cotton¹. In 2020, Better Cotton and equivalent more sustainable programmes represent 20% of global cotton production. Some Better Cotton farmers may also be organic certified, but that decision is up to the farmer. Although they have different focus areas, both initiatives are working towards a shared goal: to ensure that cotton is produced more sustainably. Our work with cotton is not over. We are extending our responsible sourcing commitment to cover smaller cotton quantities, such as linings for bags and shoes. In addition, we continue to build sustainability knowledge across our business, so all our staff understand the impacts of the materials we use.

¹Better Cotton Impact Report 2020; Textile Exchange Impact Dashboard 2021, SAC Higg Index



HERE ARE 3 GREAT REASONS WHY ORGANIC COTTON IS BETTER THAN CONVENTIONAL COTTON:



ORGANIC COTTON USES 19% LESS WATER TO GROW COMPARED TO CONVENTIONAL COTTON



ORGANIC COTTON IS GROWN ENTIRELY WITHOUT PESTICIDES OR SYNTHETIC FERTILISERS



GENETICALLY MODIFIED CROPS ARE FORBIDDEN IN ORGANIC COTTON PRODUCTION

SPOTLIGHT: THE WORK OF BETTER COTTON

Better Cotton seeks to make sustainable impact in all the work that they do. From smallholder farmers with a couple of hectares of cotton to the large, fully mechanised farms, and everyone in between. They seek to realise positive environmental, social, and economic change by supporting millions of farmers and farm workers around the world to grow cotton more sustainably, and importantly, they collect results data where possible. This helps them to understand whether their approach is effective and enables them to identify opportunities for improvement. Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment. But their work encompasses a lot more than this. They collaborate with businesses and civil society organisations from across the cotton sector, to advance sustainability and encourage demand for Better Cotton among suppliers, manufacturers, retailers, and brands.



HERE ARE 5 REASONS WHY BC IS GREAT FOR FARMERS AND GREAT FOR THE ENVIRONMENT:



18% MORE PROFIT



9% HIGHER YIELD



10% LESS WATER



23% LESS SYNTHETIC
PESTICIDE AND
13% LESS SYNTHETIC
FERTILISER

MAN-MADE FIBRES

POLYESTER

28% OF THE POLYESTER FOR OUR POLYESTER PRODUCTS IS NOW FROM RECYCLED SOURCES AS WE MOVE TOWARDS OUR 2025 TARGET OF 100%.

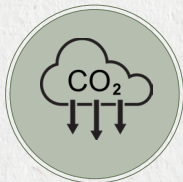
We set a target to source recycled polyester because we understand the importance of removing plastic waste from the supply chain and reducing the demand for virgin materials. We also have a strategy to reduce the use of synthetic fibres wherever possible to limit microfibre shedding. There are many benefits to using recycled polyester over conventional virgin polyester including reduced CO₂ emissions from production and better waste management as recycled polyester is derived from post-consumer & pre-consumer waste, diverting plastic waste away from landfill and waterways.

Polyester is a plastic-based fibre that requires significant amounts of petroleum for production. We also know that when polyester fibres are laundered, they can sometimes shed microfibres. Where we use recycled polyester, we use the Textile Exchange Global Recycled Standard (GRS) and Recycled Content Standard (RCS) to verify the source of our recycled polyester content. They set requirements for third-party certification of recycled input and chain of custody through each stage of manufacture. The goal of the standards is to increase the use of recycled materials. FatFace is RCS & GRS certified, ensuring we can verify recycled material and track it from the source to the final product.

HERE ARE 3 GREAT REASONS WHY RECYCLED IS BETTER THAN VIRGIN POLYESTER:



**RECYCLED POLYESTER
IS 50% LESS ENERGY
INTENSIVE THAN VIRGIN
POLYESTER**



**RECYCLED POLYESTER CUTS
CO₂ EMISSIONS BY 75%
COMPARED TO VIRGIN
POLYESTER**



**RECYCLED POLYESTER HAS
A REDUCED WATER CONSUMPTION
OF 90% COMPARED TO VIRGIN
POLYESTER**



VISCOSE

48% OF THE VISCOSE FOR OUR VISCOSE PRODUCTS IS NOW FROM LENZING™ ECOVERO™ VISCOSE, CONTAINING FIBRES THAT ARE DERIVED FROM SUSTAINABLE WOOD AND PULP, COMING FROM CERTIFIED AND CONTROLLED SOURCES, AS WE MOVE TOWARDS OUR 2025 TARGET OF 100%.

Derived from wood pulp, viscose fibre, at first glance, may appear to be less impactful on the environment, yet 150 million trees are cleared each year² to produce the wood pulp required. We are working with LENZING™ ECOVERO™ branded viscose as our preferred source of viscose fibre. LENZING™ ECOVERO™ fibers are made from certified and controlled wood from sustainable managed forests to ensure environmental impact is reduced.

LENZING™ and ECOVERO™ are trademarks of Lenzing AG.

HERE ARE 2 GREAT REASONS WHY LENZING™ ECOVERO™ VISCOSE IS BETTER FOR THE ENVIRONMENT:



**UP TO 50% LESS WATER IMPACT
THAN CONVENTIONAL VISCOSE**



**GENERATES 50% LOWER EMISSIONS
COMPARED TO CONVENTIONAL VISCOSE**

LINEN

WE WORK CLOSELY WITH THE EUROPEAN CONFEDERATION OF FLAX AND HEMP (CELC). EUROPEAN FLAX® GUARANTEES THE TRACEABILITY FOR PREMIUM FLAX FIBRE GROWN IN WESTERN EUROPE (FRANCE, BELGIUM, NETHERLANDS). A VEGETAL AND SUSTAINABLE FIBRE, CULTIVATED WITHOUT ARTIFICIAL IRRIGATION* AND GMO FREE

Produced from the fibres behind the bark of the flax plant, linen yarn is formed by weaving the fibres together. Most non-organic flax is grown using nitrates, which can leach into water streams and harm our ecosystems.

*99.9% guaranteed (CELC)

HERE ARE 3 GREAT REASONS WHY LINEN IS MORE ENVIRONMENTALLY FRIENDLY:



**60% LESS WATER IS REQUIRED
TO GROW FLAX COMPARED TO
COTTON**



**UP TO 2.1 TONNES OF CO₂ ARE
ABSORBED PER TONNE OF FLAX
CELLULOSE PRODUCED**



**LINEN IS
BIODEGRADABLE**

²<https://canopyplanet.org/fashions-impact-on-our-forests/>

LEATHER

19% OF THE LEATHER FOR OUR LEATHER PRODUCTS NOW COMES FROM LWG (LEATHER WORKING GROUP) TANNERIES WHICH SEEK TO IMPROVE THE LEATHER MANUFACTURING INDUSTRY BY IMPLEMENTING ENVIRONMENTAL BEST PRACTICES AND PROVIDING GUIDELINES FOR CONTINUAL IMPROVEMENT AS WE MOVE TOWARDS OUR 2025 TARGET OF 100% OF OUR LEATHER PRODUCTS TO COME FROM LWG TANNERIES.

FatFace are committed to supporting responsible leather manufacturing across the globe and that is why we are proud members of Leather Working Group (LWG).

Since 2005, LWG has been committed to driving improvement across the global leather supply chain, minimising the environmental impact of leather production, including the safe usage and disposal of chemicals as well as empowering businesses to make responsible sourcing decisions.

Today, LWG is comprised of over 1700 members offering

multiple certification standards and allowing companies to assess the performance of manufacturing facilities and traders.

Leather is produced by transforming animal-derived skins through the tanning process. Tanneries that operate without oversight risk releasing chemical wastewater untreated into waterways which can cause significant damage to the environment as well as impact negatively on human health. We continue to work with our existing suppliers to locate and assess tanneries certified to LWG standards or working towards certification.

HERE ARE 3 GREAT REASONS WHY LEATHER SOURCED FROM TANNERIES THAT HAVE ACHIEVED LWG CERTIFICATION IS BETTER FOR THE ENVIRONMENT :



THE LEATHER WORKING GROUP (LWG) PROMOTES RESPONSIBLE CHEMICAL MANAGEMENT THROUGHOUT THE LEATHER SUPPLY CHAIN TO PROTECT BUSINESSES, THE WORKFORCE, CONSUMERS, AND THE ENVIRONMENT



IN 2020, LWG LAUNCHED THE TRACEABILITY WORKING GROUP, DESIGNED TO DRIVE THE EVOLUTION OF TRACEABILITY REQUIREMENTS WITHIN THEIR AUDIT STANDARD



MAKING SURE THAT LEATHER MANUFACTURERS MANAGE ALL WASTE AND DISCHARGES APPROPRIATELY IS A CRITICAL PART OF LWG ASSESSMENT TO MINIMISE IMPACT ON THE ENVIRONMENT

AT FATFACE WE BELIEVE IN RESPONSIBLE SOURCING:

- For our Autumn Winter '21 collection, 100% of the material used in our womenswear and menswear nightwear contained responsibly sourced materials Better Cotton and Recycled polyester
- In our Spring Summer '22 womenswear jersey collection, we are proud to say 96% of the collection contained (Better Cotton, LENZING™ ECOVERO™ viscose, TENCEL™ MODAL, Organic Cotton & Linen) responsibly sourced materials
- 100% of men's Spring Summer '22 swimwear contained responsibly sourced materials (Better Cotton, Recycled Polyester)
- 96% of women's jersey Spring Summer '22 contained at least one responsibly sourced material (Better Cotton, LENZING™ ECOVERO™ viscose, TENCEL™ MODAL, Organic Cotton & Linen)

EXTERNAL CERTIFICATION

FatFace is anti-greenwashing, and we firmly believe in not making any claims that we can't prove. The best way to do this is to secure external, independent certification of our product claims. We are accredited to assess conformity with the OCS (Organic Content Standard) and an authorised accreditation body for the RCS (Recycled Claim Standard) and GRS (Global Recycled Standard) via the Textile Exchange, as well as being accredited to assess conformity with GOTS (The Global Organic Textile Standard) via Global Standard.

ANIMAL WELFARE

At FatFace, we are committed to safeguarding the welfare of animals farmed to produce the materials used in our products. Our Animal Welfare Policy provides clear guidance, setting out our expectations of our suppliers. FatFace insists that animals must be raised, transported and slaughtered under recognised higher animal welfare standards. Our standards are based on the World Organisation for Animal Health (WOAH) Animal Health Codes and the Farm Animal Welfare Committee's Five Freedoms. In addition, our policy categorically states that FatFace will not use fur, feather or down in any of our collections

DOES FATFACE USE ANIMAL TESTING?

No. To be sure that there's no animal testing in our supply chain we use the Leaping Bunny Standard. FatFace believes that beauty products should be cruelty free. We are proud to be Leaping Bunny approved. A global programme, Leaping Bunny requires cruelty free standards over and above legal requirements. All of our own brand cosmetic and personal care products are approved under the Cruelty Free International Leaping Bunny programme, the internationally recognisable gold standard for cruelty free products. We adhere to a fixed cut-off date policy and proactively monitor our suppliers to ensure that our products continue to adhere to the Leaping Bunny criteria. Our supplier monitoring system is also independently audited.

| | | | | |
|--|---|--|---|---|
|  |  |  |  |  |
| Low Risk | Better Communication | Chain of Custody | Green Claims Code | Enhanced Trust |
| BEING CERTIFIED MEANS THAT WE ARE SEEN AS A LOW RISK WHEN WORKING WITH STANDARDS LIKE ORGANIC AND RECYCLED MATERIALS | BEING ABLE TO MAKE MORE SPECIFIC CALL OUTS TO OUR CUSTOMERS AND ON SWING TICKET INFORMATION | BEING CERTIFIED MEANS WE ARE FULLY PART OF THE CHAIN OF CUSTODY AS USING OUR LICENSE NUMBER ENSURES WE ARE OFFICIALLY CAPTURED. NOT JUST FREELY WRITTEN IN THE COMMENT BOX | WE WELCOME THE NEW GREENS CLAIMS CODE AND WITHOUT CERTIFICATION WE WOULD NOT CONFIDENTLY BE ABLE TO MAKE THESE CLAIMS | ULTIMATELY CUSTOMERS CAN TRUST THAT WE ARE DOING WHAT WE SAY WE ARE DOING |



RESPONSIBLE PRODUCTION

Our relationships are built on trust & longevity

FatFace works with over 150 garment, shoes and accessories factories across 14 countries. We've been working with our top 20 suppliers for a combined time of 240 years, and we pride ourselves on these incredible, invaluable relationships that continue to build our brand.

We only work with suppliers who share our values and seek to meet our high-quality and ethical requirements.

Our robust approach to responsible sourcing recognises that we have a shared duty to create positive social and environmental impacts throughout our supply chain. As active members of the Ethical Trading Initiative (ETI),

We continue to train and educate our people on responsible buying practices in partnership with the Better Buying Initiative, a survey system whereby suppliers can report anonymously to brands about buying practices without putting business relationships at risk.

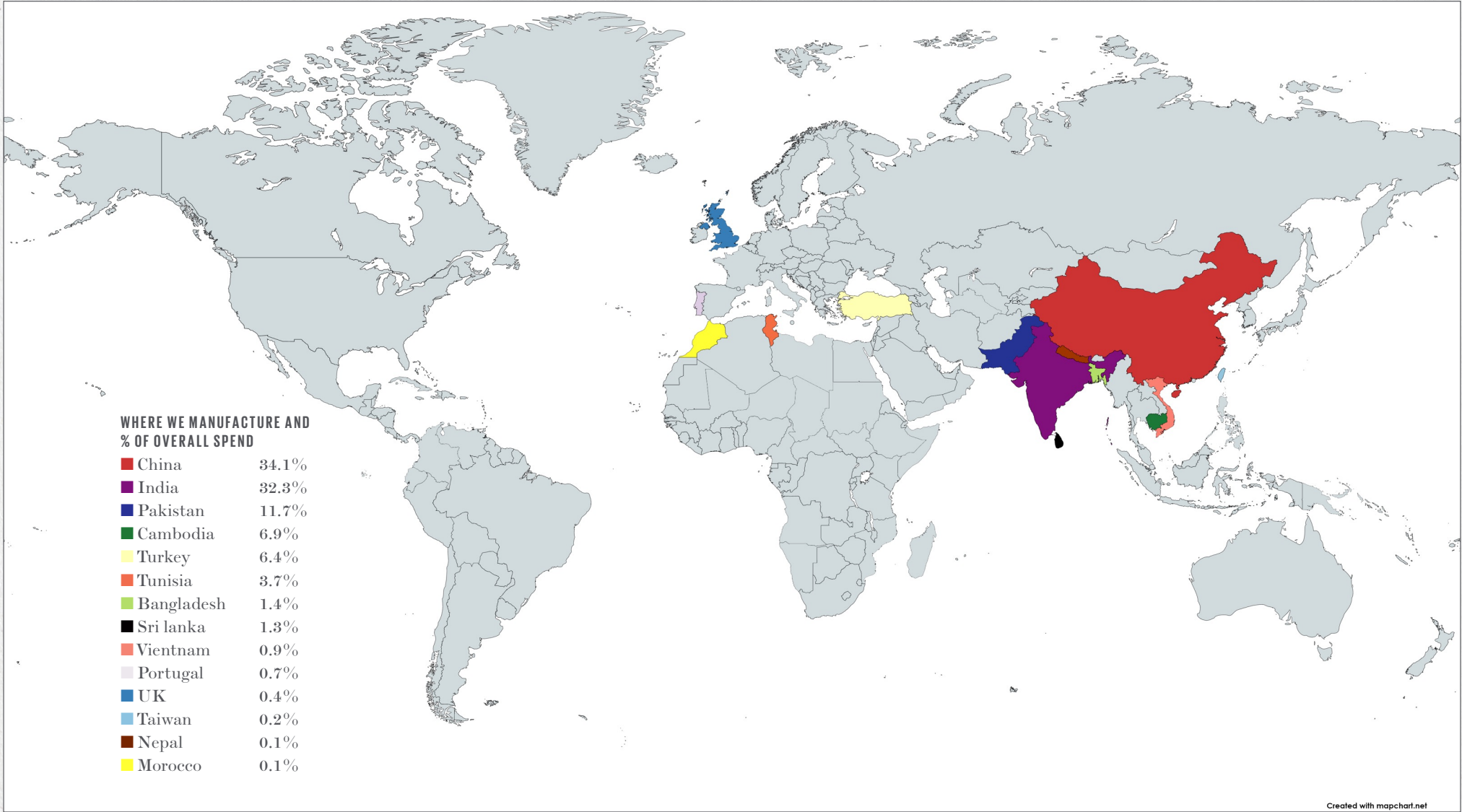
ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe with a vision of a world where all workers are free from exploitation and discrimination and enjoy conditions of freedom, security and equity.



The Kautilya Industries factory

WHERE FATFACE PRODUCT IS MADE

Overview of our Tier 1 manufacturers
 FatFace's supply chain factory locations span 14 countries



| | |
|-------------------------------|--------------------------------------|
| Manufacturing Partner: | Fikkerts |
| Address: | West Yorkshire, UK |
| People employed: | 21 |
| Length of relationship: | 5 years |
| Product made: | Natural toiletries and fragrance |
| Community initiatives: | N/A |
| Environmental initiatives: | 98% of products from natural sources |



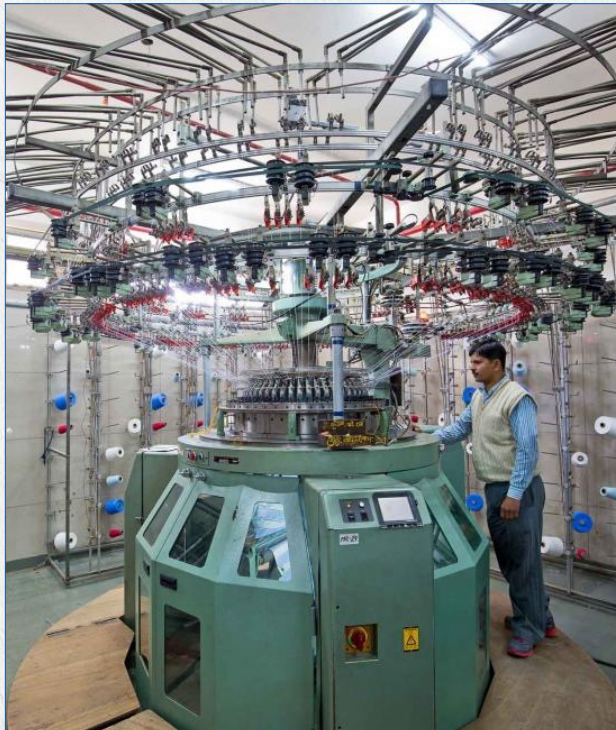
| | |
|-------------------------------|---|
| Manufacturing Partner: | Cherryfield Ltd |
| Address: | Istanbul, Turkey |
| People employed: | 500 |
| Length of relationship: | 15 years |
| Product made: | Womenswear tops, menswear tees, kidswear tops |
| Community initiatives: | Centrepont, Onside Youth Zones, Udayan Care (India), Soko Community Trust (Kenya) |
| Environmental initiatives: | Investing in 3d digital technology to cut down sampling. Sourcing more sustainable fabrics and packaging. |



| | |
|-------------------------------|--|
| Manufacturing Partner: | Denim House |
| Address: | Monastir Tunisia |
| People employed: | 4,200 |
| Length of relationship: | 14 years |
| Product made: | Womenswear denim, menswear denim, kidswear denim |
| Community initiatives: | CSR through school centre and support for Education, Health sector and communities |
| Environmental initiatives: | Waste water recycling, solar energy trial project, water sludge conversion to synthetic stones for washing, automation, 3D design software, laser and Ozone finishes |



| | |
|-------------------------------|---|
| Manufacturing Partner: | Kautilya Industries |
| Address: | Gurgaon, Haryana, India |
| People employed: | 1000 |
| Length of relationship: | 14 years |
| Product made: | Womenswear dresses, sweatshirts & tops, menswear tops and sweatshirts, kidswear tops |
| Community initiatives: | Earth Saviours Foundation working with underprivileged sectors of the community in Gurgaon. |
| Environmental initiatives: | Rainwater harvesting in all units, solar panels for electricity generation and to warm water for fabric washing. Organic certifications through GOTS and OCS. |



| | |
|-------------------------------|---|
| Manufacturing Partner: | Neo Concept |
| Address: | Kandal Province, Cambodia |
| People employed: | 800-1000 |
| Length of relationship: | 10 years |
| Product made: | Womenswear & menswear knitwear |
| Community initiatives: | Neo has participated in a social enterprise project in Yunnan to improve the quality of life in small poorer villages. They offer jobs, knowledge, skills and equipment to women there. |
| Environmental initiatives: | Water filtration system to recycle and reuse water to achieve zero discharge of or wastewater. Installing solar panels for energy. |



| | |
|-------------------------------|--|
| Manufacturing Partner: | Klash Clothing |
| Address: | Faisalabad, Pakistan |
| People employed: | 13,000 |
| Length of relationship: | 10 years |
| Product made: | Womenswear tops & sweats, menswear tops & sweats, kidswear tops & sweats |
| Community initiatives: | Green space for local community, tree plantation 1000 trees planted in 2021 which the workers now use in their break times. Female empowerment project. Financially supporting local school with 1400 students. Invested in community water desalination plants and reverse osmosis drinking water. Klash Social Security Hospital |
| Environmental initiatives: | Certified GOTS, RCS, OCS, BCI, Oeko-tex 100. Successful trial on recycling wastewater to use in the dyeing process to be fully implemented by 2025, solar energy, |

| | |
|-------------------------------|-------------------------------------|
| Manufacturing Partner: | Lloyd |
| Address: | Zhejiang, China |
| People employed: | 730 |
| Length of relationship: | 10 years |
| Product made: | Womenswear, menswear, and outerwear |
| Community initiatives: | N/A |
| Environmental initiatives: | ZDHC wet process partner |

SUPPLY CHAIN TRANSPARENCY

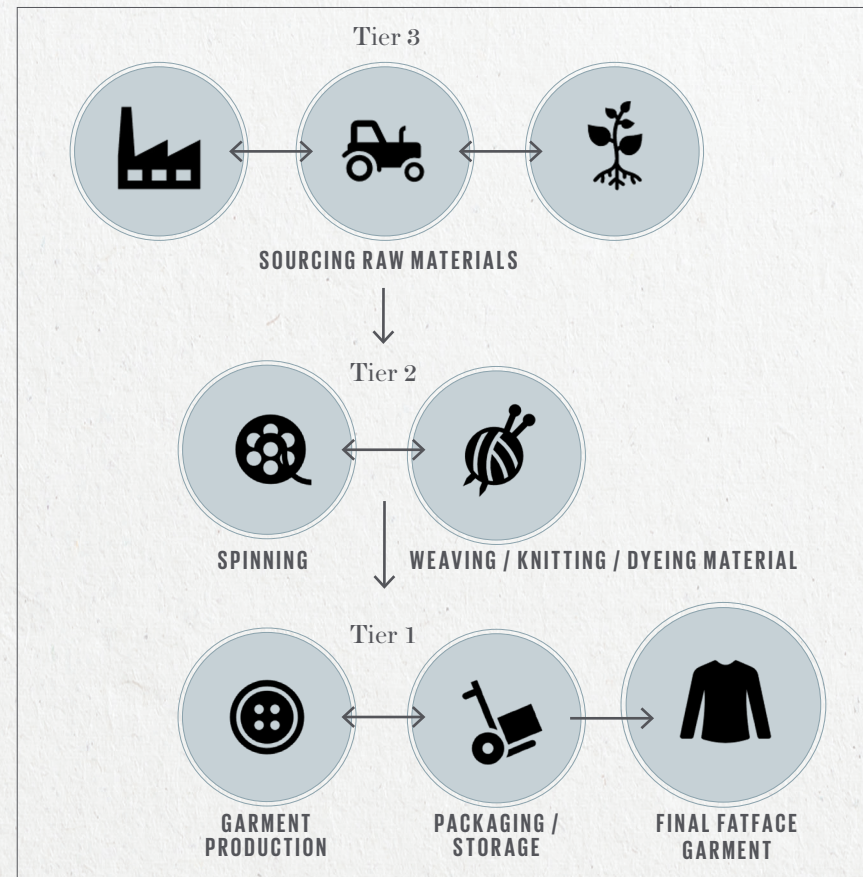
Traceability and visibility of our supply chain is a key priority. Currently, we map our tier-one suppliers and will be publishing this list on our website in the latter part of 2022.

CHEMICAL PROCESSES

We know that our customers love FatFace design, colour palettes and prints. However, the dyeing and finishing process can be chemically intensive. It is our responsibility to work with supply chain partners to regulate the use of chemicals for the safety of the customer and workers as well as the state of the environment.

All FatFace products are subject to due diligence testing to ensure products are free from all banned substances and chemicals and comply with all safety and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations, which is the European Union regulation concerning the Authorisation and Restriction of Chemicals. In addition, we undertake product testing for substances set out in our Supplier Code of Conduct, The FatFace Way of Life. FatFace initiates testing in the UK through a planned programme, although suppliers may occasionally be required to undertake additional testing. Not only do we test for unauthorised chemicals and substances, but an entire section of our factory assessment audit programme is dedicated to ensuring that suppliers we work with store, use and dispose of chemicals and substances in a safe way.

Through our work with the Marine Conservation Society, we have learned how harmful Perfluoroalkyl chemicals (PFA's) or "forever chemicals" are due to their extreme persistence in the environment. We don't use many PFA's, but a small number of our outerwear styles use them, for waterproof coatings and we are working hard with our fabric suppliers to eradicate their usage from all FatFace products. We will report more on our progress in this respect in our next report. FatFace endeavours to ensure that the most eco-friendly dyes are used to support our environmental policy and provide a quality product, fit for purpose.



Manufacturing partner: Denim house



ENSURING FAIR AND SAFE WORKING CONDITIONS

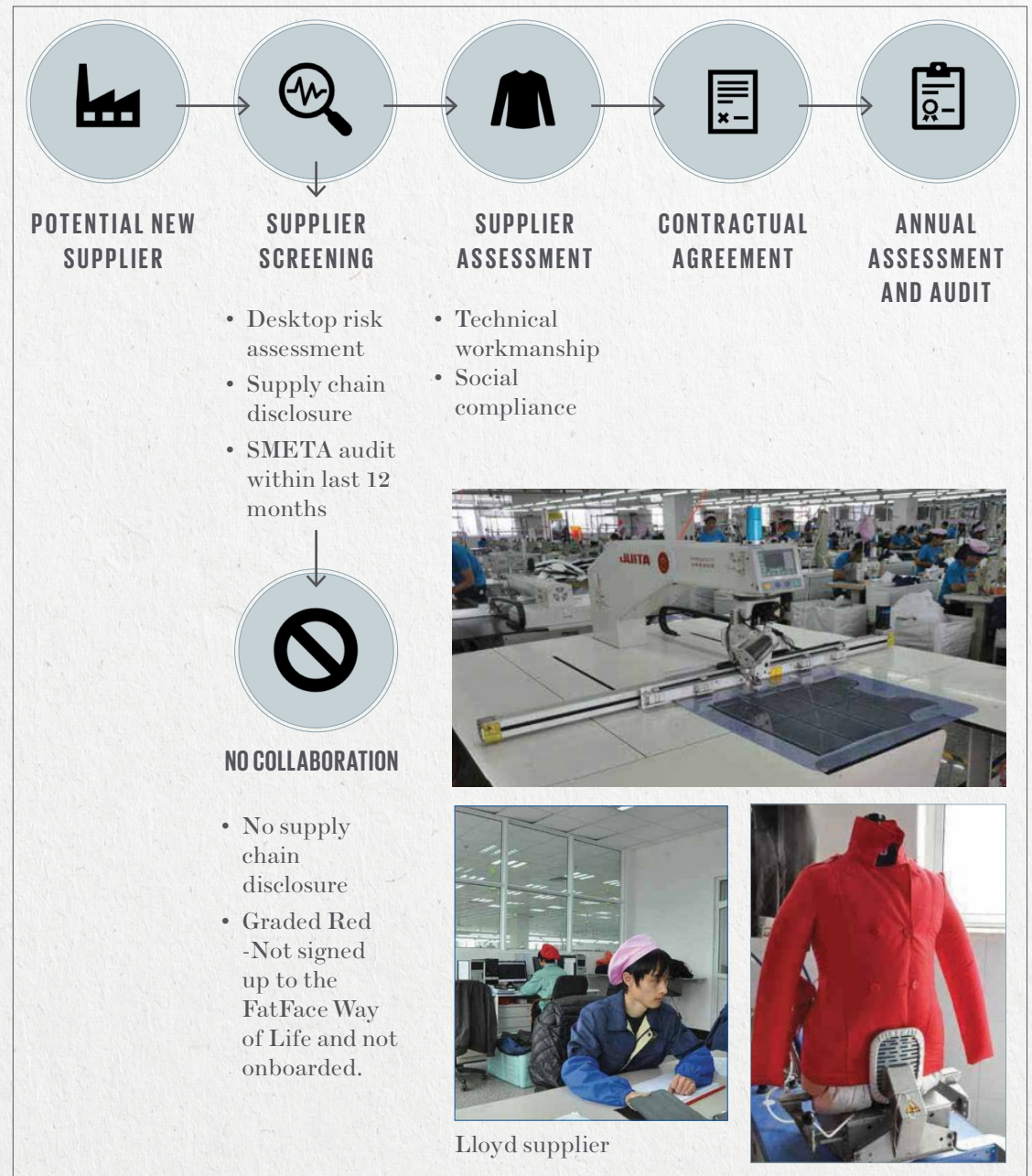
At FatFace, we are adamant that our garments are produced ethically and that the factories comply with national and international legislation. Our Supplier Code of Conduct, The FatFace Way of Life, forms the foundation of our programme to ensure working conditions where FatFace products are made are safe and fair to employees. We have strict requirements that suppliers and subcontractors must comply with through our onboarding procedures. In FY21/22, we had a total of 8 new suppliers who came on board.

FACTORY ASSESSMENT AND AUDIT

Our code of conduct, The FatFace Way of Life, is central to our relationships with suppliers and factories. It lets them know what we expect regarding working conditions and business practices. All our suppliers and factories must declare that they understand and will follow the requirements. Under the following headings, the standards are based on universally recognised standards such as ILO conventions, the ETI Base Code and UN Sustainable Development Goals.

- **Employment is freely chosen**
- **Freedom of Association and the right to collective bargaining are respected**
- **Working conditions are safe and hygienic**
- **Building and fire safety**
- **Child labour shall not be used**
- **Living wages are paid**
- **Working hours are not excessive**
- **No discrimination is practised**
- **Regular employment is provided**
- **Sub-contracting and homeworking**
- **No harsh or inhumane treatment is allowed**
- **Entitlement to work and migrant labour**
- **Protecting our environment**
- **Bribery and corruption**

Supplier screening diagram.



To ensure that they are living these values, our goal is that all factories have an ethical audit every year – this year, 89% of our tier-one factories underwent an annual due diligence third party audit. New factories are required to produce an audit before we place orders. Once they're part of our supply chain, they're required to share an annual semi-announced or unannounced ethical audit.

Ethical audits are on-site assessments of factories to get a view of working conditions. We use the Sedex Members Ethical Trade Audit (SMETA) format to do this, the most widely used ethical audit standard in the world. On-site auditors will make observations, review documentation and interview workers to check areas such as pay (where we review worker pay records in line with our living wage commitment), working hours (where we review time sheets in line with our excessive working hours policy), fire safety (where we review fire equipment and safety procedures) and personal protective equipment. Their report details areas of good practice and identifies necessary actions for improvement. We subsequently work with the factory to support the necessary changes based on the audit recommendations.

A robust auditing programme is a critical foundation for our work, but we go beyond this. We conduct verification assessments at key sites, which give factories detailed guidance on achieving meaningful changes in working conditions. Our assessment partners establish good working relationships with factory managers and lend them their expertise to achieve improvements in sometimes complex issues. More recently, we have tested our root cause analysis approach. This gives factories an

understanding of why particular issues are happening in the first place. We know that if the root cause can be addressed, a problem is far less likely to occur again. We also know that supply chain challenges cannot be resolved in isolation. Our ETI membership enables us to collaborate with other buying companies operating in our factories or markets, some of whom might be our direct competitors. We know that improving working conditions is not a commercial or competitive issue, so we work together to achieve improvements. Through the ETI, we also have access to tried and tested methods of resolving some of the challenges in our sourcing countries.

All these steps ensure a robust approach to resolving issues and preventing modern slavery and human rights abuses within our business and supply chains.

SUB-CONTRACTORS AND SUB-SUPPLIERS

FatFace has clear expectations regarding sub-contractors and sub-suppliers, maintaining a comprehensive list of those permitted to supply our manufacturers. We complete a global risk assessment each year to identify salient high-risk issues that may be present in our supply chains and commit to conducting due diligence investigations in collaboration with our suppliers and manufacturing partners.

All suppliers and manufacturing partners are obliged to assess their sub-contractors and sub-suppliers, share accurate lists, engage in communication about assessment programmes and expectations as well as support any remediation efforts directed by FatFace.

SPECIFIC SOURCING COUNTRIES

Following our risk assessments, we have taken a firm position regarding sourcing from specific countries.

- **BANGLADESH:** All factories or suppliers based in Bangladesh must undertake additional safety assessments and be covered by the RMG Sustainability Council (RSC) process (Formerly the Bangladesh Accord on Fire and Building Safety).
- **CHINA:** FatFace prohibits the use of cotton that originates from the Xinjiang province of China.
- **UZBEKISTAN:** FatFace continues to prohibit the use of cotton sourced from Uzbekistan.
- **TURKMENISTAN:** FatFace continues to prohibit the use of cotton sourced from Turkmenistan.



FACTORY IMPROVEMENT PROGRAMMES

Monitoring compliance is a significant challenge across the whole industry. As part of our annual due diligence assessment process, all factories producing for FatFace are assessed against the FatFace Way of Life and assigned a grading. Green, Amber, Red and Black. When assigning a grade to a factory, we actively look to understand and quantify the vision and values set out by our factory partners, as well as consider other factors, including but not limited to:

- the frequency of an issue highlighted and whether the issue is an isolated occurrence
- the potential severity of the issue
- the probability of recurrence
- the progress on improvement
- the management systems in place

Most of the issues we have encountered through assessing human rights standards related to management systems and policy development. Where we find problems, we continue to engage with suppliers via Corrective Action Plans (CAP) to ensure resolution as soon as possible. In most cases, we continue to work with the factories involved to try to address the root causes of the issues we encounter.

On the rare occasions that our supplier sites refuse to engage in the process of resolving serious labour rights or human rights abuses, we will terminate our business relationship with them. We did not have any cases of factories that were exited as a result of failure to engage with our programme this year.

SUPPORTING THE EMPLOYEES IN OUR SUPPLY CHAIN

Respect for human rights is critical to us at FatFace. It is a central aspect of how we operate as a responsible business throughout our organisation and in our supply chain. Every human being has the right to be treated with dignity and respect. We are committed to ensuring this takes place by upholding all internationally recognised human rights principles in the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

The strength of our supplier relationships provides us with excellent visibility of our first-tier factories and provides an effective platform for understanding and addressing modern slavery and human trafficking concerns further down the supply chain. We recognise that human rights abuses can exist within global garment supply chains. As a responsible retailer, we must understand and address these issues. Therefore, we work with key partners such as the Ethical Trading Initiative, supply chain experts The Re:Assurance Network and Impaett Ltd, and other like-minded brands to achieve sustainable, safe and healthy working conditions and reduce the risk of modern slavery in our supply chain.

Our supply chain due diligence approach is to identify and manage the risk of harm in areas such as unsatisfactory working conditions, discrimination, modern slavery, human trafficking, and forced or bonded labour. We track a series of key performance indicators, which include:

- **Sustaining an appropriate corporate governance structure**
- **Upholding a declaration of commitment from our suppliers**
- **Closely monitoring performance against our supply chain code of conduct**
- **Monitoring risk beyond our first-tier suppliers**
- **Tracking and reporting on the issues which highlight risks of or are symptomatic of Modern Slavery and the remedial action taken**
- **Maintaining staff training levels, with a focus on those procuring product**

We report on our progress to the senior management, to the Board and publicly through our Modern Slavery Statement. Having completed a human rights risk assessment of our top 5 sourcing markets in FY 20/21, we have identified salient and high-risk elements within our supply chain. For FY 21/22, our work has focused on initiating deeper supply chain assessments to understand the presence of issues within the sub-contractors and sub-suppliers that our manufacturing partners use.

You can read our complete Modern Slavery Statement on our website.

SPOTLIGHT: CASE STUDY NJK BANGALORE

NJK have been a supplier working with Fat Face for the last 23 years and are one of our top 10 suppliers. In their main unit that produces for FatFace, they have a workforce of 601 people, 10% are men, 90% are women.

They run many projects for their workers and encourage female empowerment within their organisation. Some of the projects they have run include:

- **HER project (Health Enable Returns):**

This project has a greater role in promoting the health of workers through health education on how to take care of themselves with proper hygiene, nutrition on a low budget and to identify symptoms of certain illnesses and access health care at the right time.

- **Women In Factories**

WIF Project was completed in 2014. It is aimed at empowering women with training in soft skills under Global Women's Economic Empowerment Initiative (GWEEI).

- **WASH Project (Water Aid, Sanitation and Hygiene)**

This project was implemented in 2014 by training employees and their children about WASH practices.

- **Health & Wellbeing project**

This project was completed in 2016. This was to enhance workers' health and well-being through peer education approach by doing training about WASH, women's health, HIV/AIDS and other STIs, stress management, and ergonomics

- **Namagaagi Naave project**

This project helped in raising awareness about interlinked issues (gender-based violence, alcoholism, HIV/AIDS and reproductive health) and connecting needy workers to service providers.

- **POSH (Prevention of Sexual Harassment)**

NJK (Indian Designs) has a zero-tolerance policy. It believes in providing a safe workplace for all its employees (especially for women), which is free of any kind of harassment. ID has collaborated with a 3rd party NGO for this purpose and employed full-time counsellors to ensure a safe working environment for one and all. And they are currently delivering the following projects:

- **P.A.C.E Project (Personal Advancement & Career Enhancement)**

A workplace learning initiative that provides life skills and professional skills with 10 modules (48-75 hours) that positively impact female garment workers to advance in their work as well as in their lives. This programme has transformed lives in 6-8 months and it is overwhelming to listen to the testimonials.

- **WCP (Workplace Cooperation Programme)/ Work Place Dialogue Project**

An 8-module capacity-building programme that seeks to improve industrial relations by strengthening worker-management committees to proactively manage compliance issues by engaging their employees to drive continuous improvement in the workplace, which harmonizes industrial relations.

- **SST (Supervisory Skills Training)**

3 full days of training is designed for supervisors and mid-level managers to give them an understanding of leadership and supervision concepts. It is about adopting the right style of leadership to strike a fair balance between the interests of employees and the company.

- **WSTP Training (Women Supervisory Training Programme)**

Women Supervisory Training Programme aimed at empowering women to become supervisors across all sections of the factory.

Initially, WSTP was implemented by an external party. Now a similar programme is happening across all units by the team and more women are encouraged to take up supervisory positions. This is a 26 day programme (Both technical & soft-skills training) that helps workers to gear up to handle their new supervisory position.

SPOTLIGHT: PROTECTING OUR SUPPLIERS AND WORKERS DURING COVID-19

During and post the pandemic, FatFace has continued to do everything we can to support our supplier base and its people.

Our approach was one of collaboration and support with our manufacturing partners. Where purchase orders had been placed, we honoured and paid for goods in full. We were careful not to cancel any stock or leave suppliers with unused raw materials. In some cases, we had to work out mutually beneficial payment terms and throughout all the disruption, we worked with our suppliers closely to ensure we were not contributing to any financial issues that

could impact their workers' rights and job security. With China lockdowns continuing into this financial year, we continue to support our suppliers on an "as needs basis".

Throughout the pandemic, we kept in close contact with our suppliers to understand the issues they were facing and addressed how we could support one another. These regular online meetings with our manufacturing partners meant that we could keep up to date on the COVID response in our various sourcing locations and check the measures they had in place to protect and vaccinate their workers.



SELLING OUR PRODUCT RESPONSIBLY


We know that how we package our product and encourage product care are essential elements of circularity.

PACKAGING


In the most recent Plastic Waste report published in March 2022, the UK Government continues to estimate that 5 million tonnes of plastic are used each year, of which nearly half is comprised of packaging. Plastic waste can last for hundreds of years in landfill sites, or it litters the natural environment and harms ecosystems. At FatFace, we are determined to be part of the solution, which is why we aim to **Eliminate Single-Use Plastic by 2025**, and we continue to work hard to achieve this. We are investigating and trialling more options for plastic bags including a compostable version, a closed loop system and an e-commerce delivery bag made of paper with a soluble lining. We know that we have a way to go still but are committed to improving in this area.




At FatFace, we are determined to be part of the solution, which is why we aim to Eliminate Single-Use Plastic by 2025




BUBBLE WRAP has been removed in favour of recycled ‘hex wrap’




PLASTIC TAPE replaced with paper tape




SOCK HANGING HOOKS removed - we’re now using integrated hooks on the paper label




SOCK PLASTIC ‘KIMBLE’ that holds the socks together is being replaced by a stitch



Our **SWING TAGS** are made from recycled paper, recycled poly cord and have a reusable metal safety pin instead of a plastic kimble



Our **E-COMMERCE DELIVERY BAGS** are made of 80% recycled plastic and are reusable and fully recyclable



Our **PRODUCT CARE LABELS** are made from recycled materials

PACKAGING COMPOSITION

| FY2021 – Weight in Tonnes | | | | |
|---------------------------|-----------|-------|---------|-------|
| Paper | Aluminium | Steel | Plastic | Other |
| 558 | 2 | 6 | 303 | 6 |

This year we ran a competition for schoolchildren, as part of the Speakers for Schools programme, asking them to submit ideas for eco-friendly replacements for our plastic polybags. Nine teams from eight schools presented ideas to six remote judges via Google Classroom with a five-minute presentation followed by a Q&A session with judges.

Ideas ranged from calico and corn-starch materials to bioplastic and scrap fabric. The winner was a fantastic pitch from Dornoch Academy, who explained the process behind creating material from seaweed to create packaging that decomposes quickly, uses low energy to create, is cheap to make, is ocean-friendly and even technically edible! This was a fantastic idea that fits well with our current Marine Conservation Society partnership and collection. We will be considering this idea as part of our ongoing research into plastic alternatives.

The winning team received £1000 for an eco-project for their school, a £100 gift voucher each and a goodie bag. Goodie bags were sent to all students who presented to the judges on the day; they all did a fantastic job and managed the Q&A sessions brilliantly.

EXTEND PRODUCT LIFE

Our clothes are made to last, and we work incredibly hard to ensure the high quality of our garments through extensive testing and sampling so that when they reach the customer, they can be lived in for years to come. Where we get returns, we track them carefully to make sure that any faults are rectified quickly with our suppliers. In addition, to help our customers keep their FatFace clothes as long as possible, all our care labels include guidance to wash at 30 degrees and we have a range of helpful product care tips in the FAQ section of our website.



REUSE AND RECYCLE

Our commitment to a circular fashion economy is embedded within our business. From ensuring our design teams are being creative with sustainability in mind to enhancing resale at our Foundation shop and encouraging garment collection through our garment recycling project and partnership with Thrift+, we continue to work hard to close the loop.

LIFECYCLE MANAGEMENT

By planning our stock correctly, we aim to minimise waste. By making just the right number of products to meet our customers' demands, we can reduce the waste of raw materials in the manufacturing process and through distribution and sales.

RESALE

The FatFace Foundation shop was opened in 2018 and is based in Havant, close to our HQ. It sells unworn outlet stock and many of our product samples. 100% of all profit generates much-needed funds for our charity partners and local communities. In 2021 we relocated our shop to a larger unit so we could raise even more money for our charitable endeavours. In the coming years we will explore opening more Foundation shops.

GARMENT RECYCLING

By placing textile recycling collection boxes in all our UK stores, we are helping reduce the global impact of the millions of garments sent to landfill every year. We have collected and diverted over 1.7 tonnes of textiles and footwear to date. Unfortunately, this programme has been paused due to the Covid-19 pandemic and we are actively looking for alternative solutions. In the

meantime, customers can still return unwanted clothing through our partnership with Thrift+.

THRIFT +

The Thrift+ garment collection project gives a second life to clothes no longer wanted. Through our partnership with Thrift+, customers are encouraged to order a Thrift+ bag, donate clothes in good condition, and choose from a wide range of charities to support, including Cancer Research UK, British Heart Foundation, Macmillan Cancer Support and more. Even better, we give customers £5 off FatFace purchases when Thrift+ receives the order!

- **1,363** THRIFTBAGS UPLOADED
- **10,911** ITEMS UPLOADED
- **£177,231** VALUE OF FATFACE ITEMS UPLOADED
- **£51,223** VALUE OF FATFACE CUSTOMER ITEM SALES
- **£12,200** AMOUNT RAISED FOR CHARITY BY FATFACE CUSTOMERS

In 2021, Thrift+ gave 170,000 items a second life, displacing an estimated 1,200 tonnes of carbon, and to date, their sales have raised £1.5million for good causes.



PRELOVED. RELOVED.

In an extension of the Thrift+ partnership, we have also launched a partnership with Preloved, a FatFace branded online second-hand store that gives customers the option of shopping for second-hand FatFace clothing starting from just £10. The microsite shows a 'collection' of the Thrift+ FatFace inventory. These items can be both sourced via our customers, Thrift+ customers, and possibly bulk donations from our end-of-line stock. Between 1 June 2021 and 31 May 2022, FatFace Preloved. resold 3,263 FatFace items with a value of £49,446 and £11,533.87 donated to charity. That's 3,263 items being given a second life with customers rather than going to landfill!



Planet

OUR ENVIRONMENTAL IMPACT

This is our business impact on the environment through our controlled operations: the energy we use, the waste we generate and the carbon emissions we generate. It is affected by:

- How we run our properties
- How we move our products
- How we use energy, and
- How we process and dispose of waste generated

OUR COMMITMENT IS THAT BY 2025 WE WILL HAVE:

1. Achieved zero waste to landfill
2. 100% of energy powering our head office and stores will come from renewable sources
3. Eliminated single-use plastic in our business
4. Achieve and maintain a carbon neutral business for operational emissions annually
5. Set a net zero date

88%

reduction in scope 1 & 2 carbon footprint due to procuring renewable energy compared to 2021 baseline

61%

reduction in waste to landfill compared to 2021 baseline

21%

increase in recycling rate compared to 2021 baseline

FIGHTING CLIMATE CHANGE: ANALYSING OUR CARBON FOOTPRINT

Carbon emissions are the leading cause of global warming and hence climate change. Every individual, business, and organisation has a role in supporting the urgent need to transition to a low-carbon economy to avert the climate crisis we face.

Calculating our annual carbon emissions is critical in understanding our contribution to global warming, however looking only at our scope 1 and 2 footprint gives us a partial, if not entirely misleading, insight into our climate position. Scope 3 emissions linked to our wider value chain will account for the lion's share of our total carbon footprint and be crucial to understanding climate-related risks and opportunities. Recognising how important this is, we have begun incorporating Scope 3 (upstream and downstream) emissions into our footprint in order to commit to a net zero date. We are required to report under the Streamlined Energy and Carbon Reporting regulations (SECR) our annual emissions. Included in this report are Scope 1, Scope 2, and partial Scope 3 (business travel) for all activities based within the UK. Through this calculation, our gross carbon emissions for the year ended May 2022 were 1908 tCO₂e.

- **SCOPE 1** emissions consist of natural gas usage within buildings and company-owned vehicles
- **SCOPE 2** emissions consist of electricity usage within buildings
- **SCOPE 3** emissions consist of business travel in the form of employee-owned vehicle mileage claims. In addition, we have calculated our emissions related to waste disposal

Table 1 - Breakdown of consumption and carbon emissions by scope, with comparison to the base year, for the current reporting period 1st June 2021 – 31st May 2022.

| | Base Year (FY 2021) | | FY 2022 | | tCO ₂ e Change |
|-------------------------------|---------------------|-------------|--------------------|-------------|---------------------------|
| | tCO ₂ e | % of Total | tCO ₂ e | % of Total | |
| Scope 1 | 81.2 | 6% | 75.4 | 4% | -5.9 |
| Natural Gas | 76.4 | 5% | 65.4 | 3% | -11.0 |
| Cars - Average Diesel (miles) | 3.4 | 0% | 8.1 | 0% | 4.6 |
| Cars - Average Petrol (miles) | 0.6 | 0% | 1.0 | 0% | 0.4 |
| Cars - Average Hybrid (miles) | 0.0 | 0% | 0.9 | 0% | 0.9 |
| Vans - Average Diesel (miles) | 0.8 | 0% | 0.0 | 0% | -0.8 |
| Scope 2 | 1359.7 | 93% | 1761.3 | 92% | 401.6 |
| Electricity | 1359.7 | 93% | 1761.3 | 92% | 401.6 |
| Scope 3 | 17.2 | 1% | 71.3 | 4% | 54.2 |
| Grey Fleet Mileage | 17.2 | 1% | 71.3 | 4% | 54.2 |
| Gross Emissions | 1458.1 | 100% | 1908.0 | 100% | 449.9 |
| Renewable Elec. | (1,359.7) | (93%) | (1,674.8) | (88%) | 315.1 |
| Carbon Offsets | (100) | (7%) | (240) | (13%) | 140.0 |
| Net Emissions | -1.59 | 0% | -6.78 | 0% | -5.2 |

REDUCING THE ENERGY WE USE

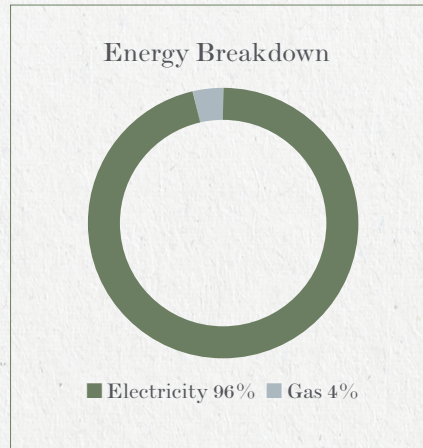
We are committed to protecting the environment by driving operational excellence in ways that reduce our environmental impact. Within the context of energy, that means limiting our consumption and procuring from renewable sources.

We used a total of 8,652,567 kilowatt hours of energy in the past 12 months. We are proud to report that of the total electricity procured, 95% was from renewable sources. The remaining kilowatt hours were from unknown sources, mostly related to landlord supplies who could not confirm the origin of the source therefore we have assumed this portion to be from fossil fuels. As a result, there are minimal associated carbon emissions from our electricity use, effectively reducing our operational carbon footprint by 88%.

Ultimately the majority of our operational emissions come from our gas usage, which equates to 28% of our net emissions.

Gross carbon emissions from energy consumption

| 01/06/21 – 31/05/22 | kWh | tCO ₂ e |
|------------------------|------------------|--------------------|
| Electricity | 8,295,259 | 1761.3 |
| Gas | 357,308 | 65.4 |
| Total | 8,652,567 | 1826.7 |



Our smart meter rollout has continued to enable us to more accurately analyse our energy use and identify potential areas for energy reduction. These reductions are both capex related as well as behavioural. We are rolling out an LED replacement lighting programme and monitor energy usage across stores to quantify the relative savings.

Finally, we launched an awareness campaign on energy usage for all crew, with detailed guidance regarding energy-saving activities relayed to stores in their retail packs. This campaign will be on the agenda during the October Manager's conference to further develop the guidance and drive this programme forward. In addition, advice around operating the AC and closed-door policies will be discussed more widely in the context of reducing consumption, especially given the rising energy prices.



We are rolling out an
LED replacement
lighting programme and
monitor energy usage
across stores to quantify
the relative savings.

WE'RE CARBON NEUTRAL

The Intergovernmental Panel on Climate Change (IPCC) – the body advising Governments around the world – has set ambitious carbon reduction targets to keep global warming below 1.5°C, but the only way to fully achieve “Net Zero” is to remove the residual carbon.

FatFace is mirroring this approach by calculating our carbon footprint and working to reduce our emissions as far as possible each year. We are reducing our emissions initially from within our own operations, through the electricity we use. Despite our efforts to date to reduce our carbon footprint, we will still have some residual carbon emissions.

Our company activities in FY2021–2022, as calculated via scope 1, scope 2 and partial scope 3 emissions, led to the emission of around 233 tonnes of greenhouse gases.

To meet our environmental commitments, we will offset this through carbon offset projects to become a carbon neutral company for the second year running.

We are working with Sustainable Advantage and South Pole to guide us and facilitate our carbon offsetting initiative. With more than 700 directly owned projects, South Pole delivers measurable certifiable benefits aligned with the aims of the Paris Agreement and the UN Sustainable Development Goals. These projects are certified by third-party organisations such as Gold Standard the Verified Carbon Standard (VCS) to ensure that projects are actually reducing CO₂ emissions, as well as supporting sustainable development.



THE FOLLOWING PROJECTS HAVE BEEN CHOSEN:

KATINGAN PEATLAND RESTORATION, BORNEO INDONESIA

This peatland restoration project in Borneo, Indonesia works towards restoring and preserving the ecosystem and supporting local communities. A development programme runs across 34 villages and includes tree nurseries, an agro-ecology school and micro-finance loans for the community.

The project protects and restores more than 140,000 hectares of peatland ecosystems by helping local

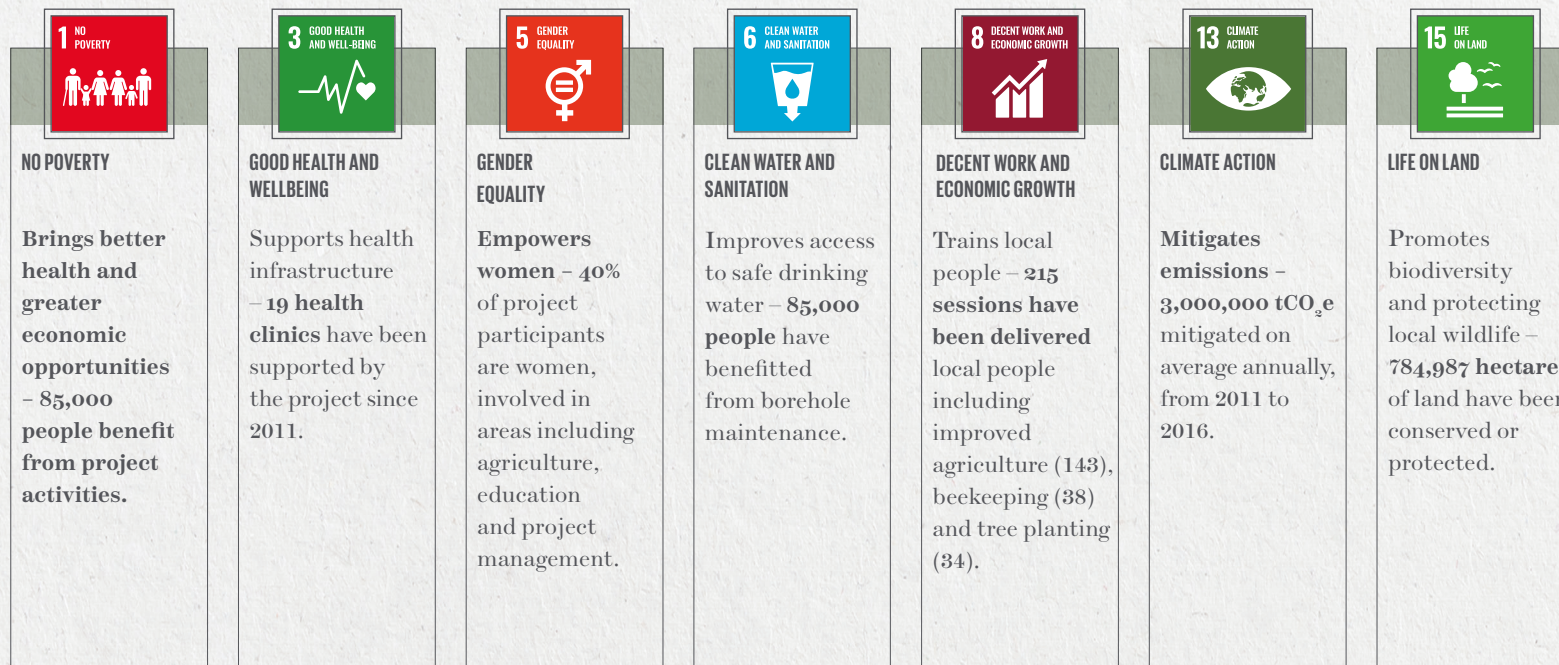
people build sustainable sources of income through agriculture, agro-forestry, eco-tourism and aquaculture. The land has traditionally been cleared, drained and the peat burned to plant Acacia, which is used in the flooring industry. Instead, carbon finance funding helps residents to make a living from non-timber forest products like rattan, honey, coconut and jelutong along with fire prevention, eco-tourism, canal management and sustainable fisheries.



| | | | |
|---|--|---|--|
| <p>5 GENDER EQUALITY</p> <p>GENDER EQUALITY</p> <p>Financial empowerment increases social mobility for women and involves them in decision making processes.</p> | <p>6 CLEAN WATER AND SANITATION</p> <p>CLEAN WATER AND SANITATION</p> <p>Conservation activities improve the supply, consistency and quality of drinking water available.</p> | <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>DECENT WORK AND ECONOMIC GROWTH</p> <p>Helps with development – a community development programme runs across 34 villages and includes tree nurseries, an agro-ecology school and micro-finance loans.</p> | <p>13 CLIMATE ACTION</p> <p>CLIMATE ACTION</p> <p>Delivering emissions reductions to take climate action.</p> |
|---|--|---|--|

KARIBA FOREST PROTECTION, ZIMBABWE

The Kariba REDD+ Project protects almost 785,000 hectares of forests and wildlife on the southern shores of Lake Kariba, near the Zimbabwe-Zambia border. One of the most significant registered REDD+ projects by area, it sits between the Chizarira, Matusadona and Mana Pools National Parks (also a World Heritage Site) and Zambia's Lower Zambezi National Park. The project connects these four national parks and eight safari reserves, forming a giant biodiversity corridor that protects an expansive forest and numerous vulnerable and endangered species – including the African elephant, lion, hippo, lappet-faced vulture and southern ground hornbill.



WASTE MANAGEMENT

Waste management accounts for around 4% of total GHG emissions in the UK, with most emissions released from landfill sites³. As part of our commitment to recycle or divert all our waste from landfill by 2025, we track metrics and set targets for each store:

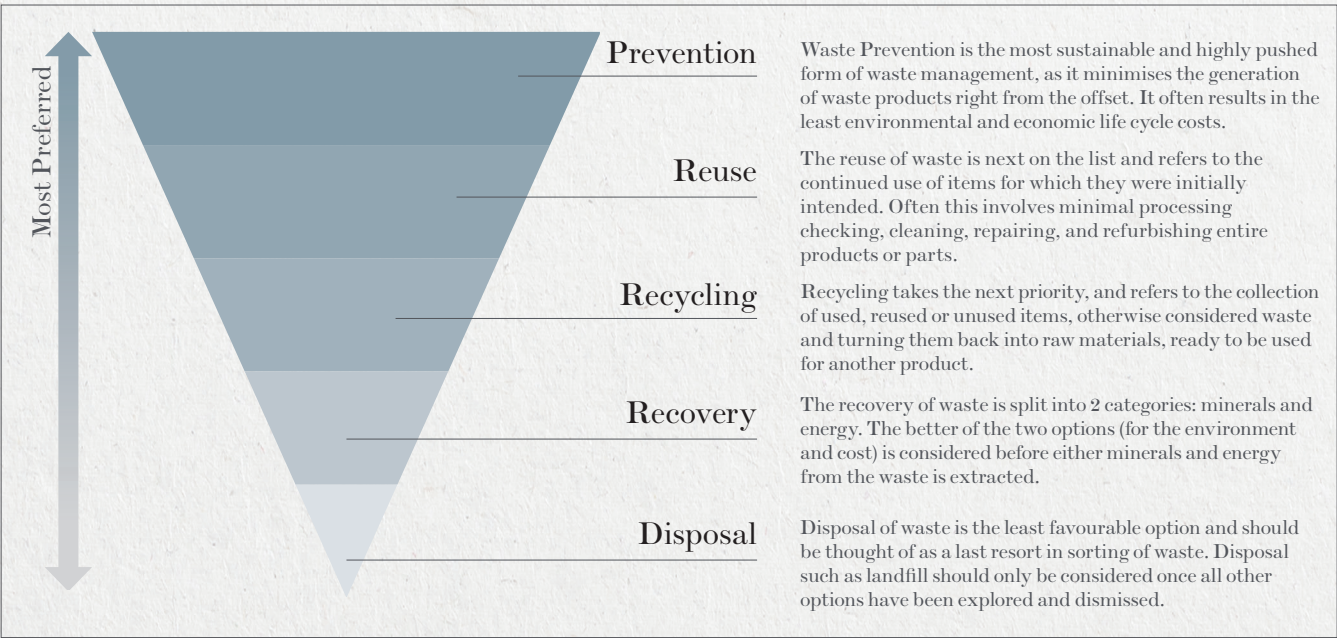
- The volume of waste generated by waste type
- Recycling %
- Landfill diversion %

The overall objective is to decrease the volume of waste generated in the first instance and, where waste is generated, to reuse as much as possible. Where waste generation is unavoidable, we are committed to disposing of it in the most environmentally friendly manner. The waste hierarchy ranks waste management options according to what is best for the environment, prioritising preventing waste in the first place, followed by reuse and recycling. Where waste requires disposal, this should be via waste to energy plants where waste is incinerated, and energy generated. Following this methodology reduces our cost base and carbon emissions whilst minimising any negative environmental impact.

³ <https://www.gov.uk/government/publications/the-uks-nationally-determined-contribution-communication-to-the-unfccc>

Carbon Emissions from Waste Composition

| 01/06/21 – 31/05/22 | Kg | % | Recycling (kg) | Incineration (kg) | Landfill (kg) | tCO ₂ e |
|---------------------|----------------|------------|----------------|-------------------|---------------|--------------------|
| General Waste | 233,889 | 31.4 | - | 233,889 | | 4.9 |
| General Waste | 38,290 | 5.1 | - | - | 38,290 | 17.0 |
| Mixed Recycling | 258,791 | 34.7 | 258,791 | - | - | 5.5 |
| Card | 207,825 | 28.0 | 207,825 | - | - | 4.4 |
| Glass | 2,801 | 0.4 | 2,801 | - | - | 0.05 |
| Shredding | 51 | 0 | 51 | - | - | 0.001 |
| Food | 2,698 | 0.4 | - | 2,698 | - | 0.02 |
| Total | 744,345 | 100 | 469,468 | 236,587 | 38,290 | 32.1 |

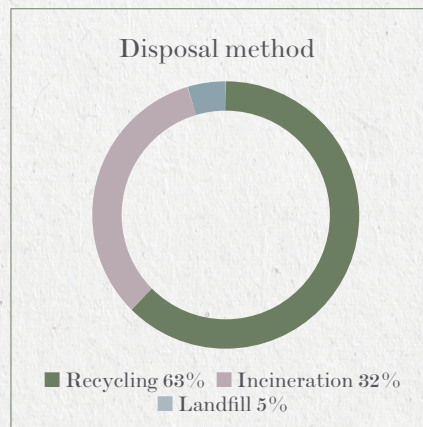


To ensure our general waste is minimised, all of our waste is segregated on site with posters displayed to show colleagues how to separate waste for each bin properly. Recyclables are sent to various recycling facilities with cardboard collected separately by a specialist waste supplier. General waste is mainly sent for incineration, with a small percentage disposed of via landfill.

Over the past year, we have continued to work closely with our specialist waste consultants. They provide monthly reporting for each store detailing the volume of waste generated per waste stream and how each waste stream is disposed of. In addition, the report displays league tables to highlight sites performing well and sites that could do better.

Why does any waste go to landfill currently? We stress to all our waste removal partners that we are seeking to prevent any waste from going to landfill. However, during the reporting period, some incineration plants were closed for maintenance and other reasons beyond our control prevented our waste supplier from diverting 100% of our waste from landfill. We track these events and report on actual waste disposal results rather than estimated outcomes.

Our total waste generated has risen by 188%, from 258,417kg to 744,345 kg. This growth is attributed to the fact that we have extrapolated our waste data this year to account for our entire footprint of 198 stores, including those within landlord sites. We also had reduced waste volumes in our last reporting period due to the Covid-19 pandemic.



We are pleased that our recycling rate has risen from 52% last year to 63% this year. Equally, we have worked hard to ensure that we divert the majority of our general waste from landfill hence a drop from 13% to 5% this year.

TRANSPORT

2 Ev charge points to be installed

Greenhouse Gas (GHG) emissions from road transport make up around a fifth of UK GHG emissions. Reducing emissions from road transport remains a significant challenge as the UK looks to reach Net Zero by 2050. To deliver on this goal, the government's Road to Zero transport strategy includes the ambition that almost every car and van will be zero-emission by 2050, banning the production of diesel vehicles in 2030. As we come to terms with our collective and urgent responsibility to reduce emissions, FatFace recognises that even with a small fleet we need to be part of this transition.

Transport emissions relate to company vehicles and employee-owned cars used for work purposes. We currently have five company vehicles comprising two diesel cars, one petrol / hybrid car and two diesel vans. In addition, we track all employee mileage claims.

Carbon Emissions from Transport

| 01/06/21 – 31/05/22 | Fuel Type | tCO ₂ e |
|------------------------|-----------|--------------------|
| Cars / vans | Diesel | 8.1 |
| Cars | Petrol | 1.0 |
| Cars | Hybrid | 0.9 |
| Grey Fleet | Unknown | 71.3 |
| TOTAL | - | 81.3 |



This coming year we will complete the installation of EV charging points at two of our largest locations at Ridgway and Dunsbury.

SPOTLIGHT: OFFSETTING OUR DIGITAL CARBON FOOTPRINT

Few know that digital advertising significantly contributes to global carbon emissions and that the internet could be responsible for a larger carbon footprint than the airline industry. To give a sense of the enormity, a typical online advertising campaign would emit 5.4 tonnes of carbon dioxide – which is close to being under half (43%) of a person's average annual carbon footprint in the UK. With this in mind, Incubeta, FatFace's digital marketing agency partner, launched a programme to measure and offset the carbon generated from the media they manage for a founding group of UK clients, including FatFace.

Incubeta began by identifying the carbon generated from a page load, then developed a calculation to assign a 'carbon responsibility' score from serving an advert, considering factors such as media outlet and advert format. Finally, taking into account total impressions served over an annual period, Incubeta were able to provide FatFace with a view of our annual digital carbon footprint for paid media.

In collaboration with sustainability partner Ecologi, Incubeta has offset the digital footprint for the media managed for FatFace for 2021, with a commitment to continue this offset pledge each year.

BENCHMARKING OUR CARBON EMISSIONS PERFORMANCE

As a growing business, our carbon footprint will increase relatively, so we need a way to track progress against targets. An overall intensity ratio of gross emissions in relation to turnover has been calculated. This will allow for comparison and benchmarking to enable us to track our performance across the years within the context of underlying trading changes.

Our carbon emissions reduction target for this financial year is to reduce the overall business intensity ratio by 5% from FY 2022 to FY 2023.



Overall intensity ratio, target, and predicted tCO₂e, with comparison to the base year. Intensity ratios are presented as Gross and Net Scope 1, 2 and 3 tCO₂e/£M Turnover.

| | Base Year (FY 2021) | | FY 2022 | | Predicted FY 2023 | |
|-----------------|---------------------|-----------------|--------------------|-----------------|------------------------------|------------------|
| | tCO ₂ e | Intensity Ratio | tCO ₂ e | Intensity Ratio | Predicted tCO ₂ e | Intensity Target |
| Gross Emissions | 1,458.14 | 9.11 | 1,908.03 | 8.48 | 1812.63 | 8.06 |
| Net Emissions | 98.41 | 0.62 | 233.22 | 1.04 | 221.56 | 0.99 |



Community

OUR COMMITMENT IS THAT BY 2025 WE WILL HAVE:

1. Created a sustainable fundraising stream to donate the equivalent of 1% of our profits per year to our chosen charities
2. Donated 10,000 days to local charities and partners
3. Worked with key partners to support underprivileged communities to provide opportunities that may otherwise be out of reach

THE FATFACE FOUNDATION



We go above & beyond to lend a helping hand

The FatFace Foundation was set up in 2009 to make a positive and enduring difference in the lives of people in the communities where FatFace sources, manufactures, retails and distributes its products. Our mission is about “Changing people’s lives wherever FatFace goes” by inspiring families and young people in our local communities to lead happy and fulfilling lives. We pride ourselves in enabling our partners, chosen charities, suppliers, customers and crew to make a difference whilst often achieving lifetime ambitions that make a long-term difference. Since the Foundation was launched, between FatFace and our Foundation, we have raised nearly £2 million, distributed through grants and engaging with our local communities, chosen charities, customers and crew.

Across FatFace and our Foundation, we have been able to support charities with over £350,000 this year.

THE PRINCE’S TRUST – We have had a partnership with The Prince’s Trust since 2015. As well as donating funds to this important charity, we are supporting young people engaged with The Prince’s Trust through

schemes such as Kickstart and Tomorrow’s Talent, other early career programmes and work experiences. The Tomorrow’s Talent scheme gives young people an active opportunity to develop themselves through residential weeks, designing accessories to be sold through online and physical stores, raising further funds for the Trust. We also took part in The Prince’s Trust Kickstart Scheme this year, which is a £2 billion fund to create high quality 6-month job placements for young people. Funding is provided to employers to create jobs for 16- to 24-year-olds on Universal Credit who are at risk of long-term unemployment. This scheme was created on 8th July 2021 and was targeted at addressing the fact that young people had been identified as being disproportionately affected by the pandemic. Through the course of the year, we welcomed 24 young people to work with us. They undertook both behavioural and skills-based training and developed key skills that are fundamental to their future careers. The managers that worked with the Kickstart crew found the experience to be both rewarding and enriching. It is definitely a worthwhile initiative that we will continue to support in the future.

Furthermore, we participate in an annual fundraising event, The Prince’s Trust Palace to Palace, a cycle ride across London held in September every year.

FatFace also formally partners with Shelter, a housing and homelessness charity. Our support is focused on our peak season Christmas trading period, with a proportion of the sales made from selected products within our

Christmas range donated to Shelter. We have also participated in the Shelter Night Walk as a fundraising event held in December.

We all need to look after our planet - our home - and the people and places around us. Through our FatFace Foundation.

We’re proud to have donated over 15,000 items in tailored packages to incredible charities across the UK, including:

**Achieve Together,
Blind Veterans,
Change Grow Live,
Childhood Trust,
Guildford Action,
Lewisham Vulnerable Adults,
Marylebone Project,
Reigate and Banstead Women’s Aid,
Salvation Army,
Samaritans,
Sanctuary,
Shelter,
St Mungo’s,
Vulnerable Care Sutton, and
Whitechapel Outreach,
as well as local churches and food banks.
PLUS...**



We contributed **£20,000** to the Marine Conservation Society to help fund their important work in protecting our oceans through our MCS product collaboration



We donated **£24,000** from the sales of our face coverings to Carers UK, the UK's leading national carers charity



The crew took part in the 'Palace to Palace' distance cycling challenge, where we raised over **£10,000** for The Prince's Trust



We've also partnered with Shelter again for winter this year, donating 10% of the profits of this collection to the charity. We've raised **£246,000** to date



Additionally in the year, The Foundation donated **£30,000** to support The British Red Cross humanitarian effort, helping people affected by the conflict in Ukraine, where one of our tech partners is based.





DONATE A DAY

As a business, we have committed to donating 10,000 days to charity over the next five years to support the communities in which we trade and make a difference. All employees have the opportunity each year to take a working day and do some volunteering within the community instead of carrying out their roles. This year we are so pleased that 1,300 members of our crew participated in volunteering initiatives.

Street Friends are a community group of volunteers who take food and drinks out to people on the streets. Since our crew member's first visit, they have been going back and regularly volunteering ever since.



We are very proud of crew members from our Aberdeen store. Last year they used their 'Donate a Day', which all our teams are given to support charity initiatives, to help out at Street Friends.

SPOTLIGHT: GROWING TOGETHER – FATFACE X THE NATIONAL FOREST

As part of our operational carbon neutrality commitment, we achieved our goal to become carbon neutral ahead of our 2025 target. We did this by sourcing 95% of our electricity from renewable energy sources and offsetting the residual 233 tCO₂e by supporting high quality internationally certified carbon removal projects.

In September 2021, we were incredibly proud to announce our 75-year partnership with the National Forest, celebrating our long-term commitment to sustainability and an exciting, inspiring step for everyone at FatFace.

Our forest, Minorca Woods, will be home to 60,000 trees, set amongst the scenic countryside of the National Forest site – beautiful woodland growing in the heart of the UK, across parts of Derbyshire, Leicestershire, and Staffordshire. It's our chance to create a cleaner, brighter future for all. And a forest we can experience and enjoy for generations to come. On the 26th of November 2021, some of our FatFace Crew travelled up from our Hampshire head office to begin our journey of planting 60,000 trees over 100 acres in Leicestershire. Over time, the trees that we have planted together will sequester at least 10,000 tonnes of Woodland Carbon Units, equivalent to one tonne of CO₂.



“This project is an important cornerstone of the FatFace strategy to establish and grow a natural ‘carbon sink’ to capture and remove carbon from the atmosphere. The National Forest are a great, like-minded partner where we have managed to create something that will make a meaningful long-term change to the environment.”

WILL CRUMBIE - CEO, FATFACE



**GROWING
TOGETHER**



CUSTOMER ENGAGEMENT

The customer sits at the very heart of everything we do at FatFace. Communicating with our customers is central to building our brand and reputation. By welcoming feedback, we gather valuable insight into our product, digital offer, store environment, and delivery service. Through this engagement, we are constantly improving every aspect of our business and setting ourselves apart from our competitors.

At FatFace, we follow ethical marketing practices because we understand the damage unethical marketing can cause by sending wrong signals about our product, brand or business and misleading the customer. As a result, we launched our Ethical Marketing Policy in May 2022 to ensure we understand and adhere to ethical practices across all our marketing and to underline our commitment to communicating honestly and with integrity and treating our customers with the respect they deserve.

We have thoroughly reviewed our business and internal marketing practices to embrace the Green Claims Code fully. Our number one priority is not to mislead our customers but to be confident in celebrating all the great things we have been doing. Steps we have taken include removing swing tickets where we felt information could be misleading and reviewing our website to ensure we can substantiate all our sustainability claims.



OUR PEOPLE

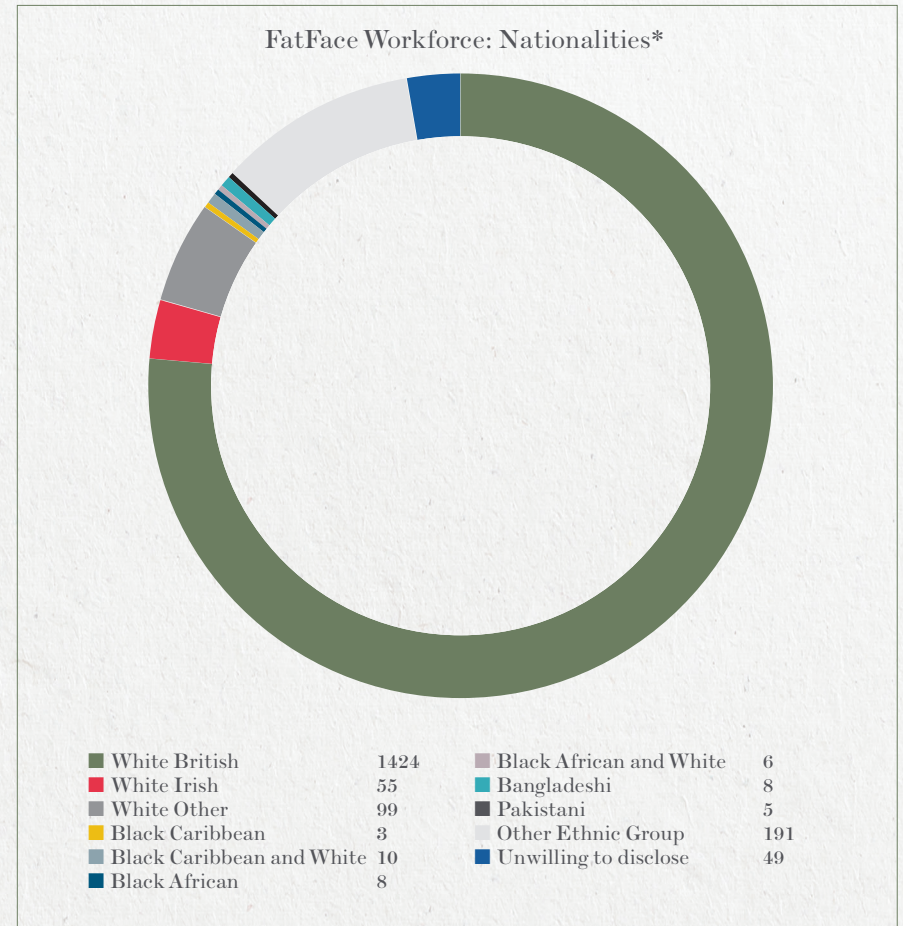
Total number of employees – 2,231

At FatFace, we're proud of our people. They make us stand out, bringing fresh, unique ideas and incredible talent to the table every day. We believe that our people share our brand, heritage, identity and values at all levels – which sets us apart from the competition. We believe bringing passion, talent, drive, commitment, and skills together makes the perfect team. So we strive to work hard, deliver results, and we love some healthy competition along the way. But most importantly, we have a lot of fun on the journey and continuously stop to reward and recognise each individual for playing their part and being proactive members of the FatFace team.

We have over 20 nationalities in our workforce, and we're proud of them.

The movement of talent is a key focus at FatFace. We put a huge amount of effort into recruiting, nurturing and growing our people internally, so our talent pool is very precious to us. We want to ensure we have as much as possible in place to support an operational approach to internal mobility. For more information on our recruitment and retention please refer to the performance data at the end of this report.

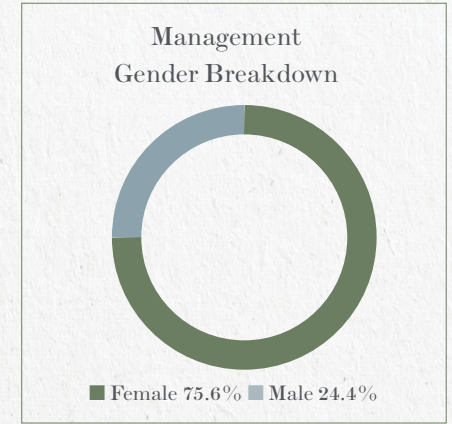
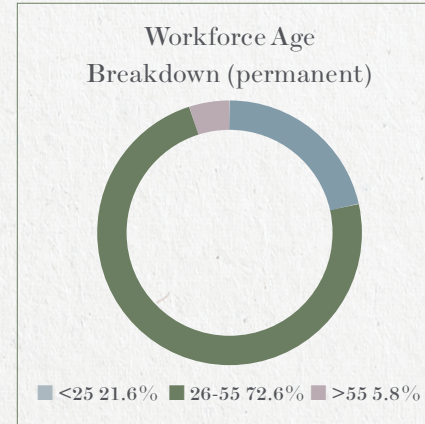
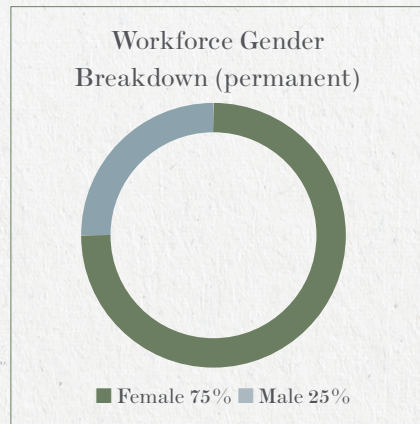
Employee engagement remains at the forefront of all that we do. We stay creative in our approach, listen to what's important to our people, and, where feasible, adapt to meet their needs. We celebrate success and performance and concentrate on creating a transparent, inclusive environment where people grow.



*Of those that voluntarily provided their information

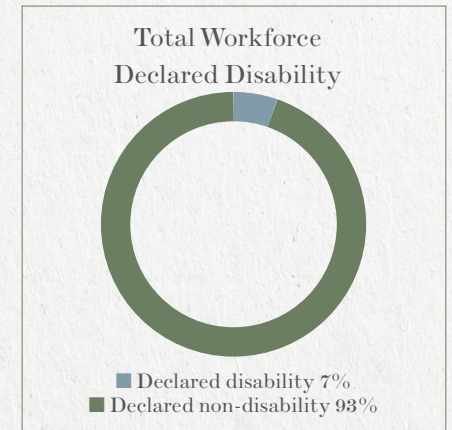
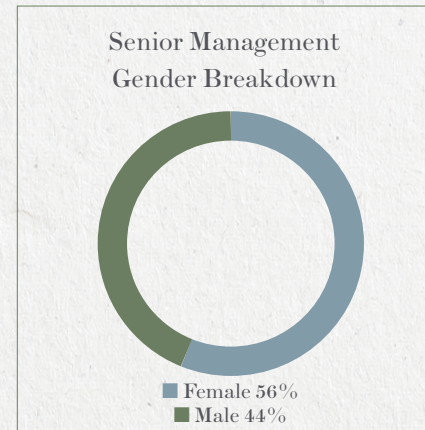
Average length of time an employee stays with us: 2.88 years
89 internal employee promotions

We recently completed our first engagement survey across the business with nearly 1,400 responses and 85% of the team saying they are committed to helping FatFace succeed. Galvanising our people and aligning their objectives to the business enables us to bring together the people and the commercial strategy. This initial survey will be followed up with Pulse Surveys throughout the year to ensure the actions taken off the back of the initial survey are helping to improve areas of opportunity. We will then carry out a yearly engagement survey every February.



SPOTLIGHT: MAKE A DIFFERENCE BADGES

These badges allow our retail teams to recognise moments of brilliance in the moment. We want to encourage all our colleagues to celebrate each other, not just traditional manager-to-employee recognition. The idea here is to call out and recognise each other for things such as always being able to put a smile on someone's face, nothing being too much trouble, being the person always there to help or suggesting an initiative that drives inclusivity in store.



85% of the team saying they are committed to helping FatFace succeed

MENTAL HEALTH AND WELLBEING

Wellbeing is a central component of our People Plan, and our ambition is to promote physical and mental health in the workplace. We aim to make a difference in people's lives by raising awareness and sharing preventative resources.

Our weekly newsletter lets us share resources with our colleagues, focusing on mental and physical health. A recent example of content was our focus on Men's Health Week, where we shared content from Men's Health Forum and invited external speakers to hold men-only workshops to create an environment for male employees to be open and share with each other.

In addition to business objectives, we have wellbeing objectives within our appraisals. These objectives can be as simple as drinking more water or as adventurous as completing the three peaks challenge. Every manager is engaged to support all members of their teams to give these objectives as much time as the business-focused ones.

To support our crew with mental health matters, we have 24 wellbeing champions in place who are trained in mental health first aid – working to support colleagues in a way that is preventative as well as reactive to someone who may be in crisis.

As we were coming out of the pandemic, we talked with our colleagues about how they wanted to work in the future. They told us they wanted to adopt a Hybrid model of working in recognition of the way people now live and work. Our Hybrid and Flexible working policies underpin our position – allowing the business to

Our commitments are:

| | | | | |
|---|--|--|---|---|
| <div>1</div> <p>Deliver sessions and resources to enable preventative interventions with the aim of reducing absence and supporting mental health</p> | <div>2</div> <p>Continue to work with Employee Assistance Partners, increasing employee engagement from 3% to 5%</p> | <div>3</div> <p>Deliver certified training for Mental Health first aiders and maintain at least 15 people trained across the business at all times</p> | <div>4</div> <p>Conduct health assessments with Nuffield Health, raising awareness in regard to physical health</p> | <p>Wellbeing is a central component of our People Plan, and our ambition is to promote physical and mental health in the workplace.</p> |
|---|--|--|---|---|








continue to grow whilst being creative and supporting colleagues to maintain a healthy culture and work-life balance. In addition to this, flexible working is at the forefront of our minds, with FatFace setting the new normal and not relying on traditional working patterns that are outdated and that don't meet the requirements of the way people live and work today.

This year we have worked hard to expand our Employee Assistance Programme (EAP) by growing our partnership with the Retail Trust to ensure we provide the best and most supportive working environment

for all our colleagues. This is crucial in ensuring our colleagues are supported, heard, respected, and empowered. As a result, our colleague engagement with our EAP offer has increased by 107% over the last 12 months. In addition, we offer our salaried colleagues access to Help@Hand, which is provided to us by UNUM. This provides access to remote GPs, mental health support, physiotherapy and life, and financial and wellbeing support.

OUR BENEFITS

We don't want our benefits to be the small print of a job advert. Instead, we want to shout about what we can offer as a package of rewards for joining the FatFace team. It's important that we continually reward our teams and regularly review our reward package to ensure we are always offering relevant and beneficial benefits to all.

| | | | | | | |
|---|---|--|---|---|---|--|
|  <p>STAFF DISCOUNT</p> <p>Generous discount from day one of employment for all staff to treat themselves to some FatFace goodies.</p> |  <p>EMPLOYEE ASSISTANCE PARTNERS</p> <p>We are proud to work with Retail Trust, Unum and Fashion Retail Textile Children's Trust; a group of brilliant, confidential and free support channels for all employees to access anytime.</p> |  <p>GROUP INCOME PROTECTION</p> <p>This protection aims to provide an income to any eligible employee when they are unable to work long term, as a result of an illness or injury.</p> |  <p>EYE CARE</p> <p>We offer eye testing and contribution to glasses if needed.</p> |  <p>DENTAL SCHEME</p> <p>We offer a range of levels of dental care with Bupa, the international healthcare provision group.</p> |  <p>SABBATICAL LEAVE</p> <p>Opportunities to take 3-6 month sabbaticals based on length of service to explore life outside.</p> |  <p>PENSION SCHEME</p> <p>We provide access to a Company Pension Scheme with Scottish Widows, for all employees.</p> |
|---|---|--|---|---|---|--|

DIVERSITY AND INCLUSION

FatFace is committed to recognising and celebrating the valuable and enriching contribution that people from all backgrounds, ages, ethnicities, races, genders or gender identities, sexual orientations, religions, disabilities or other characteristics and experiences bring.

We actively promote and drive equality within our workforce to ignite an inclusive foundation for us to build from and truly connect with our customers, employees and communities. This is designed to create an environment free from prejudice, racism, sexism, harassment, bullying and any other form of marginalisation in our workplaces.

Having freedom of voice is embedded into FatFace culture, and we provide multiple forums to facilitate transparent points of connection with six DE&I focused events carried out this year. We are constantly listening, learning, evolving and adapting as we put people at the core of everything we do and work together to build an inclusive future.

We continue to provide training and development opportunities to all employees. As part of our onboarding for colleagues of all levels, we have introduced an Equality, Diversity and Inclusion module. This covers topics including, What is Equality & Diversity, Unconscious Bias, Neurodiversity and Achieving Equality and Diversity. These modules have had 2,245 views over the past 18 months with 1,086 hours of training completed and form the beginning of our ED&I journey.

Equal opportunities are critical to our recruitment strategy and to helping people build long-lasting and successful careers. Therefore, we are actively partnering with agencies that represent candidates from underrepresented communities. We work hard to ensure that FatFace provides a level playing field from which everybody can thrive without exception.

GENDER PAY GAP

Our mean and median pay gap differences between men and women are 16.9% and 8.6% respectively. This reflects a pay gap in favour of men.

It is worth noting that on 5 April 2021, 48% of our total population were still furloughed as a result of the Covid-19 pandemic which meant they were on reduced pay (80%) and had to be excluded from our mandatory reporting figures above. The majority (98%) of those furloughed were our retail employees.

As a retailer, the largest proportion of our staff are store employees who operate our stores. We believe that the median pay gap provides a more representative picture as it is not as influenced by the outliers in the data set and is reflective of the position of this main group of employees. Before the pandemic in 2018 and 2019, our median pay gaps were 0.0% and 0.4% respectively. The employees that fall into the median are hourly paid retail staff, where our employees are paid at the same hourly rate.

As we move forward from the impacts of the pandemic and all the employees are included back in the calculations, we expect this Median gap to return to 0%.

FatFace is actively focusing on what needs to be done to improve gender diversity across the whole company and make further strides to close the gender pay gap. We will continue to scrutinise our hiring and internal promotion processes (both internal and external) to make sure diversity and inclusion are at the heart of our business and that our senior leadership roles are representative.

We are continuing to implement new diversity and inclusion initiatives to further our goal of an all-round supportive and inclusive environment and an employer our staff can be proud to be part of. Over the next year we will be undertaking projects to review the way our workers are categorised with regards to the way pay is calculated, and also review our commitment to pay increases beyond National Living Wage.

TRAINING AND DEVELOPMENT

We want every crew member at FatFace to experience career progression and access high-quality training to help them unleash their potential.

We operate several training programmes that offer development opportunities for our managers and employees and seek to maintain high staff retention rates. Performance is reviewed bi-annually with managers developing their teams personally and technically, agreeing on personal development plans and leading the training requirements.

Our training platform, 'Thrive,' offers self-guided learning courses available 24 hours a day for our crew to complete at their own pace. Some of the courses available include:

- General Data Protection Regulations and Payment Card Industry training
- EPOS till training
- Cyber security
- Wellbeing
- Mental Health first aid

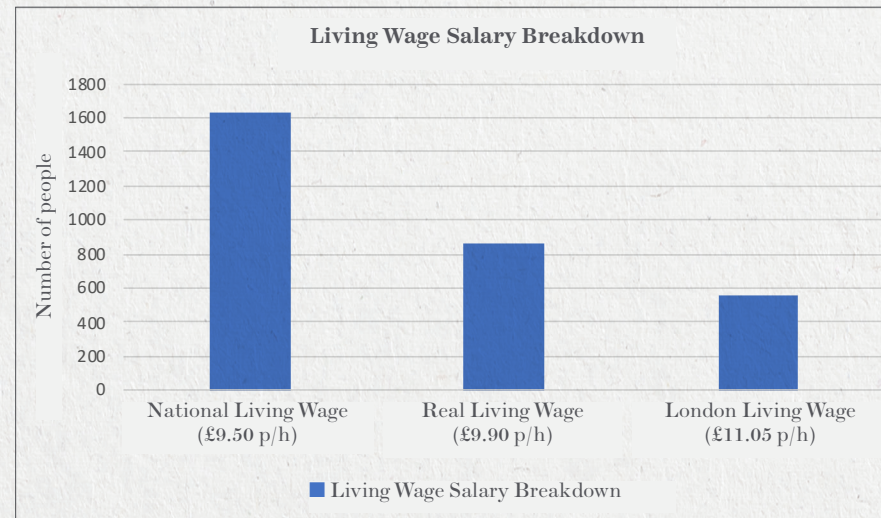
We have had 2,486 colleagues access Thrive in the last 12 months, with 196,000 views of developmental content within the previous year.

Over 2,172 L&D training sessions have taken place, comprising 7,681 hours of internal training and 570.5 hours of external training with 2,231 individuals receiving at least one training session.

We believe everyone should be supported in becoming the best they can be. They should be challenged to aim high and deliver great things for our business. The contribution of each crew member should be measured and recognised. Appraisals are our way of making sure this happens. These happen once a year and cover everything from reviewing the previous year's objectives (both work-related and personal ones) to development and progression strategies and wellbeing. Appraisals are kept alive throughout the year via everyday conversations such as structured 1:1 or a coffee catch-up. FatFace recognises that everyone in our business is different, and one size does not fit all.

Performance data

| Recruitment and Retention (1 June 2021 – 31 May 2022) | | |
|---|------|-------------|
| | | Units |
| Number of new hires | 2172 | individuals |
| Number of long-term unemployed recruited | 24 | individuals |
| Total number of promotions or management placements | 89 | individuals |
| Number of internal promotions into a higher management position | 44 | individuals |
| Percentage of internal promotions | 10 | % |
| Total voluntary leavers | 1931 | individuals |
| Total involuntary leavers (redundancies and terminations) | 98 | individuals |
| Average employee tenure | 2.88 | years |
| Number of employees with one year or more in service | 1145 | individuals |





Leading with
integrity

OUR GOVERNANCE STRUCTURE

A robust governance structure and internal controls framework is embedded throughout FatFace and is central to our responsible approach.

ESG COMMITTEE

Our ESG Committee will be launched in **2023**. It will be chaired by our CEO and responsible for overseeing the delivery of our three-pillar sustainability strategy and **2025** targets. The committee will meet quarterly and comprise key members of our leadership team, including our Chief Finance Officer, Chief Operating Officer, Trading Director, Product Director, Operations Director and Marketing & Brand Director. To support the core committee team, sustainability delivery managers will be tasked to take responsibility for each pillar. A Champions group will meet before committee meetings to ensure comprehensive progress reports are delivered.

RISK MANAGEMENT

To prepare for the unexpected, risk management, led by our audit function, is one of the key topics at our quarterly compliance meetings. General Data Protection Regulations (GDPR), Payment Card Industry Data Security Standards (PCI), Health & Safety, our risk register and training requirements are discussed in detail. The Group's risk register is regularly updated and reviewed by the Audit Committee annually. In addition, our Business Continuity Plan (BCP) sets out critical risk scenarios such as power outage, fire and flooding. Our BCP was updated and tested via tabletop exercise in April 2022 with the Operating Board.



POLICY MANAGEMENT

Our policies are updated quarterly and are available for all employees to access via our online training platform, Thrive. Training is provided to employees upon induction and when policies are revised or newly introduced. Non-compliance incidents with specific policies are logged, and this process is supported by our HR team within disciplinary procedures.

HEALTH AND SAFETY

Our employees' and customers' health, safety and wellbeing are paramount. There is a comprehensive structure of processes and procedures to mitigate health and safety risk, including externally led risk assessments, accident reporting and nominated health and safety representatives across the business. A "Stay Safe Guide" is issued to store managers, which informs them of their responsibilities to take reasonable precautions to ensure the safety, health and welfare of those likely to be affected by the operation of the business. Policies and procedures are reviewed and audited regularly to make safety management more robust and up to date.

All new crew members receive Health & Safety training during their induction. Furthermore, we provide a retail management training course for all Managers every two years. We use a third-party portal to record and report on all risk assessments and accident reports.

WHISTLEBLOWING

We encourage colleagues to report concerns via our whistleblowing channels through an online platform or a call centre managed by our external partner. If a report is made, our compliance team and HR are automatically notified, and the case is assigned for review.

ANTI-BRIBERY AND CORRUPTION

We take a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. All of our crew have completed mandatory anti-bribery and corruption training.

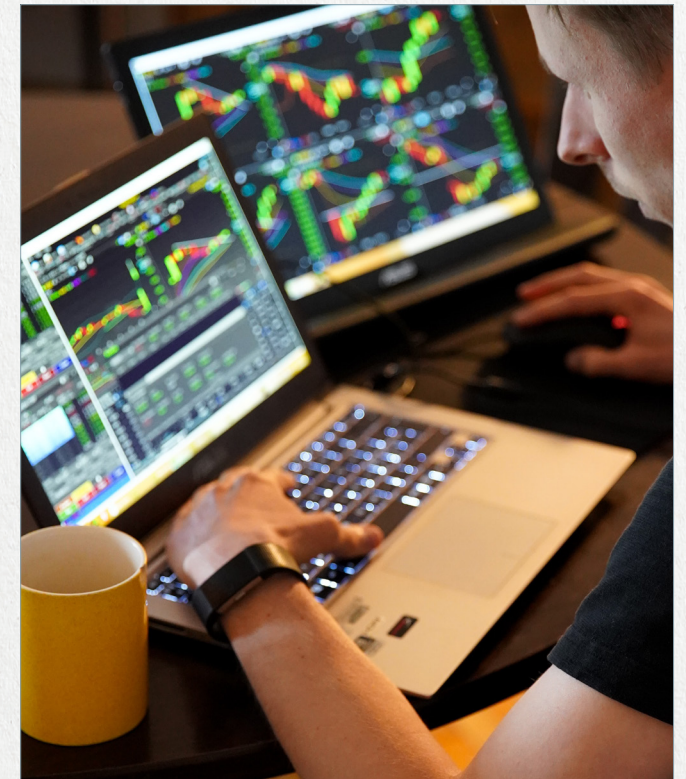
DATA PROTECTION AND PRIVACY

We are fully committed to complying with GDPR, which applies to all organisations that process data relating to their employees, customers, contractors, clients, and other stakeholders. Our Data Protection Policy sets out our commitment to protecting personal data and how that commitment is implemented concerning collecting and using personal data.

Cyber protection is integrated into our risk register and is an integral component of our onboarding process.

CYBER SECURITY

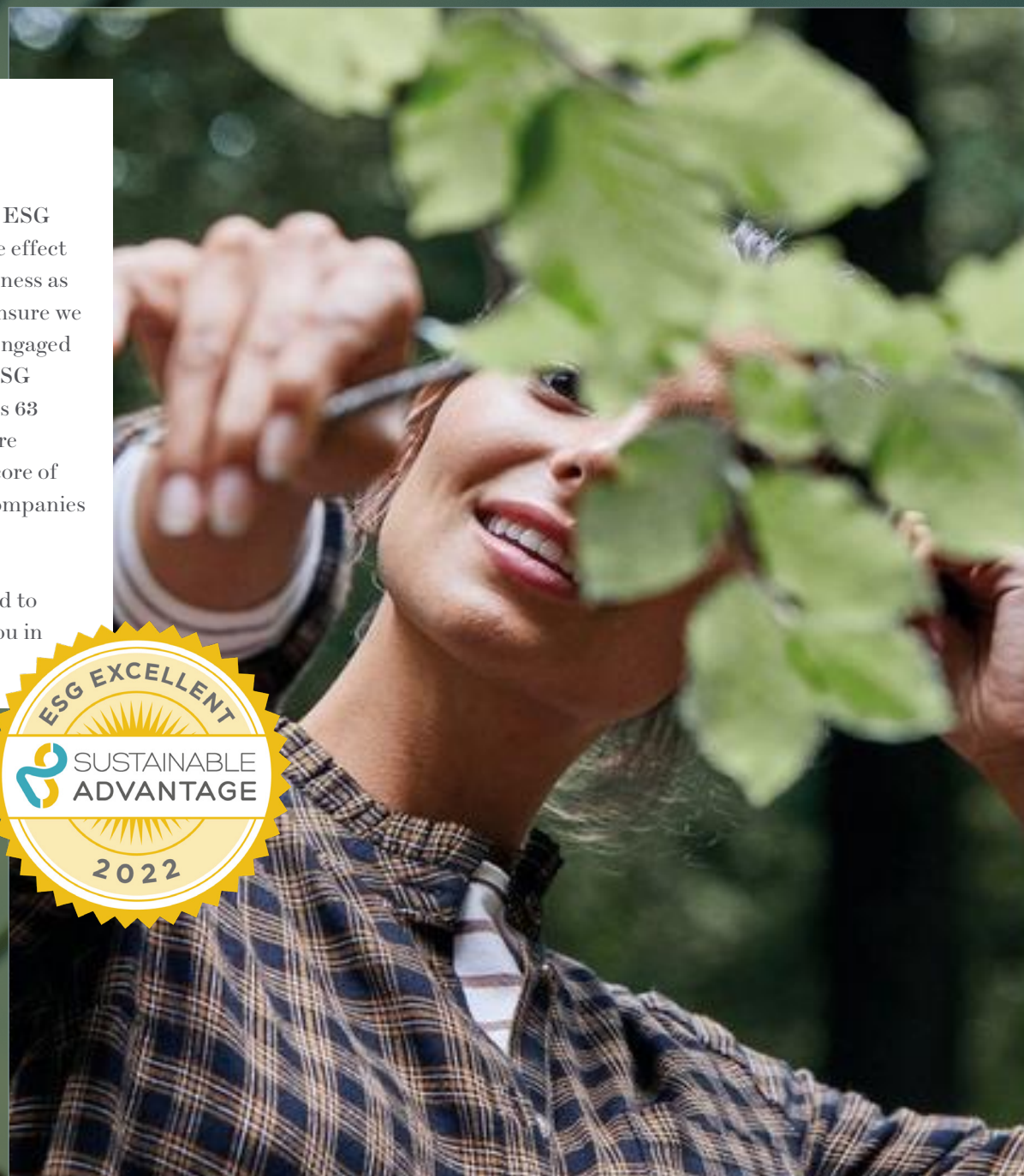
We have a number of measures and controls to maintain and monitor the cyber protection of the business, for example, standard build laptops, antivirus and endpoint detection as well as multi-factor authentication. Cyber protection is integrated into our risk register and is an integral component of our onboarding process. To ensure employees are trained on cyber protection we conduct annual training during Compliance Week, and we deploy regular phishing simulations together with supplementary training.



LOOKING AHEAD

Woven into company operational strategy, ESG builds upon the idea that making a positive effect on society should be as important to a business as financial success. As part of our desire to ensure we adopt best practice within ESG, FatFace engaged Sustainable Advantage ("SA"), a leading ESG consultancy, to score and evaluate us across 63 ESG areas. Each area is graded 0-4. We were thrilled to score "ESG Excellent" with a score of 62% and fall into the top 10% of all UK companies assessed.

We look forward to 2023 with optimism and to sharing this coming year's progress with you in next year's FatFace ESG report.



FATFACE

Working in partnership with:



An intelligent approach to energy, waste & sustainability

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