

A young girl with freckles and a large, shaggy brown fur hat is looking through a telescope at a globe of the Earth. The globe is positioned in front of her, and she is holding the telescope to her eye. The background is a plain, light-colored wall.

FATFACE

OUR ENVIRONMENTAL, SOCIAL AND
GOVERNANCE IMPACT REPORT

APRIL 2020 – 31ST MAY 2021

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ESG AT FATFACE



ABOUT THIS REPORT

We are proud to introduce our first Environmental, Social and Governance (ESG) Impact Report 2021. Our annual ESG Impact Report shows our commitment to building a sustainable future. What is the link between sustainability and ESG? An ESG report is an enhanced sustainability report that also includes our focus on, and commitment to, our employees, our customers, our suppliers, the communities we operate in and the environment. An ESG report also describes the policies and governance procedures we put in place to ensure we operate to strict guidelines, responsibly and ethically.

The information disclosed in this report relates to our financial year-end May 2021.

We are a brand with purpose and sustainability at its core through our three key pillars – product, planet, and community. Our customers are very aware of the precarious position our world is in, from the scarcity of natural resources to climate change. They want to know that we are behaving in an ethical way that aligns with their personal values. We want to share our journey with them and with all of our stakeholders and be accountable across the whole ESG spectrum. This is our first annual report, and we will continue to build on the hard work we have done to date.

We are members of the Ethical Trading Initiative, Better Buying, Sedex and the Bangladesh Accord on Fire and Building Safety.

For sustainable raw materials we are members of the Better Cotton Initiative, Leather Working Group, Cruelty Free International and The Forest Stewardship Council. We partner with Lenzing and work with Textile Exchange to meet their raw materials standards.



FATFACE AT A GLANCE

FatFace is a British, family, lifestyle clothing brand that is Made for Life. With a unique heritage, FatFace creates sustainable 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 200 stores in the UK and over 20 stores in the US and a highly engaged social community.

FatFace is a brand with sustainability at its core with a clear strategy around three key pillars – product, planet, and community. Devoted to style, dedicated to sustainability.

OUR JOURNEY

For over 30 years, we've travelled, we've laughed, we've grown. We believe life is for living and more fun with those we love.

OUR PURPOSE

Bring style and positivity to our customers lives through the clothes we make, the things we do and the values we have. We are Made for Life.

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

FATFACE AT A GLANCE

2021 in Review

We continue to prioritise our sustainability strategy despite unprecedented market and global conditions. Our customers have high expectations of us, and our ambition is always to meet and exceed these. We continue to focus on the raw materials that go into making our high-quality clothes, and we're making good progress against our challenging sustainability targets in this area.

We continue to source 100% of our cotton products from sustainable sources through the Better Cotton Initiative and The Organic Content Standard. We are working hard within our buying teams and with our trusted and valued suppliers to ensure we meet our challenging 2025 targets relating to other commonly used raw materials, such as viscose, linen, polyester and leather. Good headway is being made on these and we are pleased with the level of progress so far.

We have procured our electricity from 100% renewable sources since early 2019. Electricity from coal sources is a large contributor to carbon emissions and hugely impacts climate change. How we procure our energy is within our control and can have an immediate impact to our carbon footprint, hence the move to renewable electricity.

Our carbon footprint has reduced by 24% from the prior reporting year. However, we need to bear in mind the fact that many stores were closed for part of the year under the two national COVID-19 lockdowns in the UK. We'll know more about our progress in real terms in the coming financial year.



**WE HAVE TAKEN A
HUGE STEP TOWARDS
OFFSETTING OUR
CARBON FOOTPRINT
BY PLANTING
60,000 TREES IN
COLLABORATION WITH
THE NATIONAL FOREST**

We have taken a huge step towards offsetting our carbon footprint by planting 60,000 trees in collaboration with The National Forest. Having made an initial donation of £100,000, this partnership will transform swathes of the Midlands back to forest. We'll share more on this exciting development in next year's report.

Our focus is to do all we can to reduce our carbon emissions and have therefore offset any residual emissions for 2021 to become carbon neutral relative to the emissions generated from the operation of our stores i.e., energy usage, emissions from vehicles we own or lease and the mileage our employees cover related to performing their roles. During the remainder of 2021 we will map out our Net Zero strategy and set our Net Zero date, ensuring we are aligned to the Paris Agreement whose aims are to limit global warming to no more than 1.5% above pre-industrialisation levels.

The FatFace Foundation has supported several charities in the year and continues to build on long term partnerships with the likes of The Prince's Trust, Shelter and the Marine Conservation Society. Our approach is to make a real difference and we believe we are able to make an impact by working with a wide range of charities and organisations.

The health, safety and wellbeing of our employees and customers is of great importance to us and even more so during the challenging year we have undergone with COVID. We have a comprehensive structure of processes and procedures to mitigate against any health and safety risk to our employees and customers, including risk assessments, accident reporting and nominated health and safety representatives across the business and for each site. Within each store, managers are provided with a "Stay Safe Guide" and this year we delivered certified health and safety training to 172 managers. These measures had to be expanded with COVID-19 safety procedures in all areas to ensure safe working conditions, including one-way systems, track and trace measures and social distancing to keep our employees and valued customers safe.



WELCOME

LETTER FROM LIZ EVANS, OUR CEO ON OUR ESG JOURNEY



I am so pleased to share FatFace’s first dedicated ESG Impact Report. FatFace’s commitment to sustainability and broader ESG topics

has gone from strength to strength with the release of our 2025 targets. I am proud of the company’s ambition and drive to achieve our goals, even in the face of a global pandemic and challenging trading environments. We’re buying more sustainable raw materials than ever before, have reduced our plastic and carbon footprints year on year and will continue to strive to do more each year.

We’ve put sustainability at the heart of what we do, and it forms one of the key foundations of our business strategy, alongside infrastructure and investing in our people. Our sustainability strategy is holistic, touching almost every aspect of our business. We’re keen to ensure that our commitment is felt by everyone who works for us and shops with us, so we’re going to be talking more and more about what we’re doing. Expect to see more product labelling, brand marketing and company communications about our efforts in this area as we make progress and bring all our stakeholders with us along the journey.

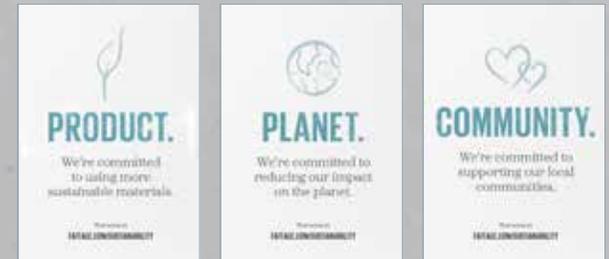
In the background we’re strengthening our work in the supply chain to continue to improve working conditions in our first-tier factories as well as assessing standards further down the supply chain. We’re working with partners on the ground to support our factories. We source our products from around the world through our supply chain partners, who employ thousands of people and in so doing support thousands of families. It is very important to us that these workers are treated fairly, and we’re committed to expanding our work to ensure this.

In parallel to our business activity, we’re doing more in our communities too, with charitable partnerships with Shelter, The Prince’s Trust and the Marine Conservation Society as well as our long-standing support of the FatFace Foundation. We’re going to be mobilising our crew as a force for good in our communities by giving them time each year to support the causes they care about and giving our charity partners access to the skills in our workforce.

We know that there is still more to do on our journey towards sustainability, but we’re confident that we have a plan to address some of our biggest areas of impact and set our business up to tackle some of the greatest challenges facing our world today such as climate change and the changing world of work.

Liz Evans – CEO
August 2021

“We’re buying more sustainable raw materials than ever before, have reduced our plastic and carbon footprints year on year and will continue to strive to do more in each year.”





OUR SUSTAINABILITY JOURNEY

DEVOTED TO STYLE. DEDICATED TO SUSTAINABILITY.

At FatFace, we believe style and sustainability should go hand in hand. Fashion shouldn't cost the earth, and we all need to play our part in looking after our planet.

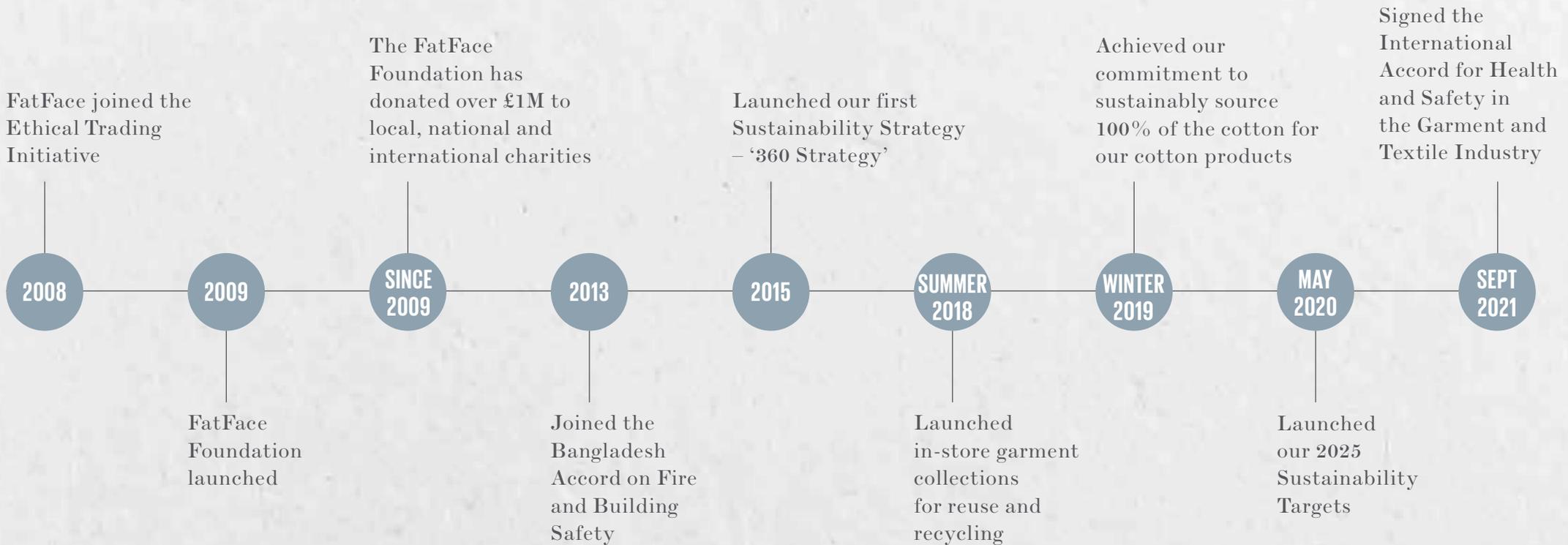
Our journey to sustainability started in 2008 and although it's ongoing, our aim is clear...

To make the most sustainable choices for our product, our planet and our community.

We're committed to change, and we continue to make and meet our sustainable goals with honesty, integrity, and passion.

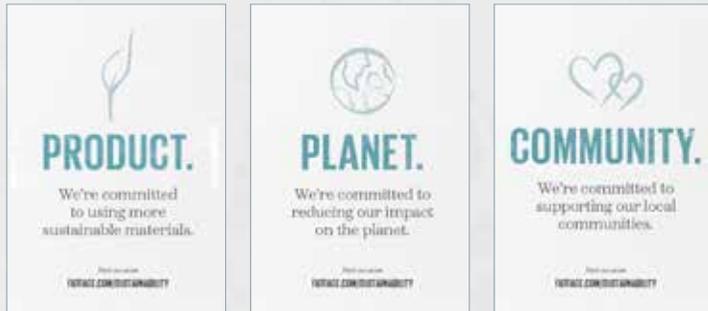
In line with our values, we maintain a robust approach to sustainability through our Three Pillar Strategy, which is a core part of our business strategy and includes a clear reporting structure. The strategy was developed to follow on from FatFace’s first sustainability strategy, which ran from 2015-2020. This included foundation targets looking at energy measurement and reduction, sustainable cotton and fundraising via the FatFace Foundation. We learned a lot implementing this initial strategy and were keen to use these lessons to push for more progress and lay the foundations for more ambitious work in the future.

THE STORY SO FAR



OUR STRATEGY

To support us in our goals, we have developed our Three Pillar strategy. The development process involved all functions of the business including design, buying, retail, property, human resources, marketing, IT, logistics and distribution. It was essential all functions were involved in the strategy development to make sure that our targets were relevant and achievable, but also challenging and ambitious. We needed the buy-in and commitment of all our employees as they have the ability to influence the achievement of our sustainability goals. Within each function there are champions who are accountable for ensuring we continue to work towards our sustainability goals.



WITHIN EACH FUNCTION THERE ARE CHAMPIONS WHO ARE ACCOUNTABLE FOR ENSURING WE CONTINUE TO WORK TOWARDS OUR SUSTAINABILITY GOALS.

| THREE PILLAR STRATEGY | | |
|---|--|---|
| <h3>PRODUCT</h3> <p>Includes our supply chain, our raw materials, the workers, and the impact that manufacturing has.</p> <ul style="list-style-type: none"> • What we buy • Where we buy it from • How we sell it | <h3>PLANET</h3> <p>This is our business impact, through our controlled operations, the energy we use and the waste we generate including:</p> <ul style="list-style-type: none"> • How we run our properties • How we move our products • How we use energy & process waste | <h3>COMMUNITY</h3> <p>This is our own people and the communities we touch via our offices, physical stores, and online communities. Charity partners, including The FatFace Foundation.</p> <ul style="list-style-type: none"> • How we behave and operate in local communities • Colleague development on sustainability |
| <h2>COMMUNICATIONS</h2> <p>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.</p> | | |

HEADLINE OBJECTIVES. BY 2025 WE WILL HAVE:

| PRODUCT | PLANET | COMMUNITY |
|--|---|--|
| <ol style="list-style-type: none"> Committed to increasing our use of sustainable materials: <ul style="list-style-type: none"> - 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 Expanded our supplier engagement programme to include goods not for resale (GNFR) Focused our buying decisions to prioritise our 'gold standard' suppliers Publicly disclosed our first-tier product supply chain | <ol style="list-style-type: none"> Achieved zero waste to landfill 100% of energy powering our head office and stores is coming from renewable sources Eliminated single use plastic in our business Become a carbon neutral business | <ol style="list-style-type: none"> Created a sustainable fundraising stream to donate 1% profit per year to our chosen charities Donated 10,000 days to local charities and chosen partners Worked with key partners to support underprivileged communities to reach opportunities that may otherwise be out of reach |

COMMUNICATION

'Sustainable' and 'FatFace' will be synonymous in our customers' minds.

The strategy launched in May 2020 setting out the final goals and commitments to be achieved by May 2025. Although some of our progress this year was limited due to the impact of the COVID-19 pandemic, all achievements were reported to the board via the Audit & Risk Committee and a strategy briefing that took place in Spring 2021.

KPIs that we will report on from June 2021 onwards are:

PRODUCT

- % COTTON PRODUCTS FROM MORE SUSTAINABLE COTTON
- % POLYESTER PRODUCTS FROM RECYCLED SOURCES
- % VISCOSE PRODUCTS MORE SUSTAINABLY SOURCED
- % LEATHER PRODUCTS FROM LWG TANNERIES
- % LINEN PRODUCTS FROM MORE SUSTAINABLE SOURCES
- % FACTORIES WITH A VALID AUDIT
- % HIGHEST RISK FACTORIES

PLANET

- % ENERGY FROM RENEWABLE SOURCES
- % WASTE TO LANDFILL
- CARBON EMISSIONS CO₂e
- % CARBON EMISSIONS OFFSET
- NUMBER OF TREES PLANTED

COMMUNITY

- £ DONATED TO OUR CHOSEN CHARITIES
- DAYS DONATED TO SUPPORT GOOD CAUSES

ALIGNING WITH THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all and setting the development agenda for the next 15 years. The Sustainable Development Goals (SDGs) were the result of an international, multistakeholder engagement process involving Governments, businesses, civil society, and citizens. To fulfil these global development ambitions the business community must play a significant role in the process⁴. There are 17 Sustainable Development Goals that are defined in a list of 169 SDG Targets and progress towards these Targets is tracked by 232 unique indicators.

While our actions and initiatives serve to support several SDGs, we have selected five SDGs that align with our company vision and values and that we believe represent areas where we can have the greatest positive impact on our planet. Customers, suppliers, crew, and other stakeholders and will serve to guide our focus and strategy for the future. We have aligned each of the chosen SDGs with our related ESG commitments to aid in the transparency of how we are contributing to each goal.



| GOAL | OUR INFLUENCE |
|---|---|
|  <p>7 AFFORDABLE AND CLEAN ENERGY ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE, AND MODERN ENERGY FOR ALL.</p> | We are continuously taking steps to reduce energy consumption across all sites, through upgrading hardware and addressing behavioural change needs. We are focusing on our ability to measure and monitor our usage to be able to best identify opportunities for greater efficiencies. |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL.</p> | We work closely with our suppliers to promote safe and equal working conditions for all workers in our supply chain, as well as measuring and monitoring resource efficiency and demonstrating diversity, equality, and inclusion within our own workforce. |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS.</p> | We work closely with our suppliers to ensure materials are sourced responsibly and processes are adhered to. Our customers are encouraged to use and care for the products they buy from us in a way that extends the product life to reduce waste, and we demonstrably act through effective waste management and commitment to following the waste hierarchy. |
|  <p>13 CLIMATE ACTION TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.</p> | We are committed to climate action and will prioritise reducing our carbon emissions and use accredited carbon offsetting programmes to counter residual emissions and be carbon neutral by 2025. Our focus is on reducing our impact by ensuring we are actively promoting efficient use of resources and minimising our waste wherever practicably possible as well as pursuing our own offsetting strategy through collaboration with the National Forest. |
|  <p>15 LIFE ON LAND PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS.</p> | Sustainable sourcing of raw material is a key part of our sustainability strategy. Cotton is conventionally grown with high water consumption and use of harmful pesticides and fertilisers. We are proud that since 2019 100% of our cotton is responsibly sourced and we are expanding this strategy to include more raw materials and more ambitious targets. |

⁴ <https://www.unglobalcompact.org/sdgs/about>

GOVERNANCE

BOARD STRUCTURE

The Board comprises both Executive and Non-Executive Directors and the Chairman. The Board formerly meets each month and its two Sub Committees (The Audit Committee and the Remuneration Committee) meet at least twice a year. The Board is collectively responsible for ensuring that we pursue our sustainability targets and promote the long-term success and viability of the Group. It does this by directing and overseeing the Group’s affairs including setting and approving the Group’s strategy, vision, and values. The Chief Executive and her Leadership Team, to whom the Board has delegated responsibility for proposing and delivering the Group’s strategy, is responsible for managing the day-to-day activities, operations, and resources of the Group.

ESG COMMITTEE

We are working towards the creation of a separate ESG committee which will use this inaugural ESG report as a starting point and, take ownership of delivering on the promises we’ve made. The committee will meet quarterly with the remit of setting the level of ambition as well as agreeing roadmaps to achieve our sustainability targets. It would also be the responsibility of the committee

to set objectives for Delivery Managers along with budget and resources. Members of the Executive Board-level committee would be:

- Chief Executive Officer – CHAIR
- Chief Finance Officer
- Trading Director
- Product Director
- Operations Director
- Marketing & Brand Director

In addition to the ESG Committee, it is planned to have Sustainability Delivery Managers for each of the pillars of the strategy and a Champions group that will meet ahead of the Committee’s meetings to ensure consistent reporting of progress.

MODERN SLAVERY STATEMENT

We track a number of key performance indicators to ensure that we continue to conduct appropriate supply chain due diligence, which includes assessing common symptoms of modern slavery risks. We report on our progress against these within the business through regular updates to the senior management team, annually to the Group Board and publicly through our Modern Slavery Statement.

Our KPIs 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

Additional work to assess the modern slavery and human trafficking risk in the deeper supply chain has been initiated in the latter part of the 20/21 financial year. We have completed a human rights risk assessment of our top 5 sourcing markets and used this to identify salient risks and high-risk portions of our supply chain. In 2021/22 we will initiate deeper supply chain assessments to understand the presence of issues within the sub-contractors and sub-suppliers that our manufacturing partners use.

RISK MANAGEMENT

There is a business continuity plan in place that covers various risk scenarios such as power outages, fires and floods. The plan is tested annually through a tabletop exercise, although, as implementation of the business continuity plan took place through the pandemic, it has not been tested this financial year.

We hold quarterly compliance meetings where risk is one of the key topics. General Data Protection Regulations (GDPR), Payment Card Industry Data Security Standards (PCI), Health and Safety, risk register and training requirements are also discussed. In support of this, we have recently implemented an internal audit function whose main responsibility is managing risk. The Group’s risk register is updated regularly and reviewed by the Audit Committee at minimum on an annual basis.

HEALTH AND SAFETY

The safety of our colleagues is of utmost importance to us. We have partnered with Peninsula to provide health and safety guidance, advice and audit all our locations in the UK. We have regular updates with our account manager to understand latest health and safety guidance, and the store teams can contact

the Peninsula helpline for any health and safety questions. All new crew members will have health and safety training as part of their induction, and we have trained health and safety representatives across the business.

As well as on-site assessments, Peninsula also conducts annual store audits to ensure compliance with relevant health and safety regulations. We use Peninsula’s Business safe Online portal that allows us to record accidents, incidents and risk assessments as well as provide a library of training and guidance. All health and safety issues are logged and reviewed by the Company Risk Advisor and at the quarterly health and safety meetings.

POLICY VIOLATION TRACKING

There is a GDPR breach log in place, and a system has been implemented to track instances where employees fail cybersecurity phishing tests. For anti-bribery and corruption purposes, there is a gifts log in place where any gifts received by our employees are recorded. Additionally, there is a log of COVID cases and isolation requirements.





WHISTLE BLOWING

We have appointed Navex Global as our whistleblowing platform. This allows employees to report any concerns through an online portal or to a call centre. If a report is made, a notification is sent to the compliance team and HR, who subsequently assign the case to an appropriate manager for review. During the reporting period there have been two reports submitted, both in relation to safety issues and sanitation from two separate store employees. These were responded to in a timely matter and are both closed.

DATA PROTECTION AND PRIVACY

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

The policy sets out the principles of how personal data is to be processed and gives new and extended rights to those whose data is being processed. FatFace has a strategy to maintain and monitor privacy requirements and obligations within the company including a GDPR breach response log.

ANTI-BRIBERY AND CORRUPTION

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

COVID-19 RESPONSE

COVID has changed so much in the UK; where we work, how we shop, what we buy, how we interact and more. As a responsible employer and retailer, we have had to totally redefine how we do business. We feel as though we have come out of this period stronger and ready for the future.

OUR SUPPLIERS

The COVID-19 pandemic caused huge disruptions both to our business and the manufacturing partners within our supply chain. Throughout this time, our approach with our suppliers was to be as open, supportive and collaborative as possible, working together very closely to help each other overcome the various challenges that we faced.

FatFace took a tailored approach to supporting our suppliers through the COVID-19 pandemic, especially in the early part of the financial year when much of the UK and many of our sourcing countries were locked down. Fortunately, our robust online business enabled us to continue selling existing stock and take receipt of many of our planned orders. Where suppliers were not able to deliver made goods, we either delayed them until another season or re-phased them within the existing season. We also bought fabric commitments in advance and stored delivered goods in ports or our own distribution

centre to ensure that suppliers were paid for work already completed. We kept in close contact with our suppliers to ensure that we knew what the impact of the pandemic was on them and could make early decisions on how to ease the financial pressures on their businesses and our own.

One of our principles was that we would try to avoid cancelling any stock that we were committed to. In our experience, late cancellations inevitably leave the supplier with major issues as orders for fabrics and trims will likely already be in progress and the impact, whilst off the retailers' books, tend to just shift to further up in the supply chain. This results in heavy financial loss for all parties, surplus stock left somewhere and a general breakdown of trust in the supply chain. Therefore, wherever possible we took delivery of committed orders and were extremely flexible with any delays due to COVID-19 impacts. In cases where that was not possible, our last resort was to rephase deliveries later to sell in future selling phases or seasons. Many of our suppliers were happy to store orders still in the fabric stage or even fully completed orders for later shipment. In some cases, such as our denim from Tunisia, we were still able to pay for this stock on time, even though it was still in storage with our suppliers.

“We were expecting cancellation and heavy losses. We had many conversations with FatFace and were reassured that there would be no cancellation or any penalties for late deliveries. And true to their word Fatface stuck by us and proved that real partnerships between retailers and suppliers do exist.”

Afflatus (Gurgaon, India)



“We and our team are very touched with your concern about our wellbeing during the second wave this year, and we sincerely appreciate your support with delivery extensions required because of the lockdown in Delhi and Tamil Nadu” Kanika (Delhi, India)

With our stores closed for extended periods of time and various lockdowns in the supply base, careful management of cashflow was a key issue across the board. We worked with several suppliers to agree mutually beneficial payment plans that kept funds flowing to allow the factories to meet their financial commitments over this critical period. For some of our suppliers, such as our wovens and nightwear factory in Haryana, India, we were able to make early payments to support them through a difficult time.

Regular communication from our Buying and Merchandising teams, but also from the Directors of the business, proved very effective at keeping relationships strong. We were able to react quickly to an ever-changing situation in our supply base and our manufacturing partners appreciated an open,

honest and regular dialogue at a time when many of their other customers were unreachable.

FatFace has always strived to treat its suppliers with integrity and in the spirit of a true equal partnership. We pride ourselves in having solid and stable, long-standing relationships with our key suppliers. This approach has paid ample dividends over the past 18 months and will continue to do so throughout what remains an uncertain and challenging period.

Messages from our Suppliers

“The pandemic and the subsequent lockdown was really a bolt from the blue. We did take a massive hit when we agreed to the discount, but as you were completely transparent and we could understand the situation at your end, on the strength of our partnership built over the years we extended our support.

Subsequently your support and continuity of business helped us navigate through the crisis and we are grateful for this and would like to share our thoughts of what we have observed and are thankful for.

You as part of the Fat Face Senior Leadership team were in constant touch with us. We got regular updates from yourselves right from the start which gave us clarity, and as the situation evolved you also gave us the liberty to reach out to you whenever required to discuss and find mutually workable solutions.

Initially holding shipments was the need of the hour, but your taking them gradually over the next few months was a big help. All the fabric which was put on hold in March ‘20 was also gradually used from June onwards through March ‘21.

Even though you and the teams were working from home – there was continuity on all fronts – product development, sign offs, order placement, approvals etc. Your teams were very supportive and communication on WhatsApp and Video calls was very helpful especially as travelling was not possible.

The design presentation on Microsoft Teams was great!! We and our merchandising team were able to attend along with our designer Jo Willimason even though we were all at different locations.

We and our team are very touched with your concern about our wellbeing during the second wave this year, and we sincerely appreciate your support with delivery extensions required because of the lockdown in Delhi and Tamil Nadu.

The year gone by is a reflection of a wonderful partnership and collaboration. ” – Kanika

“ A true testament of a partnership is when one goes through hard times. In March 2020 when COVID-19 was spreading and the world was locking down, we were very uncertain of the business and the orders

in hand. We were expecting cancellation and heavy losses. We had many conversations with FatFace and were reassured that there would be no cancellation or any penalties for late deliveries. And true to their word Fatface stuck by us and proved that real partnerships between retailers and suppliers do exist.” – Afflatus

“COVID-19 pandemic had shown tough times to humans globally. We all had faced unprecedented and uncertain times and still coping with it. We as humans will take long time to evolve through this phase and this pandemic has made us tougher. Besides we have also learnt as how to cope with life at various levels, be it professionally or personally.

This has tested our relationship again both professionally as well as personally and taught us to be patient and calm. This is where our relationship with FatFace comes in where we have successfully sailed through these tough times. It is times like these when friendships and relationships are truly tested and developed more deeper and stronger bonds. It is pure trust and we were very glad as how

“I like to thank their SLT team, who were constantly available for discussions and helped us all to sail smoothly through these tough times” Kautilya Industries

FatFace supported us all these times whether in terms of payment flow or order flows. Despite all stores lockdown, they didn’t cancel even a single piece of order which was overwhelming. This had grown our trust on FatFace with many folds further and we deeply appreciate their honesty and support and transparency.” – Kautilya Industries

OUR CREW

During the past year, although we have not all been able to be together all of the time, we have worked hard to continue to interact with our crew. During the uncertainty a key action was to ensure that we kept frequent communication with all crew members. One part of this was sending out weekly newsletters that were themed differently each week and included a Frequently Asked Questions section. Each update also contained details of the support offered by our Employee Assistance Partners and their contact details.

At the start of each period of furlough, all crew members received a letter with details of the furlough scheme, including clarification of salary payments, additional support and what to expect from the business during this time. Subsequently, at the end of each furlough period, flexi furlough and return to work letters were sent explaining the expectations around work and links to the most up to date COVID-19 training and safety

procedures as well as FAQs. Upon their return to work from furlough all crew would receive a conference call and COVID-19 safety training. Additionally, all Managers ensured personal check-ins were completed with all members of their team.

Supply of Personal Protective Equipment

To ensure that our crew were protected when working at any of our locations, we installed hand sanitising stations throughout our offices and stores and provided face coverings for vulnerable members of our team. In our stores we installed Perspex screens around all till points and displayed posters with guidance for both colleagues and customers. At our distribution centre we installed temperature check machines for staff upon entering the building and we also bought fogging equipment used for disinfection as part of our cleaning routine.

In addition to all of the general support that we've provided to our

crew, we provided tailored support to any member of staff facing particular issues or difficulties; for example one crew member with a vulnerable child was able to remain on the furlough scheme longer to allow herself and her child to shield. When she was ready, we organised a flexi furlough phased return to work. Another crew member was working as a store manager and was over 28 weeks pregnant at the time; we were able to arrange for her to take on altered duties to support in our customer service centre, which allowed her to work from home.

ABOVE AND BEYOND

Samples donated to be used for making scrubs for hospitals

Over lockdown we donated fabric to be used for making essential items of personal protective equipment (PPE) to help support the efforts against the pandemic. Our donations ensured a group of volunteers could

make scrubs, hats and masks etc. for hospitals, care homes, hospices and health teams local to our FatFace Head office in Havant, Hampshire. These efforts helped a huge number of individual frontline workers including midwives, paramedics, and hospital lab technicians.

Gifts donated to Portsmouth Hospitals for NHS staff

In April 2020, we sent a package of gifts for NHS staff to the fundraising manager of Queen Alexandra Hospital in Portsmouth. The gifts included a mix of mens and womens, sweats, knitwear, loungewear, and socks as well as toiletries for the chillout room where hospital staff could relax when they needed to.



Donations made to Carers UK

Throughout the pandemic, we have been selling face coverings where a portion of sales were donated to Carers UK totalling £46,000.

Creating a home-schooling module to support working parents

We developed a module to support colleagues that were home-schooling during the UK lockdowns. It had a wealth of resources and signposted other organisations who were sharing home-schooling materials. This was accessible for all employees regardless of whether they were on furlough.

Helping those in need who were struggling the most during COVID

Over time we accumulate a quantity of samples and clothing items that will not end up in our stores for various reasons. In June 2020, as COVID-19 had begun taking its toll, we decided to do something about it. We teamed up with a number of partners to ensure over 15,000 items of clothing ended up in the hands of those that needed them the most.

We're proud to have delivered tailored packages to incredible charities across the UK, including Achieve Together, Blind Veterans, Change Grow Live, Childhood Trust, Guildford Action, Janie's Homeless Friends, 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.





PRODUCT



This relates to the raw materials that go into our products, how our garments and accessories are made and the impact the manufacturing process has on local communities and the environment.

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

OUR COMMITMENT IS THAT BY 2025 WE WILL HAVE:

1. Committed to sustainable materials:
 - 100% of our Polyester will be switched to recycled
 - 100% of our Viscose will be from sustainable sources
 - 100% of our Linen will be from sustainable sources
 - 100% of our Leather 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 disclose our first-tier product supply chain

WHAT WE BUY

The material chosen for a design can not only dictate the fit, style, look and popularity of a product but also the impact on the environment. Cotton is the most commonly used material at FatFace and is currently present in around 60% of our products. Viscose is our second most used fibre, representing 20% of what was bought in the period. Other key materials are polyester, linen and leather.

We work with **Textile Exchange** to ensure that we're meeting internationally recognised standards for more sustainable materials. Textile Exchange is a non-profit organisation working to positively impact climate through accelerating the use of more sustainable fibres across the global textile industry. They do this by developing, managing, and promoting a suite of leading industry standards, as well as collecting and publishing critical industry data and insights, which enable brands and retailers to measure, manage and track their use of preferred fibres and materials.

COTTON

Our 2015-2020 Sustainability Strategy included a challenging target to source all our cotton products responsibly by 2020. This meant that we had to hit 100% by the end of the Winter 2019 season to achieve our target, which we are proud to say we did.

“By supporting BCI for our cotton sourcing we have helped to save over 1.1 billion litres of water”

Cotton was chosen as the first target material due to it being our biggest raw material and therefore having the greatest impact. We make sure that we're sourcing cotton sustainably for all products where cotton appears on the care label. This means that there may be small amounts of cotton in threads or small trims that are not in scope because they're not in a product where cotton appears on the care label. We had to define the scope of this target to ensure that we could calculate the weight of the cotton to track how much we were using.

Our approach for achieving this target was to join established schemes, including using **Organic Cotton** as defined by Textile Exchange and joining the **Better Cotton Initiative (BCI)**. We also sought to convert our existing supply chain to buying more sustainable materials, rather than switching to other suppliers already sourcing more responsible cotton. We believed this was a more responsible approach, especially considering that we have supplier relationships that are up to 18 years' old.

- Cotton sourced through BCI accounts for around 80% of our cotton products. BCI is a non-profit organisation and the largest cotton sustainability programme in the world. The initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.



BCI uses a ‘mass balance’ system so it is not possible to trace BCI cotton directly into final products.

- Organically grown cotton is specifically grown without the use of harmful pesticides and fertilisers, which is better for the environment and the farmers who produce the cotton. The amount of organic cotton in the world is only a small percentage of the total global cotton yield, which is why we use two cotton sourcing standards.

POLYESTER

Polyester is a plastic-based fibre that requires a large amount of petroleum in its production. We also know that when polyester fibres are laundered it results in even more pollution through the shedding of microfibrils. We set a target to source recycled polyester in an effort to remove plastic waste from the supply chain and reduce the production of virgin materials. We also have a strategy to reduce the use of synthetic fibres wherever possible in order to limit microfibre shedding. Where we do still use polyester, we use the **Textile Exchange Global Recycled Standard** and **Recycled Content Standard** to verify the source of recycled polyester.

VISCOSE

Viscose fibre is derived from wood pulp. This may

seem less impactful on the environment, however currently around 150 million trees are cleared annually to produce the wood pulp required to manufacture viscose⁵, which is not sustainable. We are working with **Lenzing** as our exclusive source of viscose fibre. Lenzing have closed sources of responsibly managed wood pulp and measurable sustainability initiatives to reduce their impact that have been externally certified.

LINEN

Linen fibre is derived from the flax plant. Linen yarn is woven from the long fibres found behind the bark in a multi-layered stalk of the flax plant. We are working with **The European Confederation of Flax and Hemp (CELC)** to certify the source of our linen as being European, where we know the growing conditions and farming process have positive environmental impacts compared to other linen sources.

LEATHER

We are long-term members of the **Leather Working Group (LWG)**, which seeks to improve the leather manufacturing industry by creating alignment on environmental priorities, best practices and providing guidelines for continual improvement by certifying leather tanneries all around the world. We are working with our existing suppliers to locate and

assess tanneries that are certified to **LWG** standards or are working towards certification. We’re also working on traceability using **LWG**’s standards.

Future focus

We will continue to work with our suppliers on the quest for more sustainable materials and switch wherever possible. Imminent on this agenda is to explore how we can achieve sustainably sourced wool through participation in **Responsible Wool Standard**, along with developing targets for how much we want to switch and by when.

We are also looking to remove leather from products where it is not an essential component, engage all leather suppliers to be certified by **LWG**, explore sustainable alternatives for acrylic and other man-made synthetic fibres and seek to establish a closed-loop source of recycled yarns.

As well as the main fabrics and fibres used in raw materials, we are also exploring how we can further reduce the impact of some of the processes that we use to make our products. For example, within our denim range, as well as using up to 20% recycled cotton in the fabric and eco-metal trims that require less energy and water to produce, we are also developing washes with our suppliers that use less water and less chemicals.

⁵ <https://therevelator.org/textiles-climate-emissions/>

ANIMAL WELFARE

At FatFace, we are committed to safeguarding the welfare of animals farmed to produce the materials used in our products and we have ensured that all our FatFace branded cosmetics and toiletries are certified not tested on animals. We are members of **Cruelty Free International**, an animal protection and advocacy group that campaigns for the abolition of all animal experiments and have developed our own Animal Welfare Policy.

Our Animal Welfare Policy outlines the expected requirements we have of our suppliers to ensure animals are raised, transported and slaughtered under recognised higher animal welfare standards. These standards are based on The World Organisation for Animal Health (OIE) Animal Health Codes and the Farm Animal Welfare Committee's Five Freedoms, which states that animals should be:

1. Free from hunger and thirst
2. Free from discomfort
3. Free from pain, injury and disease
4. Free to express normal behaviour
5. Free from fear and distress

It is the responsibility of suppliers to ensure that all parties involved in the production of our products comply with our Animal Welfare Policy, and failure to meet the requirements of the policy will lead to remedial action being requested and timescales for actions being agreed upon. Failure to undertake any remedial action agreed will result in a review of future business levels and we always reserve the right to suspend business with suppliers who refuse to co-operate.

We require suppliers to ensure products that contain animal materials are clearly labelled and to specify the common and Latin name of the species of animal used. We also require that any products containing synthetic materials that emulate animal materials, such as faux fur be properly and clearly labelled.



Cruelty Free
INTERNATIONAL



WHERE WE BUY FROM

We work with over 160 factories across 13 countries, and we have been working with our top 20 suppliers for a combined period of 240 years. Throughout that time, our relationships have been built on trust and longevity.

Being active members of **The Ethical Trading Initiative (ETI)** enables us to collaborate with other buying companies operating in our factories or markets, some of whom might be our direct competitors. 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. We know that improving working conditions is not a commercial or competitive issue, and we recognise that we have a shared duty to create positive social and environmental impacts throughout our supply chain. The ETI also gives us access to tried and tested methods of resolving some of the challenges in our sourcing countries.

We are already working to improve our own buying practices through the **Better Buying Initiative**, a survey system set up for suppliers to provide anonymous feedback to brands about buying practices, without risking their business relationships. The system examines seven key purchasing practices that affect a supplier's ability to adhere to the terms of any contract and operate efficiently while providing a safe work environment and maximising profitability. FatFace has been a member of Better Buying for 3 years and we're partnering with them and ETI to understand how we can improve our own processes to enable better conditions in our supply chains.

The FatFace Way of Life

Our code of conduct, **The FatFace Way of Life**, forms the foundation of our relationships with suppliers and factories. It outlines our expectations and requirements regarding working conditions and business practices and includes a declaration that needs to be signed by all new suppliers and factories. To assess compliance and

adherence, each factory is subject to an annual ethical audit. The ethical audits are semi-announced or unannounced on-site assessments conducted against the Sedex Members Ethical Trade Audit (SMETA) standard, and include observations, documentation review and interviews with workers to check areas such as pay, working hours, fire safety and the use of personal protective equipment.

Following audits, we work with factories to make any necessary improvements based on the audit recommendations. In addition to the SMETA auditing programme, which is an important foundation to our work, we have our own verification assessments at key sites, providing factories with detailed guidance on how to achieve meaningful changes in working conditions. More recently, we have tested our root cause analysis approach which gives factories an understanding of why particular issues are happening in the first place. We know that if the root cause can be addressed, an issue is far less likely to occur again.



“We only work with suppliers who share our values. It's better for everyone that way”

Expectations

We have developed ‘The FatFace Way of Life’ as a way of sharing our values and expectations with our suppliers in order to advance social and environmental sustainability across our sourcing regions. The standards, under the headings listed below, 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 & FIRE SAFETY

CHILD LABOUR SHALL NOT BE USED

LIVING WAGES ARE PAID

WORKING HOURS ARE NOT EXCESSIVE

NO DISCRIMINATION IS PRACTICED

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



The FatFace Way of Life constitutes a set of minimum standards and we actively encourage and support our suppliers to exceed these expectations. We naturally expect our suppliers to comply with national and other applicable laws, and where the provisions of law and ‘The FatFace Way of Life’ address the same subject, we expect our suppliers to apply the provision which affords the greater protection.

OUR COMMITMENT TO RESPONSIBLE SOURCING

MONITORING PERFORMANCE AGAINST 'THE FATFACE WAY OF LIFE'

In order to ensure that 'The FatFace Way of Life' has real meaning,

BUILDING CAPACITY WITHIN OUR SUPPLY BASE

FatFace takes all necessary steps to ensure that our employees and suppliers are made fully aware of 'The FatFace Way of Life'. This includes the provision of training seminars, workshops and consulting support as and when required.

DELIVERING CORRECTIVE ACTION PLAN SUPPORT

Where it has been established that a supplier is failing to live up to the expectations laid out in 'The FatFace Way of Life', the supplier is expected to work on a corrective action plan (CAP) to close all identified non-compliances.

REGULARLY EVALUATING AND RECOGNISING IMPROVEMENT

To develop strong alliances dedicated to responsible business practices and continuous improvement.

SUPPORTING LONG TERM SUSTAINABLE DEVELOPMENT

FatFace looks to recognise suppliers and we actively seek to partner with factories who have developed plans and implemented initiatives that contribute to long term sustainable development.

What we expect from our suppliers

In order to meet the requirements outlined in 'The FatFace Way of Life', we have set out obligations we expect suppliers, agents and their designated factories and subcontractors to follow. These include but are not limited to:

- Have their own established and documented procedure to source from factories that adhere to the expectations set out in 'The FatFace Way of Life' and disclose all factories, sub-contractors and sub-suppliers involved in the product supply chain.
- Ensuring that all factories used for FatFace production have an up-to-date 3rd party SMETA assessment that is no older than 12 months, have appropriate Sedex membership and upload all audits to Sedex.
- Suppliers must have adequate controls and systems to ensure their supply chain meets the expectations laid out in 'The FatFace Way of Life' and are expected to actively place FatFace production in factories rated Amber, or Green according to the FatFace grading system.



- We expect our suppliers to have a sustainable long-term approach to factory partnerships and be able to demonstrate that partner factories meet expectations by means of regular 3rd party and follow up assessments.
- Factories must provide a safe and hygienic working environment, including proper provision of PPE for specific job roles (e.g., ear protection for knitting workers), prohibition of particular practices (e.g., sandblasting of denim) and commonly adopted equipment for generic risks (e.g., face coverings, hand sanitiser for COVID-19 risks).



SUB-CONTRACTORS AND SUB-SUPPLIERS

We maintain a comprehensive list of sub-contractors and sub-suppliers in use for our products. Each year we complete a global risk assessment to identify the salient issues and supply chains where high-risk issues may be present. We commit to investigating the presence of those risks within the selected supply chains, in partnership with our suppliers and manufacturing partners.

All suppliers and manufacturing partners are required to engage in the assessment of sub-contractors and sub-suppliers, including but not limited to: sharing accurate lists of sub-contractors and sub-suppliers, engaging in communication about assessment programmes and expectations, and supporting any remediation efforts made by FatFace or our partners.

SPECIFIC SOURCING COUNTRIES

There are some sourcing countries from which we require specific requirements due to the risks and issues that are present within those markets. These are detailed below.

Bangladesh

Orders for Bangladesh suppliers or factories cannot be processed until each factory has met additional requirements relating to an additional assessment and the factory is covered by the RMG Sustainability Council (RSC) process (formerly the Bangladesh Accord) for fire / workplace safety.

China

FatFace will no longer accept cotton that has originated from the Xinjiang province of China.

Uzbekistan

FatFace continues to prohibit the use of cotton from Uzbekistan.

Turkmenistan

FatFace continues to prohibit the use of cotton from Turkmenistan.

THE FACTORY ASSESSMENT PROCESS



FatFace has three ways of analysing whether a factory meets the expectations set out in the 'FatFace Way of Life'.

3RD PARTY RESPONSIBLE SOURCING ASSESSMENT

FatFace accepts Sedex Members Ethical Trade Audits (SMETA) only, as these are in line with our requirements. SMETA assessments are valid for 1 year, and suppliers should ensure that the factories are assessed on an annual basis and work with their audit companies to address and verify the closure of any incidents of non-compliance. The assessment must be un-announced or semi-announced and conducted by our assessment partner or other qualifying 3rd party audit company.

FATFACE VERIFICATION ASSESSMENT

A FatFace representative will conduct a verification assessment of chosen manufacturing facilities. These assessments could be announced, semi-announced or undertaken without prior notice (unannounced) and will be initiated on an ad hoc basis, with a focus on new and existing factories based in 'emerging sourcing countries'.

FATFACE FACTORY IMPROVEMENT PROGRAMMES (ONLY FOR EXISTING SUPPLIERS)

Factory improvement programmes involve a support programme that is aimed to help strategic partners to identify and address challenges existing in their factories. They usually follow on from verification assessments and involve tailored consultative support to address issues and their root causes.

Factory Grading & Definitions

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. 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

There are four types of factory ratings: **Green, Amber, Red, and Critical.**

Green

Factories demonstrate an understanding of and commitment to sustainable development and have implemented practices, which are not legally binding, that positively impact the environment and people.

Amber

Factories can demonstrate competent understanding and implementation of the principles set out in 'The FatFace Way of Life'.

Red

Factories are graded as RED if conditions observed during an assessment do not meet the expectation set out in 'The FatFace Way of Life' and as such are deemed to be of high risk.

AND / OR a formally rated AMBER factory that fails to demonstrate improvement on its corrective action plan within 12 months from the date of the assessment.

Critical

Factories are graded **CRITICAL** if one exceptionally severe or multiple critical risks are observed during an assessment. **AND / OR** a **RED** graded factory fails to demonstrate improvement within an agreed timeframe of 6 months. Any critical graded factories are prioritised for support and a corrective action plan and given a strict deadline to improve their grading and resolve any critical issues. If the factory does not engage with this corrective action plan, then this will be reviewed and ultimately could lead to a termination of business.

Following the assessment, all issues identified during assessment are first categorised into critical, medium and low risk issues:

Critical Risk Issue:

Issues that directly contradict ‘The FatFace Way of Life’ and can have severe impact on human life, environmental degradation, individual rights and the corporate reputation of FatFace. This may include for example child labour or unsafe working conditions.

Medium Risk Issue:

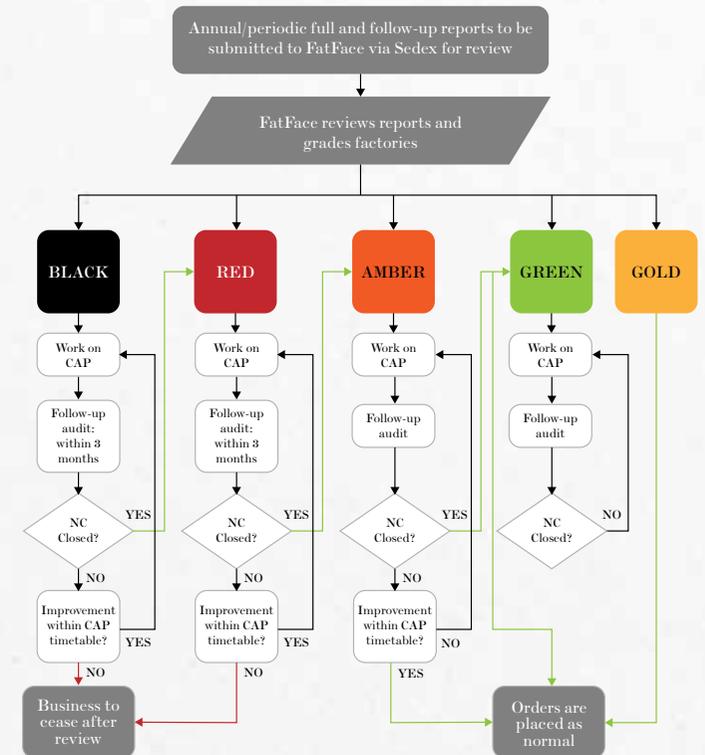
Some example issues observed during an assessment include, violation of local laws, excessive working hours, non-payment of overtime premiums or serious health and safety violations.

Low Risk Issue:

Some example issues observed during an assessment include isolated errors on records, chemical storage issues, errors on policies or sporadic failure to use PPE.

The following flow chart provides the expected process for the submission, grading and follow up of SMETA audit reports. This is not a guarantee of timings or outcomes.

Factory Grading Flowchart



Each factory needs to submit an annual SMETA report via the Sedex system. This is reviewed and graded to identify those factories that have serious issues or are of higher risk. Follow up on these gradings and supporting factories to make improvements forms the bulk of the Responsible Sourcing Programme. There is a bi-monthly meeting of the Design, Buying & Merchandising management team to discuss the progress of red / critical factories against corrective action plans and any significant changes in the supply chain. At this point commercial teams will be asked to support the RS team in prioritising factories or encouraging them to engage in an improvement programme.

Future focus

We will keep working closely with all our suppliers as we know we have a big responsibility to ensure all our upstream operations are sustainable. We will look to prioritise all orders going forward from factories within the GREEN category to ensure this is a driver towards ensuring and keeping the standards we expect from our suppliers.

We will also develop a comprehensive supplier assessment process, to include responsible sourcing, sustainability, quality and commercial factors. This will enable us to identify the ‘gold standard’

suppliers in our supply chain to make more meaningful sourcing decisions and prioritise those suppliers that are able to deliver on all aspects of FatFace’s expectations as well as delivering sustained and meaningful growth for those prioritised manufacturing partners.

CASE STUDY: HUMAN RIGHTS

FatFace has undertaken a supply chain mapping exercise and human rights-focussed risk assessment of our deeper supply chain to identify the salient human rights risks to the business. So far, we have identified three priority supply chains in India and Turkey, with field-based assessments to follow in the early part of this financial year. We will also complete desk-based assessments on a further three sourcing countries in the early part of this year to identify any other priority supply chains in which we should undertake assessments. Our aim is to assess the presence of human rights issues such as labour rights abuses, forced or child labour and then partner with supply chain actors to resolve any such issues. We are working with our supply chain assessment partners The Re:Assurance Network to complete this work. We will have more to tell on this project in next year’s report.

How we sell it

It is not just the product itself that matters to us, but also how this reaches the customer and its life after it has left our stores, including both packaging and product care.

Year in review: Packaging

The UK Government in its Plastic Waste report in May 2021, has estimated that 5 million tonnes of plastic are used every year, nearly half of which is packaging. Plastic waste can last for hundreds of years in landfill sites often not decomposing, or it litters the natural environment polluting soils, rivers, and oceans, harming ecosystems⁶. We are well on our way to removing single use plastic from our business. So far, we have made the following changes:

- Bubble wrap removed in favour of recycled paper ‘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

⁶ <https://commonslibrary.parliament.uk/research-briefings/cbp-8515/>

- Removed plastic hangers for trainers, sandals and flip flops. We now use ribbons on trainers, cardboard hooks for flipflops and metal clips for handing sandals in store.
- Switching flimsy plastic hangers for underwear to use re-usable wood & metal clip hangers
- Phasing out plastic packaging from our gifting and toiletries ranges

We are also looking at plastic use in store, from the size cubes our customers will find on hangers to the bottles bought for cleaning back of house. In addition, we are promoting good recycling habits so that any plastic that is brought into store is recycled and doesn't go to landfill.

We have made a lot of progress but there are still some areas where we are using plastic that we want to eliminate. We are aiming to eliminate the use of single use plastic from our business by 2025.

Product Care

We make our products to last and that means our clothes are meant to be lived in, for years to come. We put a huge focus on the quality of our garments and include comprehensive testing and sampling to ensure that products are of the highest quality when they reach our customers. Where we do get returns,

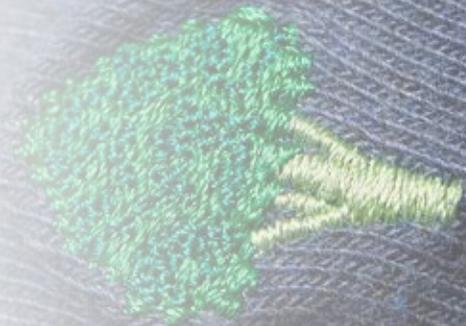
we track them to make sure any faults are rectified with our suppliers quickly.

To help our customers keep their FatFace clothes for as long as possible and look after the environment, we have included guidance to wash at 30 degrees on all our care labels. Our care labels are also made from recycled materials.

Future focus

We will continue working with our suppliers to pack our products in ways which reduce packaging, including trialling different packing methods with key suppliers as well as using sustainably sourced paper in product tags. We will be mapping the current plastic components of our product packaging to eliminate all single use plastic by 2025.

To increase the life span of our products, we are looking to enhance product care information for customers by reviewing and improving content of care labels, including more detailed care recommendations for specific products as well as sourcing a range of care products such as garment wash bags or leather care products.





PLANET

OUR ENVIRONMENTAL IMPACT

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

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

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. Be a carbon neutral business by 2025

OUR FOOTPRINT

Carbon dioxide emissions are the primary driver of global climate change. It's widely recognised that to avoid the worst impacts of climate change, the world needs to urgently reduce emissions, and we are committed to taking our share of the responsibility.

Year in Review

We were required to report under the new Streamlined Energy and Carbon Reporting regulations (SECR) for our financial year-end 2021. Included in this report was Scope 1, Scope 2, and partial Scope 3 (employee travel) for all activities based within the UK.

- 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



Our total emissions by scope from the 1st June 2020 to 31st May 2021

| | Base Year (FY 2017) | | FY 2021 | | tCO ₂ e Change |
|----------------------------|---------------------|------------|--------------------|------------|---------------------------|
| | tCO ₂ e | % of Total | tCO ₂ e | % of Total | |
| Scope 1 | 122 | 2.5 | 81.2 | 6 | -40.8 |
| Natural Gas | 122 | 2.5 | 76.4 | 5.5 | -45.6 |
| Company Vehicle Mileage | – | – | 4.8 | 0.5 | +4.8 |
| Scope 2 | 4,854 | 97.5 | 1,359.7 | 93 | -3,494.3 |
| Electricity | 4,854 | 97.5 | 1,359.7 | 93 | -3,494.3 |
| Scope 3 | – | – | 17.2 | 1 | +17.2 |
| Grey Fleet Mileage | – | – | 17.2 | 1 | +17.2 |
| Gross Total | 4,976 | 100 | 1,458.1 | 100 | -3,517.9 |
| Less Renewable Electricity | (4,854) | (97.5) | (1,359.7) | (93) | (3,494.3) |
| Less Carbon Offsets | | | (100) | (7) | |
| Net Total | 122 | 2.5 | (1.6) | | -123.6 |

Carbon Emissions from Energy

Our total electricity and gas consumption for the year from all our sites measured 5,832,226 kWh and we are proud to report that all our electricity was procured from renewable sources. Every unit of renewable energy purchased with our energy provider comes with its own Renewable Energy Guarantee of Origin (REGO) certificate. This means there are no associated carbon emissions from electricity, reducing the carbon footprint by 1,359.7 tCO₂e. Most of our energy net carbon footprint comes from our gas usage at 76.4 tonnes of carbon equivalent (tCO₂e) equating to 78 % of our gross emissions.

Carbon Emissions from Transport

The transport data that has gone into the calculation is relating to company vehicles and employee travel. We currently have five company cars and two vans; two of these vehicles are hybrid. Additionally, we track all employee mileage.

| 01/06/20–31/05/21 | Fuel Litres | Fuel Type | Mileage |
|---------------------|-------------|---------------|---------|
| Company responsible | | | |
| Vans | 395 | Diesel | 2,080 |
| Cars | N/A | Diesel | 12,652 |
| Cars | N/A | Hybrid/Petrol | 1,971 |
| Personal Vehicles | N/A | Not tracked | 62,005 |

Carbon Emissions from Waste

| | FY2021 | |
|---------------|--------------------|--------------|
| Waste data | tCO ₂ e | % of total |
| General waste | 17.359 | 1.174 |
| DMR waste | 2.835 | 0.192 |
| Food waste | 0.004 | 0.000 |
| Glass waste | 0.028 | 0.002 |
| TOTAL | 20.226 | 1.368 |



Benchmarking our performance

To allow comparison and benchmarking with similar sites and help drive energy reduction goals an overall intensity ratio of gross Scope 1 and 2 emissions per tCO₂e/£m of turnover has been calculated. Our previous reduction target was to reduce Scope 1 and 2 emissions by 5% from FY 2020 to FY 2021. This has been achieved, though we recognise that emissions will have been affected by the COVID-19 pandemic; this will therefore be reviewed in the next financial year. The table below shows the intensity ratio and target for the business, with comparison to the base year.

| Base Year (FY 2017) | | FY 2021 | |
|---------------------|-----------------|--------------------|-----------------|
| tCO ₂ e | Intensity Ratio | tCO ₂ e | Intensity Ratio |
| 4,976 | 22.14 | 1,458.1 | 9.11 |

Since the base year we have reduced our energy intensity ratio by 59%, a result we are very proud of and will continue to push forward.

We wish to gain a more comprehensive view of our carbon footprint and have begun investigating additional scope 3 items. There are 15 scope 3 categories comprising upstream and downstream activities outside our core “operational boundary” which is categorised as scope 1 and 2.

We have this year calculated the carbon emissions from our waste activities.

THE FATFACE NET ZERO ROADMAP

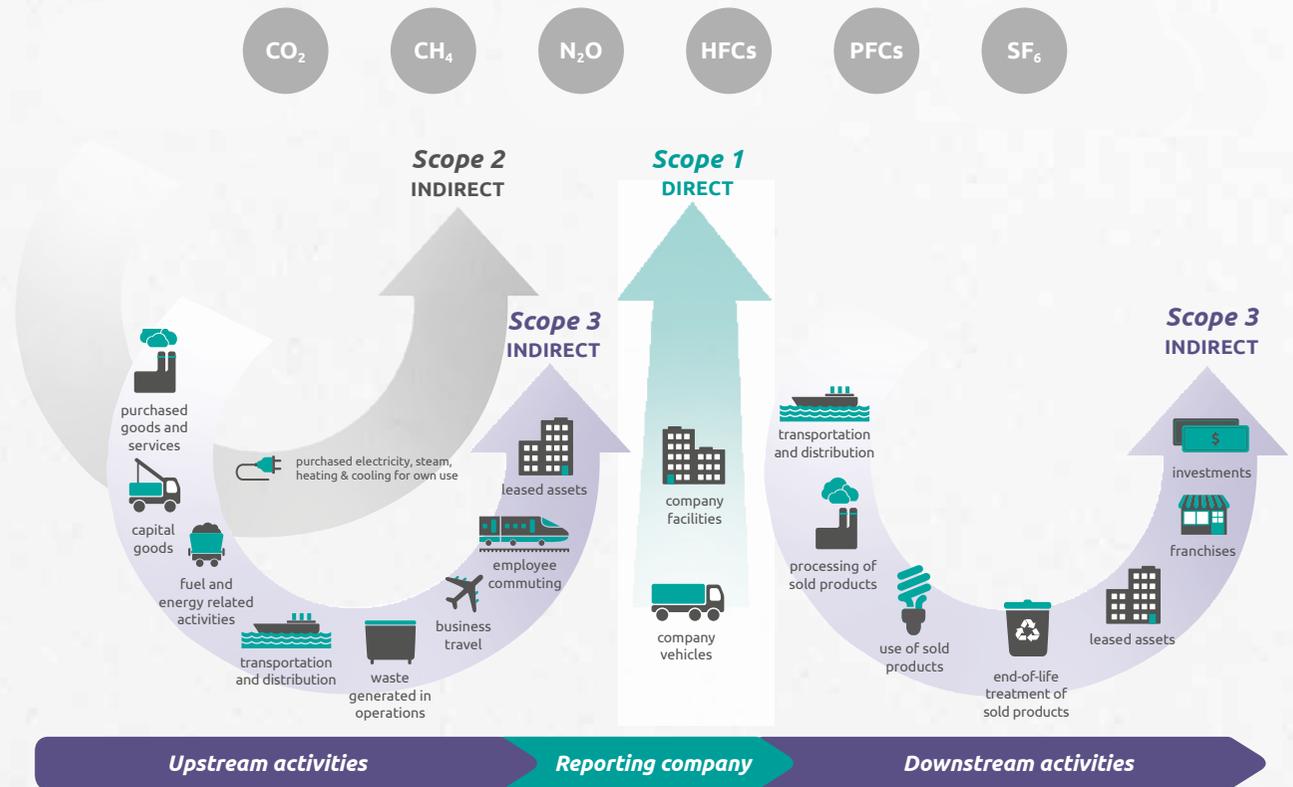
Future focus

Scope 1 and 2

We will continue to ensure that all our electricity comes from renewable sources and have renewed a two-year Renewable Green tariff contract with our energy provider. In the coming year we will investigate procurement of renewable gas tariffs. To keep reducing our usage we will continue the rollout of smart meters to help us identify our areas of improvement opportunity, continue to install LED lighting in place of conventional lighting and re-launch Awareness Campaigns on Energy Usage for all crew.

Scope 3 and our Net Zero journey

The FatFace Board are currently working on a Net Zero strategy and setting a Net Zero date. In order to achieve this, we first need to calculate an enlarged carbon footprint. This means calculating our carbon footprint taking more indirect categories into account – Scope 3.



We have already begun identifying these items and started to investigate how we will reduce these. Employee commuting to work as an example is one of the Scope 3 categories. As we cannot directly affect how our crew commute to their place of work, we want to explore initiatives that can be put in place to reduce emissions from employee travel such as hybrid working schemes or promoting car shares. We are also investigating replacing company vehicles that are run on fossil fuels with electric vehicles.

Our target for the next financial year is to reduce the overall business intensity ratio by 5% from FY 2021 to FY 2022. The target is based upon the intensity ratio to improve performance, rather than allow for spurious improvements due to changes in operations.

Carbon Neutral for direct emissions

To achieve the UK Government’s carbon neutral target by 2050, as a country we need to reach a balance between the total amount of GHG emissions produced and the total amount removed from the atmosphere. The carbon-neutral target acknowledges that its not possible to reduce all emissions to zero, therefore, the residual emissions must be fully offset against accredited carbon offset schemes – predominantly through carbon sinks like forests and rainforests. Carbon neutral status is achieved when the total amount of corporate

operational emissions produced are offset by the total amount of emissions removed, therefore, lowering emissions year on year will make achieving a carbon neutral status less challenging.

Our carbon offsetting initiatives

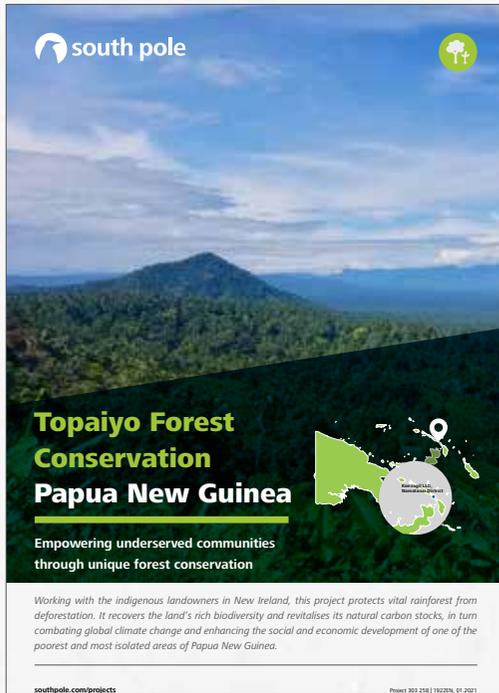
To achieve carbon neutral status for FY21, we offset our residual emissions totalling 100 tCO₂e – which remained after our renewable electricity provided over 90% reductions. We have offset our carbon emissions from scope 1, scope 2 and some scope 3 categories.

We have begun investigating those sources of carbon from outside our operational boundary and will report on these in our 2022 ESG Impact Report.

We selected several potential offsetting projects and asked our staff to vote on the two initiatives they would like us to support. Including our staff in the selection process provided an opportunity for them to have their say on the issues that are important to them. The 2 projects selected were: the Topaiyo Forest Conservation in Papua New Guinea and the Alto Huayabamba Conservation project in Peru. All offset projects we choose are independently verified by leading verification bodies such as Verra and Gold Standard.



We are also in the process of procuring a large tract of land in the UK Midlands where we will plant trees to help offset future emissions; our very own carbon capture plantation.



TOPAIO FOREST CONSERVATION

Working with the indigenous landowners in New Ireland, this project protects vital rainforest from deforestation. It recovers the land's rich biodiversity and revitalises its natural carbon stocks, in turn combating global climate change and enhancing the social and economic development of one of the poorest and most isolated areas of Papua New Guinea.

The Context

Papua New Guinea is the world's largest exporter of tropical timber, losing approximately 1.4% of forestland each year. As a vital natural carbon sink, protecting forests is essential for mitigating global carbon

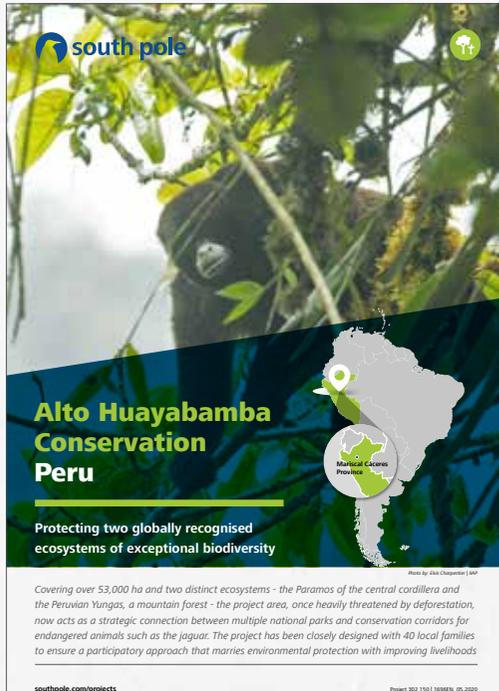
emissions. It is also home to 5% of the world's biodiversity, including 250 species of mammals, 1,500 species of trees and 750 species of birds, half of which are unique to the island. However, unsustainable logging has left this vibrant flora and fauna under serious threat.

The Project

By providing alternative livelihoods and income sources through carbon finance, this project allows the local communities to avoid deforesting their land for timber production. Instead, they can earn an income from conservation and sustainable management initiatives, alleviating the pressure on the people as well as their forest resources.

The Benefits

This project overcomes huge social and environmental challenges at a landscape level. It boosts the socioeconomic situation of some of the poorest forest communities, empowering them to work with their land rather than against it. It mitigates global carbon emissions by conserving vital carbon storage and it protects forest ecosystems and wildlife found nowhere else in the world.



ALTO HUAYABAMBA CONSERVATION

Covering over 53,000 ha and two distinct ecosystems - the Paramos of the central cordillera and the Peruvian Yungas, a mountain forest - the project area, once heavily threatened by deforestation, now acts as a strategic connection between multiple national parks and conservation corridors for endangered animals such as the jaguar. The project has been closely designed with 40 local families to ensure a participatory approach that marries environmental protection with improving livelihoods.

The Context

The project lies within a corridor of two ecoregions of significant global importance: the tropical Andes on the eastern foothills and the Great Wild Area of the Amazon in the lowland areas of the Amazonian Andes. The main drivers of deforestation in this area include clearing forested land

for pasture, industrial crops, illicit coca plantations and mining. These have been prevalent due to the lack of alternative economic opportunities in the region.

The Project

Located in San Martín, in Mariscal Cáceres Province, in central-north Peru, the project spans 53,000 ha. The protected area forms part of a vast wildlife corridor, the Abiseo-Cóndor-Kutukú Corridor, that extends from Sangay National Park in Ecuador to the Cordillera Azul National Park in Perú. The project aims to reduce emissions associated with deforestation and land degradation by implementing sustainable productive activities, effective land management, environmental education and strengthening governance. The project works closely with local communities to develop and implement these joint environmental initiatives. Another main aim of the project is to maintain

the water balance of the upper basin of the Huayabamba River, which supplies water for many people located further downriver.

The Benefits

The project reduces greenhouse gases in the atmosphere by preventing deforestation and protecting the natural ecosystem to increase carbon sequestration. By protecting the Alto Huayabamba area, the project not only protects endemic and threatened species but also the services that strong and healthy ecosystems provide, in this case, filtering freshwater from the Huayabamba River. The project works on a number of social and economic initiatives to benefit families living in the project area. So far 24 families have had their kitchens improved, access to state environmental education has increased and the project has offered many job opportunities.



60,000 TREES. 100 ACRES. ONE FUTURE

GROWING TOGETHER

A ground-breaking 75-year partnership with the National Forest. Set amongst the scenic countryside and rolling landscape across parts of Derbyshire, Leicestershire, and Staffordshire, 60,000 trees will over time sequester at least 10,000 tonnes of Woodland Carbon Units (equivalent to one tonne of CO₂). The contract was finalised in 2020/2021, and much of the tree planting will take place during the UK's tree planting season between November 2021 and April 2022. We'll have projections on how this will support our Zero Carbon target later in this financial year.



There are several ways that we impact our planet, through our direct and indirect operations. We procure energy to power our stores, providing power, lighting, heating and air conditioning. One area directly in our control is how we procure our energy. Coal (Brown energy) is a leading cause of CO₂ emissions leading to global warming. Since 2019, our electricity has been derived from renewable sources.

Year in review: Energy consumption

We know that our energy consumption principally consists of heating and lighting, which accounts for between 80-95% of total energy consumption. These are the areas of primary focus where we have started implementing consumption reduction initiatives, as confirmed by recent energy surveys

ENERGY

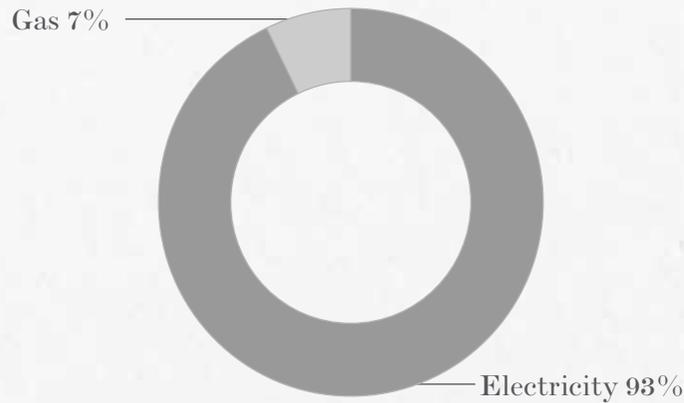
undertaken to identify how we use energy and what actions can be undertaken to reduce consumption. It is now our policy for all new stores and shop fits to include installation of LED lighting.

We are aware that switching to LEDs cuts lighting consumption approximately in half which in turn reduces store energy consumption by circa 20-25%. As an ongoing measure, as part of our general maintenance programme, LED lights are being installed across the estate as standard when a light fails. Using this strategy alone should mean that within approximately five years the front of house estate should be fully LED. Where possible and feasible we have installed automated systems such as time clocks and stable controls to remove behavioural usage and ensure optimal energy usage.

As many areas across our sites have energy consuming equipment that is manually switched on and off, we encourage all staff to develop a

sustainable approach to their work and make the most efficient and effective use of all resources. Best practice advice for using the air conditioning equipment is routinely circulated and information such as an Energy Saving Guidance sheet and guidance regarding best practice to operate store consumables is available to crew on their online portal. The guidance includes maintaining a regulated air temperature by encouraging employees to turn equipment on and off at the ideal time and when to leave front door closed /open dependant on outside temperature.

Energy Breakdown:



To understand our consumption and realise our opportunity for improvement we are rolling out installation of smart meters across the portfolio. We partner with Siemens to provide Smart Metering Services and our energy supplier Total have been installing Smart Meters across our estate. Approximately 54 stores (56 meters) have Smart Meters which can produce a half hourly reading and a further 65 have AMRs (automated meter reading devices) installed which send accurate meter readings to our supplier to eradicate estimations. As part of our commitment to achieve complete coverage across the UK estate, an ongoing roll out programme is in operation to ensure we meet our target. In addition, we partner with The Profit Partnership to access energy efficiency advice, assistance with the procurement of energy and provision of support services such as bill validation.

| 01/06/20–31/05/21 | kWh | Renewable % | tCO ₂ e |
|-------------------|-----------|-------------|--------------------|
| Electricity | 5,832,226 | 100 | 0 |
| Natural Gas | 415,628 | 0 | 76.4 |
| Overall | 6,247,859 | 7 | 76.4 |

Future focus

We recognise that we are responsible for reducing our emissions as far as possible and will work towards introducing responsible consumption practices across all our sites. The LED replacement scheme will stay in place as part of our maintenance programme, and we will continue to use LED fittings as standard for all new stores and refits. We will look to bring forward a business case to replace all existing lights with LED lights across our store portfolio as a future project.

We will continue the Smart Meter roll out, with our ambition for each store to have a Smart meter providing the business with accurate monthly data. We will also seek to consolidate Smart Meter data into one system for analysis. Further to the above we will investigate the feasibility of installing Solar PV at some of our sites.

We will continue to procure our electricity from renewable sources and in 2022 we will investigate procuring our gas from renewable sources (green gas). Renewable gas is a relatively new technology, so it is less accessible in the marketplace. Green gas is made by decomposing food and farm waste in large digesters. This biogas is then purified before entering the UK gas grid, where it's used to heat homes. Any waste from the process is put back on the land as organic fertiliser. It is currently circa 35% more expensive than traditional gas, but we feel it's worth paying this additional cost to further push our environmental objectives and reduce our carbon footprint.

WASTE

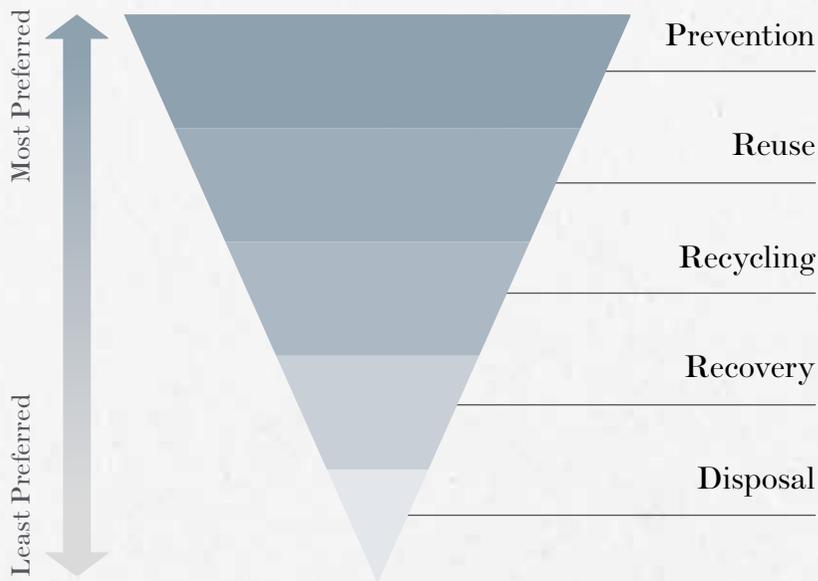


In the UK, waste management accounts for around 4% of total GHG emissions, with most emissions released from landfill sites⁷. We acknowledge that to become a responsible organisation we need to follow the steps of the waste hierarchy – Reduce, Reuse, and Recycle and set annual waste targets in terms of waste generated, recycling % and landfill diversion %. We are committed to recycling or diverting all our waste from landfill by 2025.

Responsible companies follow the waste hierarchy pictured. The objective is to decrease the generation of waste in the first instance, but where waste is generated to try and re-use this where possible. Where it is not possible to eliminate waste, 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, giving top priority to preventing waste in the first place.

When waste is created, it gives priority to preparing it for re-use, then recycling, then recovery, and last of all disposal (e.g., landfill). This is an important methodology for us to follow to ensure we can reduce our overall waste footprint and boost our recycling efforts. This ultimately lessens the amount of waste that will end up in landfill and will optimise our recycling programmes.

Waste hierarchy



Waste Prevention is the most sustainable and highly pushed form of waste management, as it minimises the generation of waste products right from the offset. It often results in the least environmental and economic life cycle costs.

The reuse of waste is next on the list and refers to the continued use of items for which they were initially intended. Often this involves minimal processing – checking, cleaning, repairing, and refurbishing entire products or parts.

Recycling takes the next priority, and refers to the collection of used, reused or unused items, otherwise considered waste and turning them back into raw materials, ready to be used for another product.

The recovery of waste is split into 2 categories: minerals and energy. The better of the two options (for the environment and cost) is considered before either minerals and energy from the waste is extracted.

Disposal of waste is the least favourable option and should be thought of as a last resort in sorting of waste. Disposal such as landfill should only be considered once all other options have been explored and dismissed.

Year in review: Operational waste

We dispose of our waste via three routes: recycling, incineration (waste-to-energy), or our last resort – landfill. To minimise our general waste, we segregate our waste at site in the following three categories: Cardboard, Mixed Recycling and Food/General Waste. At each site, posters are displayed providing details to crew as to what can and cannot be put into each bin. Our recyclables are sent to a recycling facility where they are separated into different constituent parts and then recycled. The cardboard is arranged to be collected separately and treated as its own waste stream instead of ‘Recycling’, and our general waste is sent to incineration to power generators and produce energy.

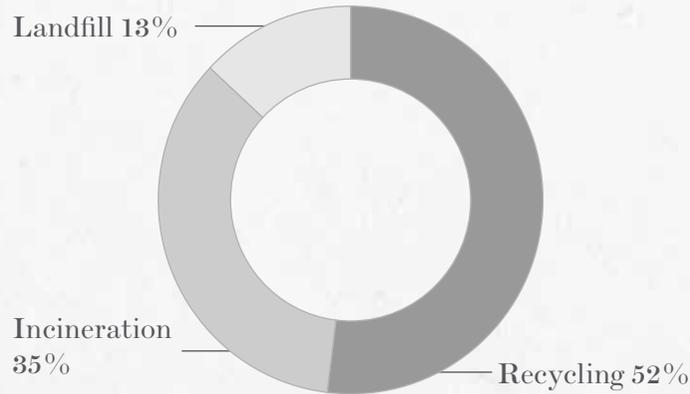
⁷ <https://www.gov.uk/government/publications/the-uks-nationally-determined-contribution-communication-to-the-unfccc>

Throughout the year we have worked closely with our specialist waste consultants through their dedicated helpdesk to ensure store sites order the correct waste bags and deal with any other queries that may arise. They also provide monthly reports for each store and a total consolidated report outlining:

- The volume of waste generated per waste stream
- How it's disposed of

The report utilises league tables to showcase sites that are performing well but also highlighting sites that are not reaching targets and may need help.

Disposal Method



Unavoidably, 13% of our waste ended up in landfill. This is because massive demand for incineration means some plants are overbooked and our waste carrier must use an alternative disposal method. All sites are contracted to send waste for incineration and no single site had landfill disposal throughout the year; the use of landfill across the estate varied by site. We are disappointed that any waste ends up in landfill and are looking to reduce this as much as possible, primarily by recycling as much as we can. We also continue to work with our waste providers to understand if anything else can be done to ensure that as little of our waste as possible ends up in landfill and have switched waste provider in our head office in the early part of this year to ensure we have better access to incineration facilities.

Waste Composition

| 01/06/20–31/05/21 | kg | % | Recycling (kg) | Incineration (kg) | Landfill (kg) |
|-------------------|----------------|--------------|----------------|-------------------|---------------|
| General Waste | 123,900 | 47.9 | | 90,210 | 33,690 |
| Mixed Recycling | 133,001 | 51.5 | 133,001 | | |
| Glass | 211 | 0.1 | 211 | | |
| Food | 1305 | 0.5 | 1305 | | |
| Total | 258,417 | 100.0 | 134,517 | 90,210 | 33,690 |



Textile Waste

As an apparel retailer we generate a certain amount of textile waste, either through faulty items, samples or swatches used in product development. We work with recycling partners to responsibly dispose of this waste either by directing usable samples to other markets or through comprehensive recycling schemes.

Any saleable samples (i.e., those with a care label) that we generate are sold through the FatFace Foundation shop to generate funds for the Foundation's valuable work.

We were operating a take back scheme for customers to bring their unwanted textiles to us so that we can recycle them on their behalf. We were able to responsibly dispose of over 7 tonnes of textile waste through this scheme. Unfortunately, the COVID-19 pandemic halted this initiative as a measure to limit the spread of the virus.

Future focus

We are committed to our goal of ensuring zero waste to landfill, and in our efforts to achieve this, we have switched our waste contractors. Additionally, we will

keep utilising industry experts to identify optimal waste management techniques and secure non-landfill waste streams across the business.

We are looking to launch new textile recycling schemes in AW 2021, covering in-store and e-commerce and are also joining up our textile waste, unsaleable samples and faulty returns collections to ensure that all the textile waste that we generate is disposed of responsibly. We are hopeful that we will be including our textile waste in our 'zero waste to landfill' target within the next couple of years.

CASE STUDY:

Many UK clothing retailers have an issue with what to do with unsold stock, and sample stock which is missing care labels. In many cases, this type of unwanted stock ends up in landfill. We know that 30% of UK clothing ends up in landfill; we're committed to making sure we don't contribute to that statistic and do something great with our samples instead.

With concerning stories in the news highlighting increases in domestic violence and the vulnerability of the homeless during the COVID-19 lockdown, FatFace mobilised a team comprising internal and external partners who decided that with some effort, these clothes could be put to good use.

The clothes were sorted into menswear, womenswear and children's wear and Spring/Summer, Autumn/Winter. The team then set about calling several charitable organisations to offer the items as donations.

These included:

- Churches
- Refuges
- Shelters
- Homeless charities
- Children's homes
- Drug and alcohol abuse charities
- Care homes
- Hospices

Because of these efforts we made sure that none of the clothes were sent to landfill, and over 3,500 individuals were helped.



A young woman with long dark hair, wearing a light blue t-shirt, is smiling broadly while holding a black tray filled with several small pine saplings. The background shows a grassy field with other people in similar light blue shirts, suggesting a community event or tree-planting activity. The word "COMMUNITY" is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

COMMUNITY

WE WANT TO KEEP MAKING CHANGES FOR THE BETTER. SINCE 2009 THE FATFACE FOUNDATION HAS DONATED OVER £1M TO LOCAL, NATIONAL AND INTERNATIONAL CHARITIES



£50,000

donated to the Nepal Earthquake Appeal in 2015

£300,000

donated to local charities through our Thanks for Giving fundraising initiative in 2016 and 2017

£45,000

donated to the Prince's Trust in both 2018 and 2019

£73,000

donated to Munch in 2018

£158,000

donated to Shelter in 2019, thanks to the charity walk and 10% of sales from selected FatFace products

CHARITABLE WORK

Community represents the people we work with, serve or come into contact with via our stores and offices. They represent the communities from which we recruit, as well as the communities who shop with us through our various distribution channels. Having said that, FatFace feels a responsibility towards communities across the world and want to make a difference wherever we can, not just in communities we “touch”.

Our commitment is that by 2025 we will have:

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 reach opportunities that may otherwise be out of reach

THE FATFACE FOUNDATION “CHANGING PEOPLE’S LIVES WHEREVER FATFACE GOES”

Set up in 2009, **The FatFace Foundation** is a registered charity aiming to make a positive difference to the lives of people in communities where FatFace sources, manufactures, retails and distributes its products. The Foundation makes grants to charities and organisations to fulfil the

objective of creating experiences to introduce and enable people greater access to spend time outdoors. We pride ourselves in enabling our partners, chosen local charities, suppliers, customers and colleagues to make a difference whilst achieving their lifetime ambitions. Since the Foundation started, over £1 million has been raised for charities across the UK through the generous donations of our customers and crew. The Foundation also runs a charity shop in Havant, which is FatFace’s own outlet store. This store is run largely by volunteers providing employment experience in the local community and supported by an employed Fatface management team with a tremendous team ethos. All profits go to the causes that the Foundation supports.

Year in review: Partnerships

We have a formal partnership with **The Prince’s Trust** running since 2015. We are currently supporting young people engaged with The Prince’s Trust through schemes such as Kickstart, other early career programmes and work experiences. This gives young people an active opportunity to develop themselves through residential weeks, designing accessories to be sold through online and physical stores. 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 has a formal partnership with **Shelter**, a housing and homelessness charity. Our support is focused over our Peak season Christmas trading period, with a proportion of the sales made from selected product within our Christmas range donated to Shelter. We have also participated in the Shelter Night Walk as a fundraising event held in December (pre-pandemic).

We teamed up with **Marine Conservation Society** on an exclusive collection, to help raise awareness of the importance of protecting the UK’s seas and coasts. We made a donation to the Society, and we’re proud to support the charity’s incredible work and our oceans with this collaboration.



Through the COVID-19 pandemic, we partnered with Carers UK donating a proportion of the proceeds from our face coverings, so far totalling £46,000. In addition to this, through the Foundation we have made local charity donations which include a £10,000 donation to the Aviemore Community Ice rink, £10,000 donation to Havant Skate Park and numerous clothing donations supporting Portsmouth hospital workers through the pandemic and less privileged families affected by venets in their local communities.

Other Initiatives

In addition to our formal partnerships, we are currently in the process of setting up a partnership with **Speakers for Schools**, who work specifically with state schools to inspire, educate and provide young people with opportunities.

This year, we are launching a **donate a day scheme**, whereby all crew will donate time to their chosen charities. The target is to donate 10,000 days by the end of 2025.

The FatFace Foundation has supported a charity called **Magic Breakfast**, which ensures that children whose families can't afford breakfast at home, get breakfast through school instead.

Alongside The Prince's Trust programme Kickstart, we have been engaging with a scheme we have named **'Fresh Face'**. This scheme was in conjunction with a local school where children were challenged with designing t-shirts to go on sale at FatFace. The winner of the challenge had their design printed on t-shirts that were subsequently sold in our shops. Proceeds of the sales were donated back to the school.

Similarly, we have engaged with a scheme called **'Tomorrows Talent'** which saw young people from The Prince's Trust design bags and scarves for us. A winner was selected, and their product was created and sold in our range. The winner also got to spend time with our product teams learning about how the product they designed was brought to life. Proceeds were then donated back to The Prince's Trust.

In total, **£170,440** was donated to charity in the reporting period.

Future focus

Our aim is to create a sustainable fundraising stream to donate the equivalent of 1% of our profit per year to our chosen charities. This will include activities such as:

- Annual fundraising events
- Setting store level targets for fundraising activity
- Training all crew on the 'donate a day' system for requesting and reporting on the impact of days donated
- Implementing a donation mechanism online and in store so customers can 'round up' their purchase to include a charitable donation
- Future product collaborations

We want to set a plan and measure our donations to charity partners in monetary value and time as well as measuring the impact of our work and our donations on the communities that we benefit. We'll be working with our charitable partners to understand how we can best measure our impact to help motivate our crew, whilst also maintaining unrestricted donations as much as possible. We'll also create a feedback process to capture the good work that crew are doing through the 'donate a day' mechanism and generate case studies to encourage more crew to get involved.

CUSTOMER ENGAGEMENT

At Fat Face we put the customer at the heart of everything we do, and a large part of our reputation is built on how we communicate with our customers. We know that our customers' voice is far reaching, and we can learn valuable insights from their feedback regarding several different aspects of our business, including our product, digital offer, store environment and delivery service. This information allows us to work on improving, developing and strengthening our ways of working to remain a business that is always focused on its customers, enhancing their experience and setting us apart from our competitors.

In Review

Feedback is collated across all our channels where customers can communicate with us and covers a wide range of subjects, the most common being instore service feedback, product feedback and online service feedback. Key findings are reported back to the appropriate department to manage.

We currently measure Customer Satisfaction through our Trust Pilot business page and our BazaarVoice portal, where customers can leave reviews organically and are also invited to do so 7 days after they buy from us. Trust Pilot captures a more holistic service view for customers, whereas BazaarVoice captures Customer Satisfaction in terms of the product that

has been purchased and if the customer would recommend the product. Both platforms ask for a score of 1-5 stars, with 5 stars being the highest level of satisfaction.

Review Outcome 1st June 2020-31st May 2021

Trust Pilot:

- 719 reviews collected. 98% of these were organic.
- Trust Score for the year: 2.85.
- 41% of reviews were 5*, 47% of reviews were 1*

BazaarVoice:

- 77.8k reviews
- Average rating: 4.6
- 78% of reviews are 5*
- 94% of reviews would recommend the product.

Performance is captured and tracked in a monthly report, as well as annually. We have developed targets for response times dependant on the rating the customer has given, as shown in Table 7 below. During the financial year 2020 / 2021 we were not able to prioritise the responses as we normally would; this is because we were continuing to manage our response to COVID-19, which is seen in the results.

Customer Service Response

| Channel | Target | Result |
|---|-----------|-----------|
| Email response time | 48 hours | 24 hours |
| Phone wait times | 3 minutes | 2m 24 sec |
| Social Customer Service query response time | 12 hours | |
| Trust Pilot response time rating 1* | 8 hours | 2 days* |
| Trust Pilot response time rating 5* | 24 hours | 2 days* |

* (no reviews were responded to until Sep 2020. From then on response time was 15 hours)



Our customers have a strong awareness of sustainability issues and are extremely passionate that buying from us reflects their commitments as a consumer.

Our customers have a strong awareness of sustainability issues and are extremely passionate that buying from us reflects their commitments as a consumer. They both congratulate and critique our sustainability efforts, and this always drives us to do better. A good example of this is our trial of using paper packaging for our online orders; we gained great feedback on this initiative and will be making a permanent switch to paper bags in the coming financial year.

Future focus

The most significant development this year will be moving to our new Customer Service system, which will enable us to have a real-time chat function to increase speed and satisfaction of response. It will also allow us to manage customers as ‘cases’ to consolidate their communication with us and assign cases to particular customer service crew to encourage ownership of the end-to-end service. This system will come with its own reporting suite covering a huge range of reports, including some that we currently don’t have the capacity to run such as case status overview, agent statistics dashboards and first response resolution.

We have also extended our user testing capability on our website this year to gain insight on how we can further enhance and develop new customer shopping experiences that support our sustainability objectives and customer awareness.

EMPLOYEE ENGAGEMENT

At FatFace we believe that our brand heritage, identity and values are shared by our people at all levels, which helps to distinguish us from competitors and has been part of the success of our business. Our positive and proactive approach to managing the changing business landscape has enabled us to deal with live issues that impact our people and our culture.

Working at FatFace is about being passionate about our customers. Being curious, adventurous, and exploring new ideas. Playing an active part in our community and taking our responsibility to our planet seriously. Making things happen and having lots of fun.

We inspire each other and work hard together to strive for greatness, celebrating each and every trophy moment. We are passionate about our product and proud of our people.

MENTAL HEALTH AND WELLBEING

Wellbeing is a core pillar on our People Plan for the coming years. Our aim is to promote both physical and mental wellbeing in all our workplaces, raise awareness and share preventative resources that make a difference to people's lives.

Our commitments are:

- Deliver sessions and resources enabling preventative interventions with the aim of reducing absence and supporting mental health
- Continue to work with Employee Assistance Partners, increasing employee engagement with our employee assistance partner from 3% to 5%.
- Deliver certified training for Mental Health first aiders and maintain at least 15 people trained across the business at all times.
- Conduct health assessments with Nuffield Health, raising awareness in regard to physical health.

Year in review

The motivation and loyalty of our employees is more important than ever as we emerge from a difficult year, and to ensure we support our crew in the best way we have undertaken the following actions:

- We sent a weekly email newsletter regarding wellbeing and self-care to all staff, which received a lot of positive feedback.
- We held conference calls for crew, especially when they were being furloughed or un-furloughed, to reach the right populations.
- We conducted several training sessions, including Wellbeing for Managers (21 attendees) and appointed Mental Health first aiders (22 attendees).
- We made available web sessions to maintain the conversation on health and wellbeing (100 attendees).
- Despite many team members being on furlough over the last year, we have been encouraging crew to take annual leave, to allow our crew to disconnect and recharge. At the end of February, we circulated a benefits survey, which had 400 responses and was followed by a discussion with 12 attendees. One of the outcomes of this was the launch of a new Employee Assistance Partner called Perkbox on 19th April.
- We held a return-to-work discussion group on 17th March with 40 attendees and as an output we have formulated a new approach to hybrid working across Head Office plus some updates to the environment to aid a successful return to the office in September 2021.
- It has also been important to us to celebrate during the year; we celebrated Marine Conservation Society Big Blue day with free doughnuts, fancy dress and a quiz, and our Dunsbury distribution centre offered free drinks to help crew celebrate the May bank holiday.

We use feedback to develop and guide initiatives to ensure we are providing what our employees want and need. Currently this happens through Management, closed Facebook groups, surveys or via contact with the People Team. To build on this we will be launching a new employee voice portal, which will formalise the feedback process and make it easier for us to analyse trends. Additionally, we have added a dedicated “Commitments to personal development and wellbeing” section to our appraisal process, allowing crew to identify their personal ambitions and encourage them to seek development outside of work as well as within their roles.

One initiative we engage in to promote good wellbeing is **Wellness Wednesdays**. Wellness Wednesday was originally started on social media as a hashtag to promote wellness and mindfulness and has now turned into a global movement for self-care. This applies to workspaces too, as employers are trying to find ways to support their employees’ mental

health. Examples of our Wellness Wednesdays include free fruit baskets, an ice cream van, and massages at desks.

We work closely with the following Employee Assistance Partners:

- **Retail Trust** – aims to support those working and retired from the retail industry in the United Kingdom. The charity runs a helpline and several retirement estates in England and Scotland, as well as providing educational bursaries and hardship grants. They are building their charity and we hope to engage in further services as they expand.
- **Unum Lifeworks** – offers a comprehensive package of life, money and wellbeing support services to employees and their immediate family members.
- **Fashion & Textiles Children’s Trust** – providing grants that must be used to buy essential items for children aged 18 years or under

such as clothing, school uniform, bedding or shoes. It can also be used for essential household items which support a child’s wellbeing such as replacing a broken washing machine.

- **Perkbox** – An employee experience platform offering employee benefits including big-brand discounts along with ways for employees to recognise each other. Launched 19th April 2021.

Flexible / hybrid working

During the pandemic, we have encouraged working from home rather than the office wherever possible. We have allowed attendance in the office when requested for wellbeing reasons, and there are some members of the head office team who need to be in the office to complete their job tasks.

As restrictions have lifted, we have continued to encourage people to work from home wherever this is possible and launched a hybrid working plan upon the return to office working. This will allow crew to balance working in the office and at home to ensure we

maximise flexibility whilst retaining a strong collaborative and creative culture.

Future focus

As we continue to navigate through the pandemic the wellbeing of our crew will remain at the forefront of our approach. We recognise that we don’t currently have an open forum for employees to talk to us about subjects that they care about. Currently our avenues of communication are via informal discussions or through formal HR processes. To rectify this, we will launch Employee Voice, a mechanism that will reach all employees providing them a platform to make comments and suggestions. This platform will also enable us to understand the views of our employees better and provide us with a better system for collecting and analysing feedback. This feedback will then be used to formulate our future strategy.

DIVERSITY, EQUITY AND INCLUSION

We are passionate about creating a Diversity & Inclusion (D&I) strategy at FatFace that is recognised across our entire organisation making it an authentic and real part of our culture. We want to bring people together and be inclusive; enabling everyone to be their true and genuine selves at work.

We are in the early stages of creating our D&I strategy, but so far, we have opened the conversation and taken steps including publishing our D&I statement.

DIVERSITY AND INCLUSION STATEMENT

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 will 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 alike. This will create an environment free from prejudice, racism, sexism, harassment, bullying and any other form of marginalisation in our workplaces. Having a freedom of voice will be embedded into FatFace culture, we will provide multiple forums to facilitate transparent points of connection. We will be 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. Equal opportunities are key to our recruitment strategy but also to helping our people build long lasting and successful careers.

We will ensure that FatFace provides a level playing field from which everybody, without exception, can thrive.”

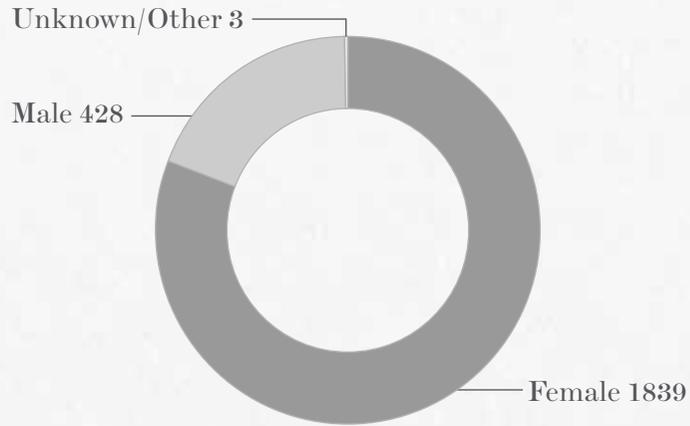
Year in review

We have spent time reviewing our Employee Relations processes to ensure we are considering D&I every step of the way. Our policies have been relaunched using gender neutral language and we have reviewed our recruitment materials and imagery to ensure they reflect a diverse workforce and continue to build a culture which is inviting for all. An equality and diversity statement, attesting to our commitment to protect people from discrimination and create an inclusive atmosphere, is also part of the application process, and we are committed to updating our recruitment process to broaden consideration for all candidates. The learning platform Thrive has been used to share content on subjects such as unconscious bias, diversity, neuro diversity, making the workplace more gender neutral, discrimination and inclusive leadership.

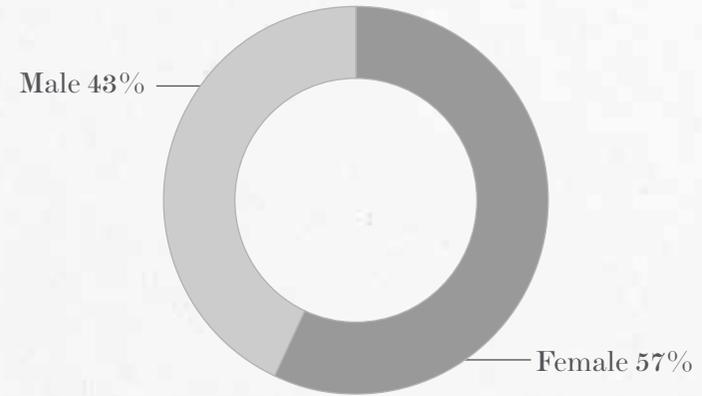


Total workforce staff headcount – 2,270

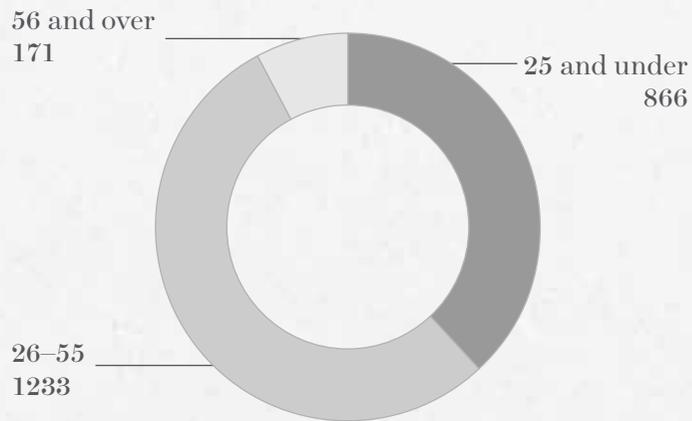
Total workforce gender breakdown



Senior Management gender breakdown



Total workforce age breakdown



Board level gender breakdown





During **PRIDE month** we undertook a full review of our People policies and made changes to ensure that only gender-neutral language is used. We also asked our crew to tell us what Pride meant to them through stories and images, some of which were published in weekly communications during Pride month. We used all of these images in our external marketing campaign across web, email, social and store windows.

With regards to accessibility to our HQ building; we have extended a decking area outside the canteen and added a wheelchair-accessible picnic bench so that there is an accessible outdoor seating area. We are also exploring

adding power assisted opening to entrance doors and the possibility of having a wheelchair accessible shower.

The FatFace Census

We are working hard to capture the data that reflects the demographics of our current people, so we can better measure our success. In order to get an accurate representation of our existing employee base we have launched the FatFace Census which will now be used as a base to track our progress annually. Fields captured include background, sex and gender identity, sexual orientation, date of birth, ethnic origin, nationality, country of origin, religion and disability. The census is optional but we encourage all employees to complete this and demonstrate our desire to be an inclusive employer.

Future focus

We will work with inclusive recruitment agencies who can help us reach under-represented populations, introduce blind CV screening and

include mandatory D&I modules in our employee induction process. We will also conduct two candidate reviews a year to measure the diversity of our talent pool and seek to demonstrate sustained levels of improvement year on year. Our pay structure will also go under review from a D&I perspective, and we have created gender neutral toilets in our Ridgway offices in Havant.

We want to build teams that understand the value of bringing together colleagues from diverse backgrounds and creating an awareness amongst business leaders. To facilitate this we have introduced regular external speakers to prompt discussion and build education. This includes Asif Sadiq, a thought leader in this area.



TRAINING AND DEVELOPMENT Year in review

Thrive is a new learning platform that was implemented in September 2020, which holds self-guided learning courses available for all members of crew to complete in their own time. There are 2,632 users added to Thrive and 2,336 of these have logged in at least once since the site was launched, presenting engagement levels on the site of 89%. Some of the courses that we have run on this platform include:

- General Data Protection Regulations and Payment Card Industry training
- COVID Safe Guide training
- EPOS till training
- Cyber Security
- Wellbeing
- Mental Health first aiders

Further to the above we launched

a professional development course that provides links and access to development courses on all manner of subjects, and we have built a set of management training courses, covering an array of subjects that will be mandatory for new managers but available for all managers to engage with.

We work with PETA Training & Consultancy who provide apprenticeships in IT and e-commerce. These are funded through the apprenticeship levy, which is also used to subsidise professional training, for finance, property, and HR qualifications.

Future focus

Looking forward we want to train 100% of our Store Managers to spread the message of our sustainability initiatives and achievements and give stores the tools to engage with customers about our product, planet and community objectives.

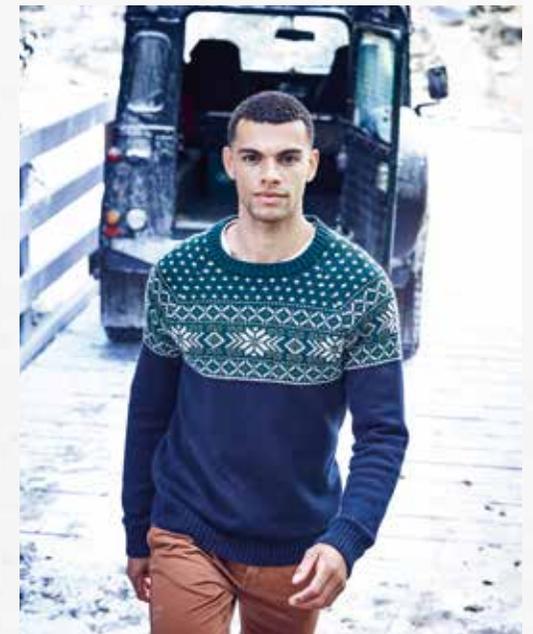
This includes creating modules for inductions and appraisals and include sustainability questions in mystery shop questions.

HEALTH AND SAFETY Year in review

All new crew members receive Health & Safety (H&S) training as part of their induction. Further to this we engage in a retail management training course run through Peninsula, “The Chartered Institute of Environmental Health – Foundation Occupational Health and Safety Course”. This course is delivered to all Managers every two years. We also make a wealth of information available on our learning platform, Thrive, including self-guided courses such as “Managing stress”, “Happiness”, “Mindfulness”, “Thriving in uncertain times”, “Finding a healthy routine” and “Stigma and mental health”.

Future focus

We will continue to work to promote the material available on Thrive as well as work with Peninsula to ensure that our stores and other locations are safe for customers and colleagues alike.





LOOKING AHEAD

Thank you for taking the time to read our first ESG Impact Report. We are pleased with our progress to date, but we feel a sense of urgency to do more, to do better. As such we have engaged an external ESG consultancy – Sustainable Advantage to work alongside us to bring international best practice advice from the retail sector and beyond.

As part of this programme, we have been assessed on 55 ESG areas, each scored 0-4. Each of these areas are then evaluated and an action plan created and allocated to the various internal teams. Once formed, the ESG committee will take overall responsibility for ensuring the suggested actions are taken. The scoring will be repeated annually to ensure progress is made.



OUR PURPOSE

To bring style and positivity to our customers lives through the clothes we make, the things we do and the values we have.

FATFACE
MADE FOR LIFE™

As part of our desire to ensure we adopt best practice within ESG, FatFace engaged Sustainable Advantage to score FatFace across 59 ESG areas. Each area is graded 0 – 4 with an overall score rebased to 100. An ESG action plan has been created following the scoring process and disseminated to the individual departments under the overall management of the ESG Committee. This process will ensure continued improvement during 2021. We are tracking our progress year-on-year.

FATFACE

Working in partnership with:



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