



# **MODERN SLAVERY STATEMENT**

**2021 / 2022**

**FATFACE**

## OUR COMMITMENT

As a business, we are so proud of the commitment that we have in undertaking due diligence and addressing any human rights risks that appear within our business. The last 12 months have continued to be challenging with lockdowns in regions of China, global supply chain issues, the Suez Canal blockage, the war in Ukraine, inflationary pressures and widespread labour shortages.

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

- Our approach was one of collaboration and support with our manufacturing partners. Where purchase orders had been placed, we honoured and paid for goods in full. We were careful not to cancel any stock or leave suppliers with unused raw materials. In some cases, we had to work out mutually beneficial payment terms and throughout all the disruption, we worked with our suppliers closely to ensure we were not contributing to any financial issues that could impact their workers' rights and job security. With China lockdowns continuing into this financial year, we continue to support our suppliers on an "as needs" basis.

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

locations and check the measures they had in place to protect and vaccinate their workers.

- In 2022, we brought our critical paths forward by 6 weeks and planned earlier to relieve some pressure on our supply chains. We also worked hard to reduce complexity and delivered more focused collections for our Spring/Summer 22 and Autumn/Winter 22 ranges, moving from six delivery drops to four.

- Over the pandemic, lots of our suppliers were in lockdown and the normal auditing process was heavily disrupted. By the close of the year, after a hugely focused effort, we have managed to catch up on the auditing programme and are pleased to report that 89% of all factories have had an active ethical assessment within the last 12 months. The balance have audits booked into the diary early in the first quarter.

- Back at home the safety of our crew was also a priority, and we were flexible with working from home and instigated hybrid working in our head office, something which we have continued post pandemic.

At the start of the year, our ambition was to have made more progress in having full transparency of our supply chain and developing our tier 2 assessment trial, we have started but progress has been slower than we would have liked given the wider global context. We remain committed to the goals we have set.

We've still got a way to go until we revert to normality, but we will continue to strive to meet our ambitions and we are absolutely committed to respecting labour rights in our supply chain activities, sourcing responsibly and working to prevent modern slavery and human trafficking throughout our business and supply chain, in line with the ETI Base Code and UN Guiding Principles.



W.Crumie

Will Crumie – CEO  
September 2022

## ABOUT FATFACE

Founded in 1988, FatFace is a British, family, lifestyle clothing brand that is Made for Life. With a unique heritage, FatFace creates sustainable product ranges across women's, men's, and kid's clothing, 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, Ireland and the USA, and a highly engaged social community. Our head office is in Havant and we employ 2,256 staff

### OVER 200 STORES IN THE UK, IRELAND AND THE USA

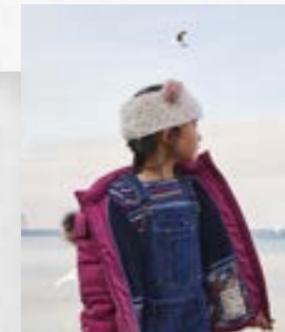
across our office, stores and in our distribution centre. We are a brand with sustainability at its core, with a clear strategy around three key pillars – product, planet, and community. Devoted to style, dedicated to sustainability.

We continue to take a robust approach to sustainability, which is a core part of our business strategy and includes a clear reporting structure into the Operational and Group Boards. Our Modern Slavery Act 2015 responsibilities sit with our Responsible Sourcing team, which is led by our Trading Director Nick Stevenson, who sits on our executive Operational Board.

We report on our Modern Slavery risks and responsibilities as part of our sustainability KPIs; progress against these KPIs is reviewed every 2 months by our

senior management team and annually through the FatFace Group Board Audit Committee. We've also recently moved to monthly reporting to the Group Board of several key sustainability indicators. This means we are regularly scrutinising our performance against stretching targets to ensure sufficient progress is being made and any issues that do arise are promptly investigated and resolved.

Our sustainability KPIs include and cover our supply chain due diligence activities, which is the route through which modern slavery symptoms and risks are raised and escalated as business-critical issues. Our Operational and Group Boards are experienced in managing governance around sustainability and they provide vigorous scrutiny of our approach and progress.



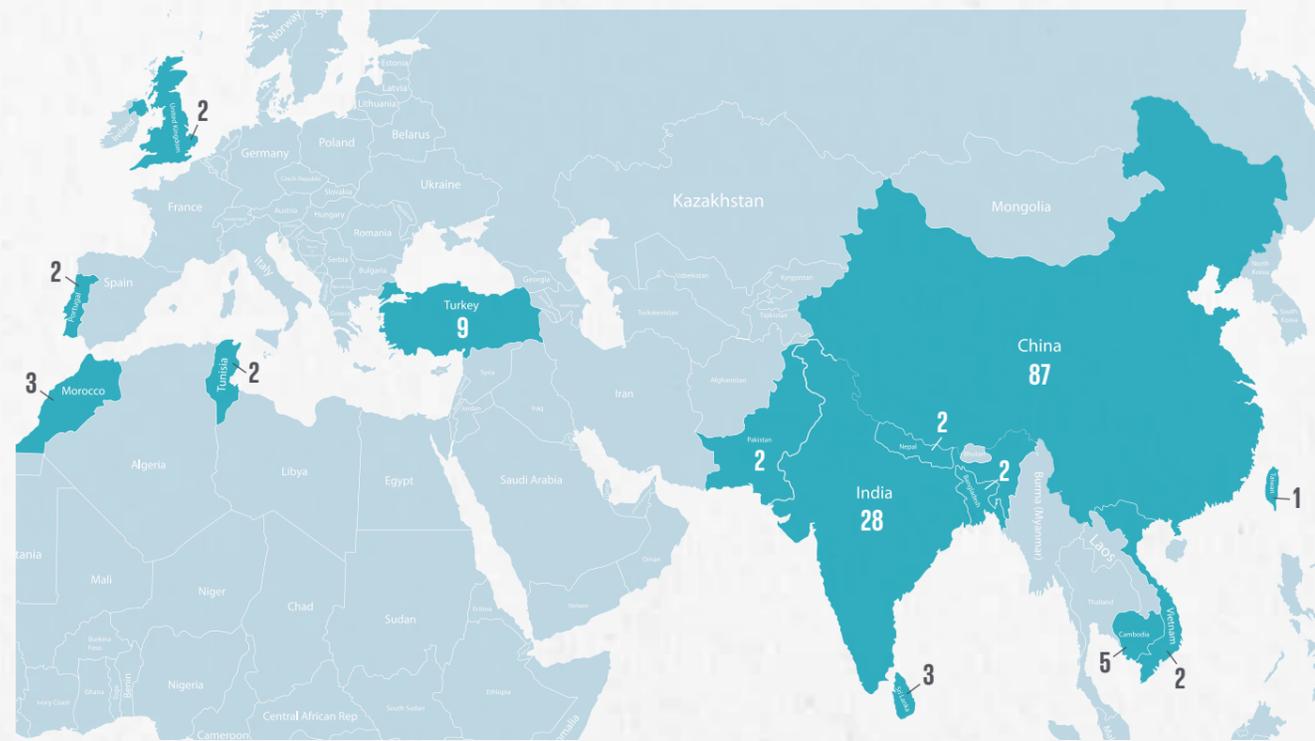
## OVERVIEW OF OUR CORE PRODUCT SUPPLY CHAIN

Maintaining long-term relationships with our suppliers is core to FatFace and part of our DNA, this was truly put to the test during the period of Covid. Through supporting each other as much as we could, we are still working with the same top 20 suppliers, where we have an average working relationship

of over 12 years. We always seek out partners who share our values, strive to meet our high quality and ethical requirements and recognise our shared duty to have a positive social and environmental impact.

The strength of our supplier relationships gives us excellent

visibility of our first-tier factories, which provides an effective platform for understanding and addressing modern slavery and human trafficking concerns within the supply chain.



### OUR SUPPLY BASE

- Source from **14** countries
- **72** suppliers
- **150** active Tier 1 factories
- There are approximately **40,000** workers in our Tier 1 product supply chain.
- **89%** of factories had active audit reports from the last 12 months, which was a 2% improvement on the previous year.

## OUR POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

We adopted our definition of modern slavery from the UN Guiding Principles on Business and Human Rights, which state that ‘modern slavery involves one person depriving another of their liberty in order to exploit them for personal or commercial gain’.

We know that human rights abuses can occur within global garment supply chains and, as a responsible retailer, we have a duty to identify and address these issues within our own supply chain. We work together with partners such as the Ethical Trading Initiative (ETI) and The Reassurance Network (TRN) to improve working conditions and reduce the risk of modern slavery occurring in our supply chain.

Long term membership of the ETI also enables us to collaborate with other brands and retailers operating in our factories or markets, some of whom might even be our direct competitors. We know that improving working conditions is not a commercial or competitive issue, we connect monthly with similar sized brands and use this forum as a platform to share information and co-operate on any critical issues.

Our code of conduct, the “FatFace Way of Life” is the cornerstone of the principles of how we work with our supply chain and sets out the ethical standards that we expect. We continue to ensure that all of our suppliers are aware of, understand and commit to operating in accordance with

this global supplier code of conduct. The FatFace Way of Life is a way of sharing our values and expectations with our core product suppliers, based on universally recognised labour standards, including those outlined in the Ethical Trading Initiative (ETI) Base Code and the UN Guiding Principles on Business and Human Rights, both of which cover Modern Slavery issues. These guiding principles are listed below:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining is respected
3. Working conditions are safe and hygienic
4. Building and fire safety
5. Child labour shall not be used
6. Living wages are paid
7. Working hours are not excessive
8. No discrimination is practised
9. Regular employment is provided
10. Subcontracting and homeworking
11. No harsh or inhumane treatment is allowed
12. Entitlement to work and migrant labour
13. Protecting our environment
14. Bribery and corruption

The primary goal is to achieve transparency and trust between us as buyers and our suppliers as manufacturers, so that we can identify any issues quickly and work together to resolve them. This sometimes means that we may continue to buy from suppliers and factories that may

have higher risk issues that have been discovered, provided that they remain committed to making long term improvements and agree to a time-bound corrective action plan.

FatFace has robust processes in place to ensure all Tier 1 factories are audited annually against the ETI Base Code, national and other applicable laws. These audits are conducted by nominated independent third-party auditors on a semi-announced or unannounced basis. Factories must ensure that any non-compliances identified are corrected within the timeframe detailed in the Corrective Action Plan (CAP). Post pandemic we have been focused on catching up on audits after 2 years of disruption and lockdowns when auditors were legally unable to visit some of our factories. We have had to be pragmatic on timeframes for improvement over this period and have occasionally given suppliers extensions on a case-by-case basis in order to give them sufficient time to remediate, given the extraordinary circumstances.

Regardless, we continue to actively assist the factories we work with to resolve any non-compliances and if we identify a factory that requires additional support, we work in concert with our own Responsible Sourcing team, the factory and supplier, and our audit partner The Reassurance Network, to fix the issue.

## ASSESSING RISKS AND DELIVERING IMPROVEMENTS

As stated in our last report, our risk assessments show that the greatest risk of human rights abuses exist in our core product supply chain.

This year, we undertook a two month project and mapped our core product supply chain against country specific risks highlighted by the Global Slavery Index. We identified the top 5 sourcing locations with the highest risk of modern slavery occurring in our supply chain - India, China, Cambodia, Pakistan and Turkey. One of the key areas we recognised was a risk of slavery and human trafficking in our Tier 2 suppliers in China. This is informed by the concerning reports of bonded or forced labour in the Xinjiang area of China and the persecution of the Uyghur ethnic minority. Our FatFace Way of Life clearly stipulates we prohibit cotton from this region and this is supported through our membership of the Better Cotton Initiative as this is the minimum cotton standard we use at FatFace for all our products. We took a “test and learn” approach to deeper supply chain assessments and piloted a trial in Turkey to construct a lower level audit methodology focused on investigating further into our Tier 2 supply chain, where the risk of modern slavery naturally increases. Interestingly, after conducting the assessments, we did not find any signs of modern slavery but did recognise that below Tier 1, the factories are much more transient. These units are typically small - under 25 workers in some cases, work in shared buildings and are typically less compliant with our code of

conduct than Tier 1 factories. This pilot has allowed us to evaluate the approach and further refine it before expanding the trial to some more of our new Turkish suppliers. The objective of this pilot is to find the right methodology to assess and ultimately improve these lower tiers of the supply chain, where our visibility and influence diminishes, before we roll out the programme to other geographical locations.

In addition, since the lower levels of the supply chain have been so transient over the last 2 years of the COVID pandemic, we have decided to focus on re-mapping our entire supply chain in FY2023 to make sure we have accurate data before moving further on. This will also give us time to ensure our risk assessment is still relevant. We are doing this in partnership with our audit partner The Reassurance Network, who have people positioned locally on the ground and are expert in conducting this type of assessment.

We had hoped we would be further along in this project, but with the after-effects of the pandemic still settling down, our progress has been unavoidably delayed. The project has now restarted and we look forward to reporting better progress next year.

Despite the ongoing disruption around the globe, we continue to deliver our robust Responsible Sourcing programme, making sure that annual due diligence 3rd party audits are in place for 89% of our first-tier factories and undertaking more in-depth Verification Assessments, follow up and Root Cause Analysis visits at 28 key sites.

As referred to in our last report, we continue to identify occasional issues that could be symptoms of modern slavery, including charges for uniforms, late payment of wages and benefits and excessive overtime. In these instances, we always investigate deeply to understand the specific issue and work with the supplier and factory to remediate as quickly as possible to address both the symptom and the root cause.

In the last year we have not had any cases of factories that were exited as a result of failure to engage with our programme and our suppliers and factories have been very cooperative in resolving any issues discovered.



Our preferred 3rd party assessment standard (Sedex Members Ethical Trade Audit (SMETA)) specifically includes standards on human rights issues such as land use, community engagement and management systems activity, alongside existing human and labour rights issues such as living wages, working conditions and freely chosen employment. Most of the issues that we have encountered through the assessment of these broader human rights standards relate to management systems and policy development.

The FatFace Responsible Sourcing team visited 7 key factories in India in May 2022, our first direct visits post-Covid. This was a great way to re-engage physically with our factories, walk the factory floors and talk to the workers ourselves. This trip was invaluable to see the conditions first hand post-Covid and check in on compliance with our FatFace Way of Life code of conduct.

We recognise that human rights abuses can exist within our own business (non-product operations). In our last risk assessment, we identified recruitment and the

utilisation of contract labour as areas of potential risk, and we have policies in place accordingly to mitigate these risks as well as a robust recruitment process. This process includes our own due diligence, such as checking original documents such as passports and right to work documents.

All our employment contracts incorporate policies designed to protect worker rights and promote a safe and fair environment to work in. These policies include our Code of Conduct, Anti Bribery Policy and Whistleblowing Policy.

## HOW WE REPORT ON MODERN SLAVERY RISKS

### WE ANALYSE HUMAN RIGHTS ABUSES AND NON-COMPLIANCE AGAINST OUR CODE OF CONDUCT THROUGH THE IMPLEMENTATION OF FATFACE'S RESPONSIBLE SOURCING PROGRAMME.

We continue to analyse human rights abuses and non-compliance against our code of conduct through the implementation of FatFace's Responsible Sourcing programme. We report to our commercial leadership team every 2 months, as well as reporting to the Group Board through the annual Audit Committee.

The Responsible Sourcing Team also provide the buying teams with a regular summary of the ethical risk rating on each of their factories. Modern slavery risk is an integral component of a site's risk rating. Where factories are rated as high risk, the reasons behind the issues are explained as well as an action plan to remediate the concerns. Active engagement and support from the buying team is essential in driving the required improvements.

As members of the Ethical Trade Initiative (ETI) we have a commitment to report publicly on our activity and we have annual progression meetings with the ETI to gain an external view and guidance on our programme. We are planning to publish our first tier factory base by the end of 2022

in line with our ambition to be more transparent.

We also published our first Environmental and Social Governance Impact Report in 2021, which gives a detailed view of activity across our whole sustainability programme, including more on our responsible sourcing work and modern slavery risks. Our latest impact report will be available in the Autumn 2022.

## TRAINING AND DEVELOPMENT

We continue to raise awareness and ensure all members of the Design, Buying and Merchandising (DBM) teams participate in training that outlines the principles of our code of conduct, and the implications that potential human rights abuses can have upon our supply chain and the people in it.

As we have moved to a hybrid working model, we have been assessing the best way of training our teams and wider business to ensure all members are included. This training will particularly be focussed on Modern Slavery and understanding our code of conduct. We have started to populate a log to capture the amount of people and the time we

have spent on such training and will be pleased to share this in our next report.

Finally, we joined the Better Buying programme in 2018 principally to evaluate the impact of our purchasing practices. Better Buying allows suppliers to anonymously rate the purchasing practices of the companies that buy their products and tells brands and retailers which practices they perform well and which could be improved. We have found this form of honest feedback extremely valuable in the past, helping to keep our dealings with suppliers fair and equitable and understanding the impact of our decisions on the workers in the supply chain.

The results of the last Better Buying report from 2021 were very mixed, due in part to the Covid disruption and as such it was hard to draw up a robust plan. We have recently commissioned another survey and will have the results by Autumn 2022. We are hopeful now that a degree of normality is starting to return, the results of this latest survey will be more conclusive. It is our aim that conclusions from the latest report will feed into our Design, Buying, Merchandising training programme and will give us first hand insight as to how the factories are feeling and what types of actions we should be taking to support them.



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