

FATFACE



MODERN SLAVERY STATEMENT

2020 / 2021

OUR COMMITMENT

I am so proud of the continued commitment that FatFace has in undertaking due diligence and addressing any human rights risks that appear within our business. Like many businesses in the UK and around the world, over the past 12-18 months FatFace has experienced unprecedented changes to our operations in our stores, online and in our supply chains. We've experienced disruptions to our critical paths unlike any we've known before, and throughout we've shown resilience as well as continuous support for our manufacturing partners. The vast majority of our partners have emerged from the worst of the pandemic with their businesses and workforces intact, and I believe that our approach, supporting our partners and working together, has contributed to that.

We also know that the risks to workers have changed and worsened as a result of the pandemic. It is the poorest in the world that have been impacted the most by lockdowns and the health impacts of this disease, and we are acutely aware that many of the workers in apparel and footwear supply chains fall into this category. We've been working hard with our suppliers to make sure that they are providing secure employment for their workers and are aware of the proper precautions to take to protect them. We're also checking to ensure that protective measures are in place via our on-site visits. It is because of our robust Responsible Sourcing programme that we are able to respond to the changes in our supply chains so quickly and

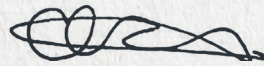
continue to support our suppliers to make improvements to their working conditions. However, we have seen a deepening of some endemic issues such as wages non-compliance and long working hours amongst some suppliers. Our focus now is to ensure that these issues are rectified, and that workers' lives are not negatively impacted in the long term. We're working with in-country assessment teams and our manufacturing partners to achieve this.

FatFace tracks a number of key performance indicators to ensure that we continue to conduct proper supply chain due diligence, which includes assessing common symptoms of modern slavery risks. We report on these KPIs to our senior management team every 2 months, to our Group Board at least once per year and publicly through this statement. We are also reporting against a number of other indicators regarding our broader Sustainability Strategy every month. 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 that 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

Over the course of the last financial year, we have initiated a new human rights and modern slavery risk assessment of our top 5 sourcing countries, which we have used to identify priority supply chains for deeper analysis. We're embarking on an assessment process to understand the presence of human rights risks, including modern slavery and forced labour risks, in 3 of our second-tier supply chains in India and Turkey. We'll be reporting on the outcomes of these assessments in our next statement.

I am confident in the steps we are taking to identify and resolve Modern Slavery risks in our supply chain and we will remain fully focused on these activities through our responsible sourcing programme, working in close collaboration with our manufacturing partners.



Liz Evans – CEO
September 2021

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 and over 20 stores in the US and a highly engaged social community. 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.

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Since our last Statement FatFace has undergone a change in ownership, which means we have new members of our Group Board representing our new shareholders. This has meant a renewed focus on modern slavery risks as we brief those new to our business on our activity in this area. Our new shareholders have also prompted us to undertake a deeper supply chain mapping exercise earlier in our strategic plan than we had originally scheduled, which illustrates their commitment to understanding and addressing modern slavery and human trafficking risks in the supply chain.

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're regularly scrutinising our performance against targets to ensure sufficient progress is being made and any issues that arise are promptly investigated and resolved.

Our sustainability KPIs 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

We aim to establish and maintain long-term commercial relationships with our partners, based on mutual trust and shared growth. We have been working with our top 20 suppliers for a combined period of 240 years, with the average relationship time being 12 years. We always seek out partners who strive to meet our high quality and ethical requirements and recognise our

shared duty to have a positive social and environmental impact.

We know that our business is dependent on our working relationships with our suppliers, especially in the current global climate. We always seek to work with partners who understand and share our business values and expectations. 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 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 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 and The Re:Assurance Network, as well as other brands, to improve working conditions and reduce the risk to our business of modern slavery occurring in our supply chain.

Our primary goal is to achieve transparency and trust between us as buyers and our suppliers so that we can identify issues and work together to resolve them. This means that we will continue to buy from suppliers and factories that may have high risk issues, provided that they remain committed to making long term improvements.

We continue to ensure that suppliers are aware of and sign our global supplier code of conduct, ‘The FatFace Way of Life’ as a way of sharing our values and expectations with our core product suppliers. The expectations set out in our ‘Way of Life’ are 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.

We have recently updated our FatFace Way of Life and will be issuing the new version to suppliers and factories over the coming months. We have taken into account changes in our own operations as well as the changing retail and sourcing landscape. We have included requirements to share information about sub-contractors and sub-suppliers within our regular reporting expectations, as well as specifically prohibiting certain processes and products from high risk regions or countries.

We continue to deliver our robust Responsible Sourcing programme, making sure that annual due diligence 3rd party audits are in place¹ for 81% of our first-tier factories² and undertaking more in-depth Verification Assessments, follow up and Root Cause Analysis visits at 19 key sites. We would normally expect to complete many more visits, but our work has been hindered by the lockdowns and travel restrictions in place in many of our sourcing locations throughout the year. Our aim is to focus resources on completing more Verification Assessments in the coming financial year to revitalise this programme and continue to support our partners to achieve meaningful improvements in working conditions. Where we have completed Verification Assessments, we have also analysed the COVID-19 response of these facilities, making sure that proper safety measures are in place and assessing the factories’ compliance with our expectations on wages payments during lockdown periods.

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. It is likely that the impact of COVID-19 will have affected the focus of assessments; we will continue to monitor the findings from these sections in future audit reports and seek ways to improve reporting where possible.

As with previous years, our Responsible Sourcing programme has identified occasional issues that could be symptoms of modern slavery, including charges for uniforms and late-payment of wages and benefits. The late payment of wages and benefits are often related to hours worked just before national or regional lockdowns, so compliance with local law is the goal for improvements. Where we find such issues, we continue to engage with suppliers to ensure that they are resolved as soon as possible, and in most cases we continue to work with the factories involved to try to address the root causes of the issues we encounter. On the rare occasions that our supplier sites refuse to engage in the process of resolving serious labour rights or human rights abuses, we will terminate our business relationship with them. We did not have any cases of factories that were exited as a

result of failure to engage with our programme this year.

We recognise that human rights abuses can exist within our 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.

In 2018 we joined the Better Buying Initiative to allow our suppliers to anonymously assess our performance and share lessons for FatFace to improve our buying behaviour. We believe that this is the most powerful way for us to improve working conditions in factories, as we know that many of the issues that arise can be caused by commercial pressures. We have now undergone 3 surveys, 2 of which took place during the pandemic. The most recent report from this survey continued to show areas of positive behaviour, including the ‘Win-Win Sustainable Partnership’. However, our performance remains challenging in areas such as ‘Sourcing and Order Placement’ and ‘Payment and Terms’. We are committed to reviewing our order management and purchasing practices to ensure that we can make improvements to our suppliers’ experience of working with us. We’ll include our progress in this area in our next Statement.

ASSESSING RISKS AND DELIVERING IMPROVEMENTS

Our risk assessments show that our greatest risk of human rights abuses exists in our core product supply chain. Apparel and accessories supply chains are long and complex, with a large number of different actors involved between the production of raw materials through to the product arriving in our stores. The majority of these actors sit outside of our direct sphere of influence, particularly from the second tier of our supply chain downward. We continue to focus our efforts on our first tier supplier sites, but have recently commissioned a programme of work to assess modern slavery

risks in our second tier as well. Having mapped our core product supply chain against country specific risks highlighted by the Global Slavery Index, we know that India, China, Cambodia and Pakistan are the sourcing countries with the highest risk of modern slavery occurring in our supply chain. These countries also form 4 of our top 5 sourcing locations, with Turkey being the 5th. We therefore chose these 5 countries to undertake a human rights risk assessment, helping us to identify sector and country level human rights risks. We also completed a mapping exercise of our deeper product supply chain,

requesting sub-contractor and sub-supplier information from our manufacturing partners and comparing this to data that we already held from our Responsible Sourcing programme. The mapping and risk assessment activities helped us to identify 3 ‘priority supply chains’ in 2 sourcing countries, with more to follow as we complete the process. We have commissioned our supply chain partners The Re:Assurance Network to complete a programme of assessments in the 2nd tier units of our priority supply chains, the findings of which will form part of our next Modern Slavery Statement.

¹ Total number of due diligence audits in place in last reported update to SMT – May 2021. This is not the total number of assessments undertaken in the reporting year.

² 81% is lower than we have reported in previous statements – this is due to the impact of the coronavirus pandemic on our global supply, where sites were closed and not able to undertake their usual annual assessment. The total % of site with a valid audit has increased in the early part of the current financial year.

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 report to our commercial leadership team every 2 months, as well as reporting to the Group Board through the annual Audit Committee. Our most recent presentation to the Board updated

them on the human rights risk assessment and supply chain mapping activity, which helped to secure additional funding for us to complete the proposed assessment programme.

The primary source of external oversight for our programme is through our membership of the Ethical Trading Initiative (ETI). In the past we have reported annually against the ETI's principles of implementation, as well as submitting detailed progress reports against our objectives. The ETI has changed its reporting requirements to require members to report publicly on their activity, which we will do in line with their

requirements. We are also exploring an NGO partnership to critique our programme and approach, initially focusing on the supply chain mapping and human rights risk assessments that we're undertaking in our 2nd tier. We'll report further on the progress of this potential partnership in future Statements.

We will also be publishing our first Environment & Social Governance Impact Report in the 2021/2022 financial year, which will give a much more detailed view of our activity across our whole Sustainability strategy, including our Responsible Sourcing programme and modern slavery risks.



TRAINING AND DEVELOPMENT

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 human rights abuses can have upon our supply chain and the people in it. We hold an induction for all new DBM team members to introduce them to the team and brief them on our work. Our planned training programme

has been delayed due to the impact of COVID-19 on our business, with many members of staff being on furlough for portions of the financial year. We're committed to increasing the training participation of our commercial colleagues in the coming months and utilising e-learning modules to roll out training to colleagues in other business functions as well.

We'll also be undertaking training on purchasing practices in light of the findings of the 2021 Better Buying survey results. This will help us to implement any changes to the product development and buying process, which we hope will positively impact on the experience of our suppliers.



