



MODERN SLAVERY ACT STATEMENT 2016/17

Warehouse is fully committed to ensuring welfare standards and human rights throughout our supply chain; this is fundamental to our policy on ethical trading. We recognise how businesses can positively influence human rights and we commit to use our leverage, where it may be needed, to prevent against human rights infringements.

In 2015 the government introduced the Modern Slavery Act. The Act imposes duties on companies to ensure there are no forms of modern slavery within their internal operations or supply chains. In relation to the Act, we have considered how we can take the most effective action to meet our duties and have decided to focus our efforts on education and transparency.

This is a complex subject, not least because of the magnitude of the problem: the International Labour Organisation (ILO) estimates there to be around 21 million people in forced labour, of which 14.2 million are believed to work in the manufacturing, agriculture, construction and domestic sectors¹. The concealment of these violations and the deception of the perpetrators, make them extremely difficult to identify and redress.

¹ ILO, Profits and Poverty: The Economics of Forced Labour

WAREHOUSE STRUCTURE

Warehouse employs 1,382 people across our retail portfolio and head office. We operate in 56 territories through standalone stores, concessions, the web and franchise partners.

Our supply base comprises 51 suppliers that use approximately 113 factories, which are based in the following countries: China, Romania, Turkey, India, Vietnam, Egypt, Macedonia, Pakistan and Myanmar. As a business, Warehouse has long recognised the mutual benefits of longevity of supplier relationships. To illustrate this, of our top 10 suppliers, comprising approximately 75% of our production, 70% have worked with for us for over 10 years, and 50% have been partners for over 20 years.

WAREHOUSE POLICIES

Warehouse's code of conduct, adopted over 10 years ago, is based on norms defined by the ILO and prohibits forced and bonded labour. It remains the cornerstone of our ethical trading strategy. Building on this, in 2010 we banned Uzbek cotton owing to ongoing reports of forced and child labour in Uzbekistan.

In a recent review of the effectiveness of our policies in relation to the Modern Slavery Act, we decided it was judicious to strengthen our efforts with regard to the specific vulnerabilities of foreign migrant and agency workers. This policy was developed with the expertise of Verité, a human rights NGO and deals specifically with the prevention of forced labour and human trafficking. To illustrate the more descriptive and explicit standards of the new policy, some examples are given:

- Terms and conditions of employment must be clearly communicated to workers during the early stages of recruitment (i.e. before contracts are signed).
- Employers must ensure workers have valid documentation before commencing work in a foreign country and these are renewed in a timely manner.
- Recruitment agencies/labour brokers, if used, must only charge a reasonable recruitment fee, which only the employer should pay.
- Workers must not be required to be present before the start of their shifts nor attend meetings or perform tasks outside of working hours.

We should add that, even before the new policy, it is likely our audit programme would have identified if these or similar practices were happening. But the advantages of the policy are that it can generate awareness of unfair and unreasonable employment practices with our direct partners and potentially help normalise and spread respect for human rights more widely within society.

The Warehouse anti-bribery policy applies to all employees, and in particular, managers and directors, as well as contractors, agents, suppliers and other third-parties. Warehouse is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas.

Our equal opportunities policy underpins respect for diversity within our organisation. Our employment policies and practices are intended to be fair and equitable in order that we build a culture that values openness, fairness and transparency.

There is a formal whistle blowing procedure in place to report incidents where employees have reason to believe there is an apparent or possible violation of law or company policy.

DUE DILIGENCE

Our audit programme is the chief means of carrying out due diligence throughout our supply chain. The audit process examines contract terms and personnel files, as well as wider procedures related to recruitment and termination of employment. In doing so, assessments can determine if there are practices that could constitute or lead to forced labour.

We use a range of different tools, including internal audits performed by our ethical trading team in China (where the majority of our suppliers are based), third-party assessments commissioned from a limited number of labour specialists and independent audits that are shared through the SEDEX platform.

All first tier manufacturing sites have been audited, and the vast majority are audited annually. Our internal teams, including the buying department, also visit factory facilities, which provides further observation and scrutiny of manufacturing sites.

We conducted a further due diligence exercise in 2017 to gain an understanding of how business partners manage the potential for forced labour and human trafficking within their businesses. This looked at their policies, implementation, outsourcing and overall effectiveness.

ASSESSING AND MANAGING RISK

Research conducted by the ILO highlights that forced labour is more likely to occur where there are low-skilled and/or unskilled workers, where demand for labour fluctuates and where working conditions are poor². The risk of forced labour also increases in certain countries where migrant workers are used due to local labour shortages.

We have considered the optimum indicators to manage the risk of modern slavery and we plan to use indicators related to education and transparency such as the mapping of the supply chain and training and raising awareness within our business.

Mapping our first tier supply chain forms an essential part of our ongoing ethical trading efforts; we ensure that this is a continual process as a percentage of our supplier base can change year on year. Additionally, in 2017 we have begun to map the cotton supply chain beyond first-tier production with the aim to achieve greater transparency. We will report on this step in future years.

In China, two of our largest suppliers are taking part in an external improvement project run by ethical trading consultants, Impactt. The project involves multiple suppliers who manufacture for well-known UK brands with the aim to improve compliance by building highly capable factory management teams. The training, which began in July 2017 and will run for 18 months, covers topics including health and safety, recruitment practices, wages, working hours and employee engagement.

² Ibid

STAFF TRAINING

In preparation for the Act, we attended industry training courses and seminars on how modern slavery can occur and what businesses can do to avoid these abuses.

We routinely run ethical trading courses, including the subject of forced labour, for our commercial teams, and, in particular, our buying teams. We plan to repeat and enhance the training going forward.

A handwritten signature in black ink, appearing to read 'Liz Evans', with a long horizontal stroke extending to the right.

LIZ EVANS

CEO, WAREHOUSE