

HOUSE OF FRASER

MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR ENDING 31 JANUARY 2017

1 Introduction

- 1.1 The UK Modern Slavery Act 2015 ("**Modern Slavery Act**") requires organisations who carry on a business within the UK ("**UK organisations**") to ensure that modern slavery does not take place within their organisation. Further UK organisations with a turnover of £36million or above are required under the Modern Slavery Act to produce in respect of each financial year a statement setting out the steps it has taken in the relevant year to ensure that modern slavery does not take place not only within its organisation but across its supply chain. For the purpose of this statement, modern slavery includes any form of servitude, forced or compulsory labour, bonded labour, child labour and/or human trafficking.
- 1.2 Accordingly, we, House of Fraser, have produced this statement in compliance with our obligations under the Modern Slavery Act in respect of our financial year 16/17. This statement outlines the steps we have taken in financial year 2016/17 including how we are upgrading our responsible sourcing system to risk assess and manage compliance across our suppliers, concessions and own bought brands ("**supply partners**") in line with the requirements of the Modern Slavery Act, as well as other legal and good practice sustainability requirements to which we are subject.

2 About House of Fraser

- 2.1 We offer a wide range of goods encompassing clothing, home furnishings, gifts, cosmetics, footwear and food. To create and produce this range of products, we, as well as most of our supply partners, have complex supply chains and we aim to understand the diverse components within them. We source goods and services from many countries including the UK, Portugal, Turkey, India, China, Bangladesh, Vietnam, Thailand and Indonesia. We are committed to ensuring that we continuously look at ways of improving working standards and the effect we and they have on the environment.
- 2.2 Our organisation has its headquarters in the UK and various subsidiaries across the UK and Ireland. We also have a subsidiary in China out of which we operate our Chinese business. We also have franchise arrangements in place with partners within the Middle East including Abu Dhabi.

3 Modern Slavery

- 3.1 According to the International Labour Organisation, there are some 21 million people worldwide subjected to some form of modern slavery.
- 3.2 We recognise that fashion supply chains, hospitality, food and cleaning services are high risk for modern slavery. As we source products from many countries, including high-risk areas such as India and Turkey, we know we have to take steps to ensure instances of modern slavery do not occur.

3.3 We do not tolerate modern slavery either within our business itself or within our supply chain and take the issue of tackling it extremely seriously. We expect our supply chain (whether direct suppliers or those that directly or indirectly supply our direct suppliers) to share the same values.

4 Our Principles and Approach

We have a Responsible Sourcing policy and system to support us manage the environmental and ethical impacts across our organisation and supply chain. This is part of our sustainability programme – **Responsible Retailer**. The core elements of our Responsible Sourcing system are illustrated in figure 1 below and described in the following sections.

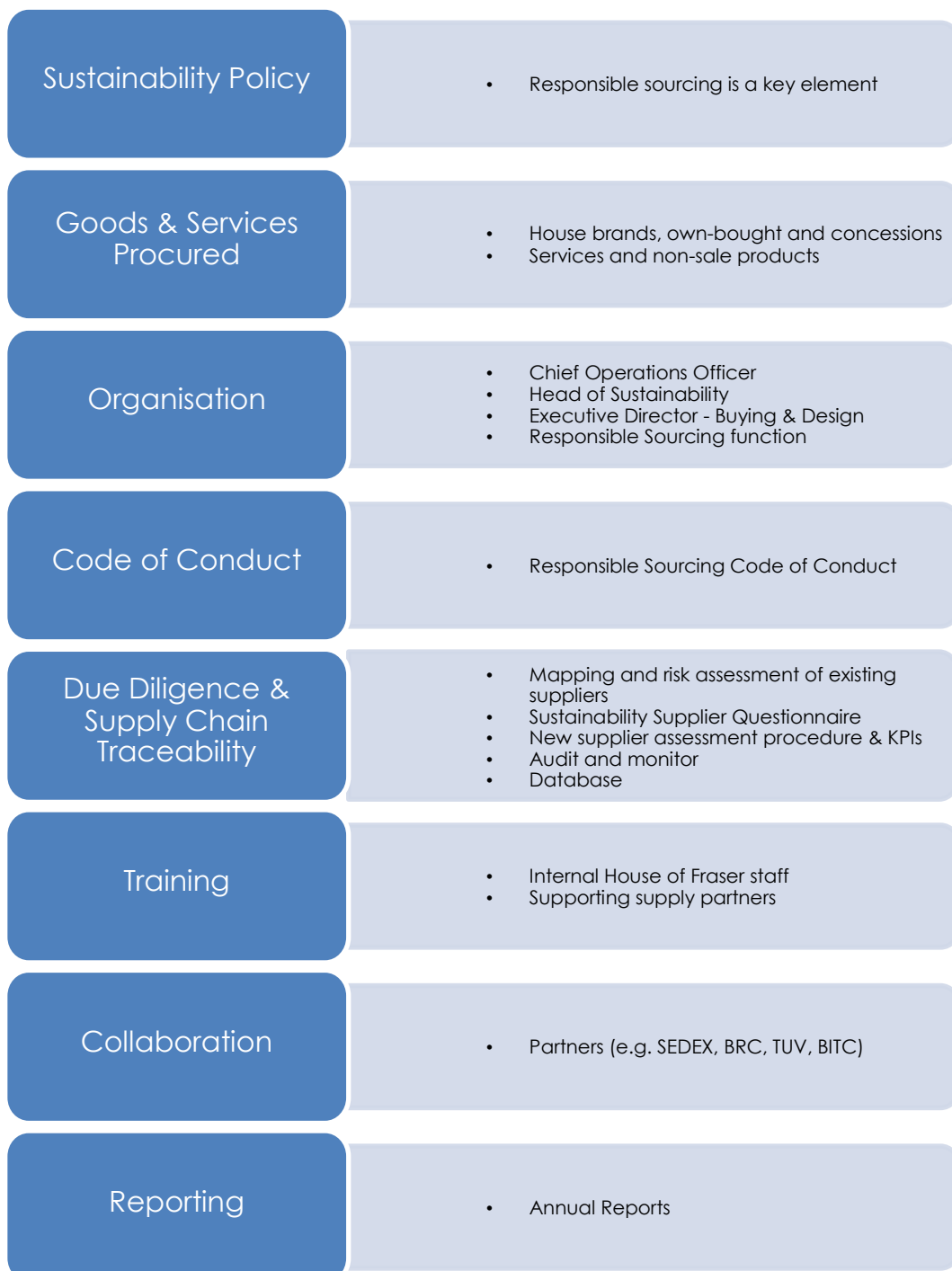


Figure 1: Responsible Sourcing System

5 Sustainability and Responsible Sourcing Policy

- 5.1 At House of Fraser, sustainability means being a **Responsible Retailer**. This is integrated as a strategic pillar in our business and one of our core values. The aim of our **Responsible Retailer** programme is to manage our **environmental footprint, responsibly source** and support the **communities** we engage with while maintaining sustainable growth. Under this aim, there are three pillars of action. **PEOPLE, PLANET & COMMUNITIES**. Responsible sourcing comes within the PEOPLE pillar.
- 5.2 **PEOPLE** - a key element is responsible sourcing of products, packaging and services across the supply chain, working with our supply partners.
- 5.3 We have upgraded our previous **Ethical Sourcing Policy** to a **Responsible Sourcing Policy** and **Code of Conduct** to reflect the latest sustainability requirements including the Modern Slavery Act. These are documented in our Supplier Manual and Responsible Sourcing Code of Conduct at <http://www.hofsuppliers.co.uk/info/SupplierManual.html>. Our **Responsible Sourcing Code of Conduct** specifies the sustainability requirements supply partners must meet.

6 Goods and Services Procured

- 6.1 Since we do not directly employ workers within our supply chains, we appreciate that achieving our objectives will not be a simple task. There are many constraints on our ability to improve working conditions, particularly where local governments do not enforce the law. However, we aim to tackle these constraints through partnerships with key suppliers and a process of continuous improvement.
- 6.2 In our business we source products, packaging and services through these three main routes:
- a) **House brands** – we use suppliers to provide House of Fraser own branded products and services. We play a central role in the design, material and choice of suppliers contracting with agents and/or factories directly. We can therefore directly influence the environmental and ethical impacts of our house brands. If we do not manage these effectively, we open ourselves to risk to our business and reputation. Equally our house brands provide us with the greatest opportunity to design sustainable products and engage our customers on these choices.
 - b) **Concessions and own-bought brands** – we also source third party branded products and services via concessionaires (including our restaurant concessions as well as concessions selling products/services) and suppliers of third party brands. Whilst we have less direct control of the environmental and ethical impacts of our concession and own bought supplier's supply chain, we strive to play an increasing role in ensuring that third party products sold in store or online meet our sustainability requirements.
 - c) **Services** – we use third party service providers to provide key services to us such as logistics, seasonal staff at our Distribution Centre, IT and cleaning. Again whilst we have less direct control of the environmental and ethical

impacts of our service providers, we request they meet our sustainability requirements, as relevant to the services they provide.

7 Organisation

- 7.1 At board level, our Chief Operations Officer (COO) is responsible for sustainability. Reporting to the COO, the Head of Sustainability runs our sustainability programme. The Responsible Sourcing function sits within our Buying & Design department under the responsibility of the Head of Sustainability.
- 7.2 New supplier factories are selected on the basis of sustainability as well as commercial criteria. It is our supply partners responsibility to communicate and implement our Responsible Sourcing Policy and Code of Conduct across their activities and supply chain. They are required to nominate a senior manager with this responsibility as our point of contact and notify us of the same. This person is then our day to day contact for our Responsible Sourcing function with regards to communications in both directions as required.

8 Code of Conduct

- 8.1 In acknowledging the importance of responsible sourcing and the promotion of fair and safe working conditions within our supply chain, all supply partners must meet or exceed the sustainability requirements in our Supplier Manual and Responsible Sourcing Code of Conduct at <http://www.hofsuppliers.co.uk/info/SupplierManual.html>, as relevant to the goods and services they provide to us.
- 8.2 As a minimum these require supply partners to meet their legal obligations in the following areas:
- a) Human rights, labour and modern slavery
 - b) Health & Safety
 - c) Environment
 - d) Animal Welfare.
- 8.3 Our Responsible Sourcing Policy and Code of Conduct recognises that a supply chain can be complex including diversity of product lines and the global citizens who produce them. Its intention is to promote high ethical standards within a supply chain without imposing unachievable conditions.

9 Due Diligence and Supply Chain Traceability

Mapping and risk assessment of suppliers

- 9.1 We have commenced a process of mapping our existing supply partners and conducting risk assessments to review their sustainability performance in the following areas:
- a) Human Rights, Labour and Modern Slavery
 - b) Health & Safety
 - c) Environment
 - d) Animal Welfare.

- 9.2 Supply partner risk assessment is being conducted through a mixture of desk based reviews of questionnaire data, factory audits conducted by others available from SEDEX (the Supplier Ethical Data Exchange), as well as audits we may choose to conduct.
- 9.3 We are requesting all supply partners to complete our Sustainability Supplier Questionnaire, providing associated compliance and third party certification details as necessary. We will use this information to assess their performance against our Responsible Sourcing Code of Conduct.

New Supplier Assessment and Benchmarking

- 9.4 For new supply partners, audit reports available through SEDEX, questionnaire results, third party certificates and other information provided are reviewed to assess proposed supply partner's compliance with the Code of Conduct. To be set up as a supply partner the mandatory criteria below must be met.

House brand suppliers

- 9.5 House brand suppliers must meet the following mandatory criteria to be chosen as a supply partner:
- a) member of SEDEX;
 - b) compliance with relevant legal obligations including, but not limited to, UK Modern Slavery Act and REACH;
 - c) no real fur, and no angora rabbit wool; and
 - d) they must operate an Environmental Management System.
- 9.6 These suppliers are responsible for their own auditing, monitoring, implementing and reporting of corrective actions in their supply chains. If required, they must ensure access to their factory premises is not restricted and must provide all information required by our employees/auditors.
- 9.7 All manufacturing facilities are subject to random audits. We reserve the right to visit factories and conduct audits to verify compliance with our Responsible Sourcing Code of Conduct and the answers given in the Sustainability Supplier Questionnaire.
- 9.8 These suppliers must also maintain audit documentation and evidence to demonstrate compliance with our Responsible Sourcing Code of Conduct. We may also collect this information and hold such information confidentially, unless a legal obligation requires otherwise, for example in the case of Modern Slavery Act reporting.
- 9.9 Following assessment, we will rank the supplier as a Gold, Silver or Bronze supplier. We have an internal KPI target to increase the ranking of our suppliers to drive sustainability improvements in our supply chain.
- 9.10 We will keep their details on a database including their sustainability performance criteria to enable traceability across all of our suppliers and compliance with the Responsible Sourcing Code of Conduct.

Own-Bought, Concession and Service suppliers

- 9.11 Own-bought and service suppliers, as well as concessionaires, must meet the following mandatory criteria to be chosen as a supplier/concession:
- a) compliance with relevant legal obligations including, but not limited to, UK Modern Slavery Act and REACH; and
 - b) no real fur, and no angora rabbit wool.
- 9.12 They are responsible for auditing, monitoring, implementing and reporting corrective actions in their supply chains. They must provide us with audit reports, and compliance related documentation, if requested by us in response to a request from a customer or regulatory body.
- 9.13 We reserve the right to investigate the answers they have given in response to the Sustainability Supplier Questionnaire, policy statements and other documentation provided, if required to ensure compliance with legal obligations.
- 9.14 They must also maintain audit documentation and evidence to demonstrate compliance with their sourcing policies. We may also collect this information and hold such information confidentially, unless a legal obligation requires otherwise, for example in the case of Modern Slavery Act reporting.

10 Auditing and Monitoring

- 10.1 When we conduct a desk top risk assessment of a supply partner, we will look at their audits as made available via SEDEX and their completed Sustainability Supplier Questionnaire. Supply partners may utilise industry standard audits (such as Sedex Members Ethical Trade Audit (SMETA), third party audits and self-audits as part of our assessment.
- 10.2 When we conduct person site audits of a supply partner, we will monitor, inspect and assess implementation and compliance with our Responsible Sourcing Code of Conduct and the answers they have given in the Sustainability Supplier Questionnaire. These audits may be conducted by one of our employees or a third party auditor.

Non-compliance

- 10.3 Where non-compliance is identified, we will agree corrective actions with the supply partner alongside an agreed deadline. On average, we will expect all non-compliances to have been dealt with no later than three months after an audit or when otherwise raised with them. Satisfactory evidence of non-compliance resolution must be provided by them.

Database

- 10.4 We are in the process of updating our database on all our supply partners to include the information they are providing us in response to our Sustainability Supplier Questionnaire, to include on modern slavery.

11 Internal Training

- 11.1 Our employees are receiving sustainability training as part of our Responsible Retailer programme, which includes our requirements under the Modern Slavery Act.
- 11.2 The design, buying and merchandising teams receive training on our Responsible Sourcing policy. Staff leading on responsible sourcing have regular training to understand obligations, initiatives and approaches on sustainable supply chain management.
- 11.3 We believe in working with our supply partners to support them meet our standards. Supplier outreach is being conducted to grow awareness and support supply partners on our sustainability requirements. This can include meetings, webinars and provision of support packs. Where needed we commit to working with supply partners over a defined time frame to bring them up to the required level. We are engaging with our supply partners to communicate our requirements regarding the Modern Slavery Act and requesting they complete our questionnaire.

12 Collaboration

- 12.1 We will engage with our supply partners to continuously improve our responsible sourcing practices. To scale our activities and focus on root cause solutions, we are also a member of the following industry groups:
- a) SEDEX - the Supplier Ethical Data Exchange working groups. SEDEX is a not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains;
 - b) British Retail Consortium working groups including on Responsible Sourcing, Chemicals Management and Environment – forums for retailers to keep informed of new developments and good practice; and
 - c) Business in the Community, HRH, the Prince of Wales' Responsible Business Network – the largest responsible business network in the UK providing advisory supports on sustainability to business.

13 Reporting

- 13.1 We are monitoring our progress on meeting our Responsible Sourcing system and associated KPIs as part of internal business reporting.
- 13.2 Progress on our Responsible Sourcing system implementation and any incidents of modern slavery identified are to be disclosed in our annual reports starting from financial year ending 31 January 2017.

14 Looking ahead and continuous improvement

We are on a road of continuous improvement. We recognise that global influences on the environment, employment conditions and human rights are continually changing. In order to keep up-to-date with these changes and developments, we will review our policies and procedures periodically and update them as and when necessary.

We also plan to incorporate relevant requirements regarding the steps franchisees are taking to tackle modern slavery in future contracts or renegotiations.

We have prepared this statement pursuant to Section 54 of the Modern Slavery Act 2015.

Approved by the Board of Directors on 24/10/2016



Nigel Oddy, Chief Executive Officer, House of Fraser