

## **Debenhams plc Modern Slavery Statement 2017**

This Statement is made pursuant to the Modern Slavery Act 2015 (the “Act”) and relates to FY 2017. It outlines the steps that we are taking in relation to our responsibilities under section 54, part 6 of the Act and includes the activities undertaken during the course of the year to identify the risk of potential slavery and human trafficking in Debenhams supply chains or in other parts of our business operations.

### **Our Business**

Debenhams is an international, multichannel brand with a proud British heritage, we trade from over 240 stores across 27 countries and have 30,000 colleagues. We serve our 19m customers around the world with a unique, differentiated and exclusive mix of own brands, international brands and concessions. We operate internationally through both franchise and wholesale models as well as operating our Magasin business directly in Denmark. We sell multiple product categories that are sourced from 889 factories in 34 countries, 61% of which are directly sourced overseas, the remainder being sourced through third parties. We continue to grow our direct source.

### **Our Approach**

Our heritage, since 1778, has been to source and sell quality products from across the globe and as such we recognise the activities we undertake impacts the lives of millions of people. We understand the risks of modern slavery, especially when operating complex global supply chains.

We believe that creating transparent and sustainable relationships with our suppliers and factories is essential to understanding and collaboratively improving issues that arise. We continually focus on identifying indicators of Modern Slavery, which then under-pin all on-going programmes and processes. This includes monitoring, education, training and providing support to help improve and achieve the highest standards for the benefit of those who work in our global supply chain.

Respecting HUMAN RIGHTS and managing associated RISKS in the supply chain.



These 3 core drivers underpin our ethical trade and sustainability strategy.

A key building block involves active strategic collaboration and sharing of expertise with many organisations committed to ending Modern Slavery in the UK and global economies.

## Policies and Commitments

Our commitment to prohibiting modern slavery is defined in our Human Rights and Modern Slavery Policy and in our Supplier Code of Conduct.

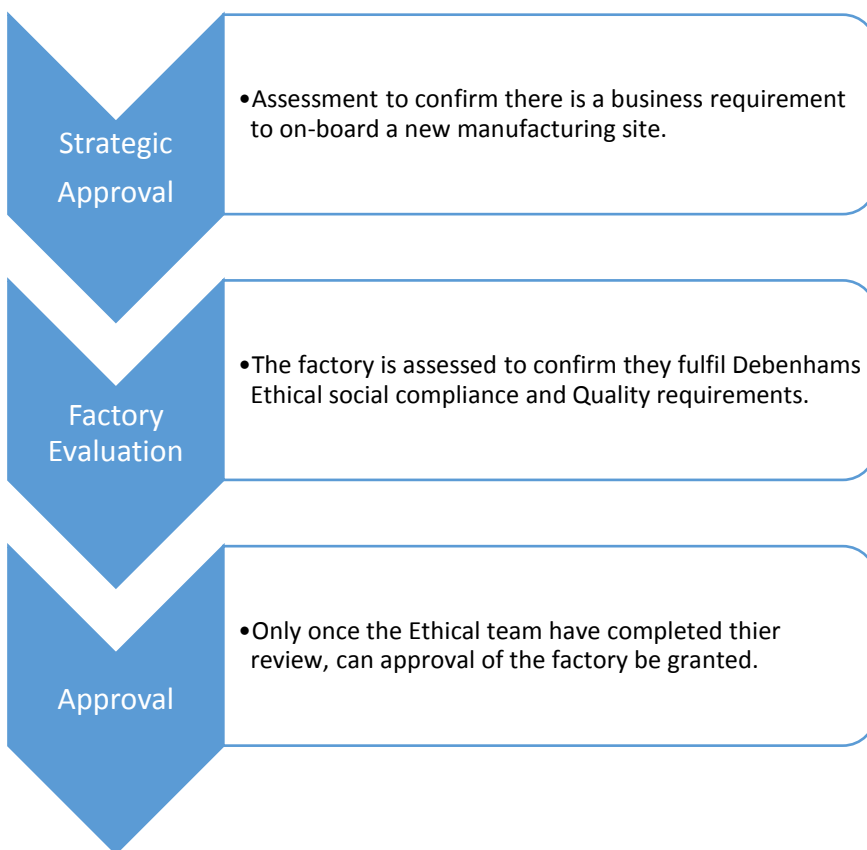
This year our Conditions of Trading and our Supplier Code of Conduct were updated with specific reference to responsibilities under the Act and our Human Rights and Modern Slavery policy. All suppliers received the updates.

We have also updated relevant policies, processes and procedures to include human rights and modern slavery, e.g. Concession brand and GNFR service provider (Good Not for Resale) Agreements. Our Supplier Code of Conduct defines our absolute minimum standards that our suppliers are required to adhere to wherever they procure materials, manufacture or perform services for our business. Our code is based on the core ILO (International Labour Organisation) conventions in line with the ETI (Ethical Trade Initiative) member code.

## Due Diligence and Audit

In our 2016 statement we reported that our Internal Audit team had conducted a supplier survey and an Operational Effectiveness Review. The report was issued to the Board to review the levels of exposure and the risk to our UK and global operations. It was then used to help prioritise our approach with third parties.

Each supplier and factory is required to go through a due diligence process before they can supply to Debenhams, including risk assessment and ethical and technical audits before order placement. This includes:



We have a strict policy prohibiting subcontracting and any use of a non-approved factory is a breach of our Conditions of Trading. We conduct an on-going spot check programme, comprising unannounced inspections by our nominated third party. Whilst we recognise that these audits only provide a snap-shot of conditions in a factory at a given point in time, they do enable us to assess risk. In cases of sub-contracting the supplier and factory are ordinarily given a second chance if they disclose all information, become fully transparent and work with us on remediation.

**Case study:** During the course of the year we received information that Debenhams orders were being manufactured at an unapproved manufacturing site in the UK. Our compliance team conducted an unannounced visit to the approved factory and found proof that the supplier had instructed the factory to move the production to

# DEBENHAMS

an unapproved site in the same city. We found proof that no orders had been produced at the approved site and the team were denied entry to the second site. The supplier approved factory was disengaged, their factory overseas was ring-fenced and all orders from that factory are now monitored by a third party inspection company throughout production. If they are found to be in breach a second time they will be permanently disengaged as a Debenhams supplier.

Our supplier base is made up of three core types:

- Direct source and third party source through importers
- International and concession brands
- Goods not for resale (GNFR) suppliers

During the year we have undertaken improvements with all three sets of suppliers.

## Global Supply Chain

We manage our Global Supply chain through our London Support centre and four international sourcing offices, who provide in country support for sourcing, merchandising, quality control and ethical compliance. The offices are located in Hong Kong, Shanghai, Bangladesh and recently expanded into Sri Lanka. Our base is constantly changing and as at November 2017 we had:

- 558 own brand suppliers with a total of 889 factories
- 483,564 workers, with a split of 227,036 male & 256, 528 female
- Migrant labour of 65,349 with a split of 26,899 male and 38,450 female

Our top ten Sourcing countries (see table) account for just over 90% of our factories.

Country	No. of factories
<b>China</b>	459
<b>India</b>	149
<b>Bangladesh</b>	64
<b>Turkey</b>	38
<b>Vietnam</b>	28
<b>Cambodia</b>	26
<b>UK</b>	21
<b>Romania</b>	24
<b>Portugal</b>	17

# DEBENHAMS

Pakistan	14
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Factory visits are conducted by our Ethical Compliance Team who are based in our sourcing offices.

During 2017 we undertook 821 factory visits 70% of which were made unannounced, concentrated in the UK, Italy, Turkey, India, China, Bangladesh, Vietnam, and Cambodia. These visits focussed on:

- **Compliance:** Supplier on boarding, Risk Management, Existing supply base process, Capacity building and Supplier Ownership
- **Worker Welfare:** Women Empowerment, Health & Safety, Worker Wellbeing and Worker Inclusion.

These visits were in addition to our global audit programme which is conducted on an on-going basis by our nominated third party partner, Intertek.

Intertek conducted 59% of our audits against the Sedex Smeta audit tool. Their own Modern Slavery statement, which sets out its own commitments to continuous progress, is available on at [www.intertek.com](http://www.intertek.com)

The remainder were undertaken by internationally recognised 3<sup>rd</sup> party audit companies satisfying our audit criteria. In the UK we used specialist auditors using the Fast Forward programme. This provides a greater depth of review compared with Smeta. We undertook 21 of these last year and 15 follow-up remediation audits. Going forward we are looking to use Fast Forward for some of our European suppliers.

In Cambodia and Vietnam ILO audit our factories under the Better Work programme.

China remains our largest source so we extensively risk map to prioritise our visits and conducted over 146 by our HK and China Ethical Compliance team.

Turkey is a heightened risk due to the Syrian refugee crisis. We joined the ETI Turkey programme to establish a human rights platform for the apparel sector aiming to implement the United Nations Guiding Principles to raise awareness of human rights and to promote workplace social dialogue. Debenhams participated in the multi stakeholder launch in November 2016. Our 38 Turkish factories attended workshops on business and human rights. We visit all units and conduct unannounced assessments with Intertek Turkish senior auditors who also speak Arabic.

## Goods Not for Resale ('GNFR')

During the course of 2017 we sent GNFR Service Providers a human rights questionnaire to gain a better insight into their operations, to identify their business practices and policies, the size of their work force and the number of




labour providers used. 100% responded and we established that we have 242 sites, with some 11,000 workers and 40 labour providers.

GNFR Service Providers attended our mandatory training in March 2017. The training was delivered by David Camp, founder and Executive Director of Stronger Together, Fast Forward, ALP (Associated Labour Providers) and Clearview.

## Awareness and Training

Coaching, teaching and motivating people internally and externally is critical to the development and success of our programme in preventing and detecting modern slavery. Here are some of our major training initiatives in FY 2017.

- Further awareness training of the Act was carried out by our Ethical and Corporate Responsibility team in the UK and was extended out to our Danish, Hong Kong, Shanghai and Bangladesh offices.
- Attendees included staff from the following functions: Buying, Design, Product Technology, Sourcing, Legal, Internal Audit, Ethical Compliance, Logistics, Store Operations, Human Resources and external operations. Training is planned for the Sri Lankan office which we recently opened. We used 3<sup>rd</sup> party expertise where required:

	<p>Stop the Traffik <a href="https://www.stophetraffik.org/who-we-are/">https://www.stophetraffik.org/who-we-are/</a> - Awareness raising on the Act, what modern slavery is and some of the signs of serious labour exploitation.</p>
	<p>GLAA <a href="http://www.gla.gov.uk/">http://www.gla.gov.uk/</a> - Awareness raising and support on labour providers who exploit vulnerable workers.</p>
	<p>Stronger Together and Fast forward founder David Camp <a href="http://alliancehr.co.uk/about-us/">http://alliancehr.co.uk/about-us/</a> - Fast Forward training workshops to GNFR suppliers on UK labour law and audit requirements.</p>

- Given the number of factories we have in China we designed and developed a training initiative covering Hiring, Working hours, Wages, Chemical Health and Safety and Social dialogue, with Impactt (<https://impacttlimited.com/about-us/>) for 52 of our supplier factories, which accounts for 11% of our product

# DEBENHAMS

source. The initiative ran for 18 months, requiring full participation, including risk assessments in the factory environment based on the training. This initiative with Impactt is on-going and has expanded through invitations to other retailers with 7 major brands now participating.



- In India our LIFE Female Empowerment programme educates workers on wellbeing by strengthening their life skills so they are better equipped to handle challenges in their personal and professional lives. It also includes awareness of modern slavery, in particular the vulnerability of children and women. It does this by embedding sustainable capacity training systems in the factories to reinforce life skill education on a regular basis and this is partnered through NGO Swasti.
- Our Bangladesh and Indian factories underwent training on the Act, modern slavery, labour providers and associated risks and this was presented to our Indian suppliers and factories in Delhi and Bangalore, including our Tirupur and Chennai manufacturers.
- In the UK we issued a communication leaflet to all service colleagues, HR and our sourcing offices to update on the work and activities that the Ethical Compliance and Corporate Responsibility teams are responsible for, including the Act.
- Our GNFR providers underwent two training days in March'17, conducted by alliancehr. This training introduced our new requirements including the Fast Forward audit, UK labour law and as relevant, the Complyer Labour Provider assessments.

## Collaboration and Partners

A core building block of our ethical corporate responsibility involves active strategic collaboration and the sharing of expertise with the many organizations committed to ending modern slavery.

- In May 2017 we were invited by The Investor Forum to present on modern slavery to 14 major investment and asset management companies, which we co-presented with David Camp of Fast Forward and the Institute for Human Rights and Business.




# DEBENHAMS

- In May 2017 we were also invited by the charity World Vision of Canada to join a UK delegation with Baroness Young and the Rt.Hon Fiona MacTaggart in Ottawa to meet the Canadian government to discuss and encourage the importance of modern slavery legislation.
- We continue to collaborate with other retailers in working groups such as ETI Turkey, ETI Leicester and on the China training initiative which we first ran in 2015.
- We Chair the British Retail Consortium Responsible Sourcing Group which is attended by senior retail members. The main focus has been on modern slavery and the United Nations Sustainable Development Goals.
- We attend several retail meetings at the Home Office, the ETI, House of Lords, BRC, Fast Forward member working group, individual brand meetings and NGO's.
- We are a supporting member of Baroness Young's Advisory Group – TISC (Transparency in the Supply Chain).

PARTNERSHIP	SUPPORT
 <p><b>Ethical Trading Initiative</b> Respect for workers worldwide</p>	<p>We have been a member of the ETI (Ethical Trading Initiative) since 2001. The ETI Base Code is an internationally recognised code of labour practice based on the core conventions of the ILO (International Labour Organisation). We are actively involved with various ETI initiatives, such as The Leicester Working Group, Turkey Platform and China Working Group. We continue to collaborate with other retailers to share learning experiences and collaborate to resolve shared issues.</p>
	<p>The BRC (British Retail Consortium) is a trade association which provides a forum for UK retailers to collaborate on issues and challenges at an industry level. We joined the Environment, Chemical, Ethical and Food working groups. The Responsible Sourcing Group we Chair has focusses on Modern Slavery, the Government Private Sector Deal for UK manufacturing and collaboration with NGO's such as Anti-Slavery. We are working on the UN SDG's Sustainable Development Goals, of which 5 have been agreed by members for the next 3 years.</p>
 <p><b>clearview</b> Global Labour Provider Certification Scheme</p>	<p>Clearview is a global social compliance certification scheme for labour recruiters and providers whose objective is to drive responsible recruitment practice in supply chains. We are an active member of the Technical Advisory Committee (TAC), to support development of the assessment tool, which will be utilised to risk access third party labour providers.</p>
	<p>The GLAA (Gangmasters Labour Abuse Authority) are part of the Home Office with an extended team and power to prosecute. They focus on licensing and regulating business who provide workers to supply chains across various sectors. We engage with the GLAA to help understand</p>



# DEBENHAMS

 <p>Gangmasters &amp; Labour Abuse Authority</p>	our risks to help shape our approach and strategy. As necessary we will report any case of serious concern we cannot remediate for the GLAA to investigate.
	We are a member of ACT (Action, Collaboration, Transformation), which is a collaborative initiative of international brands, retailers, manufacturers and global trade unions to address the issue of living wages in the garment sector. Work has commenced in Cambodia, engaging with government and local stakeholders. ACT also focusses on the importance of fair and sustainable Purchasing Practices.
	We have been a founding member since 2015. Fast Forward is an in-depth audit assessment programme, which covers right to work, national minimum wage, contract of employment, tax, mistreatment and health & safety. The membership has 10 major UK retailers and is the equivalent to Stronger Together operated in the food chain for major supermarkets.

## FY 2018 Objectives

In addition to continuing our foundational programme we have 3 key objectives for 2018:

- Extend our Fast Forward programme to reach all GNFR Service Providers
- Commence Fast Forward in our European supply chain
- Continue to collaborate across industry working closely with the GLAA, ETI, NGO's and the BRC

<http://sustainability.debenhamsplc.com/>

On behalf of Debenhams plc.



Sir Ian Cheshire

Chairman of the Board

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