

Modern Slavery Statement 2016

Debenhams Retail Plc. Slavery and Human Trafficking Statement is made pursuant to the Modern Slavery Act 2015 and relates to our financial year end 03/09/2016. The following statement introduces the steps that have been taken in relation to our responsibilities under section 54, part 6 of the Modern Slavery Act 2015 (MSA) and includes the activities taken prior to and will continue taking as part of this new legislation to ensure that slavery and human trafficking is not taking place in Debenhams supply chains or in any part of our business operations.

Introduction

According to the Global Slavery index, more than 45.8 million workers are estimated to be exploited by private individuals and enterprises worldwide. Debenhams recognises the risks of modern slavery due to the complexity of global supply chains and a demand for flexible and temporary workforces. In anticipation of this year's mandatory report statement, Debenhams published a statement in the 2015 annual report purely to acknowledge and show support for this much welcomed legislation to protect the vulnerable, help prevent and eradicate all forms of modern slavery, which is creating a level playing field across industry sectors and supply chains.

The term Modern Slavery is used to encapsulate slavery, servitude, child labour (as defined by ILO – International Labour Organisation) and forced or compulsory labour, as well as human trafficking. Our commitment to prohibiting modern slavery is defined in our Human Rights Policy, our Supplier Code of Conduct and has been incorporated in the Conditions of Trading we have with our suppliers.

Debenhams prohibits and has a zero tolerance to all forms of modern Slavery throughout our global organisation, operations and supply chains.

Our Supplier Code of Conduct defines the minimum standards that our suppliers are required to adhere to, wherever they procure materials, manufacture or perform services for Debenhams. We recognise and acknowledge that our business must be aware of the risks, have appropriate procedures and processes to address all concerns through the appropriate channels across the business.

Our Organisation

Debenhams is a department store with 176 stores across the UK and Ireland and has 6 department stores in Denmark as part of our store Magasin du Nord.

The group has a turnover of £2.3bn. It is committed to offering its customers great products, with a wide choice of our 35 exclusive designer brands. Products include, bedding, bath shop, cook shop, dining, glassware, soft furnishings, electrical, mens, womens, childrens apparel, footwear, accessories, furniture, lighting, cosmetics and gift food.

Debenhams has 80 franchise stores in 26 countries outside the UK and Ireland; some of the locations are: Bahrain, Bulgaria, Cyprus, Croatia, Czech Republic, Egypt, Estonia, Indonesia, Jordan, Kuwait, Malaysia, Malta, Pakistan, Philippines, Russia, Saudi Arabia, Turkey and the United Arab Emirates. Debenhams e-commerce direct business has firmly established itself as a successful online retailer, delivering to more than 50 countries.

Business structure and Supply chain Risk Mapping

Debenhams Board fully recognises the importance of integral sustainable ethical trade. Our company strategy and risk maps our approach to global operations, our supply chain, the risks and impacts of modern slavery.

Our Sustainability Committee is chaired by a non-executive Director and represented by key stakeholders: our Director of HR, Director of Ethical Trade & Corporate Responsibility, Director of Store Operations, Director of Investor Relations, Deputy Company Secretary and our Trade Director of Global Sourcing.

Our sustainable ethical strategy in line with our ethical standards, policies, Code of Conduct and Human Rights policy, underpins everything we do as a responsible business. The Ethical Trade & Corporate Responsibility departments sit within the Sourcing Division under the direction and management of the Trade Director of Global Sourcing and Director of Ethical Trade and Corporate Responsibility. Both departments are fully integrated which results in a close working relationship between the two functions. It is the Sourcing divisions overall responsibility to ensure risk is identified and managed, which includes regular audit and reviews of the on-going development of our overall CSR work inclusive of Modern Slavery, which is included in Risk Committee meetings represented by Board, Internal Audit and Legal.

As a business all the key stakeholders have engaged over a period of time to discuss the complexities of modern slavery, to ensure that all elements and areas of our business have been considered. Therefore Internal Audit support the ethical and

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corporate responsibility teams to help identify further areas of risk, so that we can risk map effectively by level of risk to apply best practice to the required processes and procedures.

Considerations are based on country, type of manufacturing, workforce type, e.g. national migration, international migration, temporary/ seasonal working practices. We address the levels of risk as moderate, immediate, serious, and critical concern, which allows us to prioritise the work we have started and will continue to pursue. We are committed to ethical sourcing, mitigating risk and improving the livelihood of the people in our complex operations and supply chain.

We source our goods from a diverse supply base. Our extensive due diligence evaluation supplier and factory process has stringent requirements to ensure that our Code of Conduct can be adhered to with the supplier Conditions of Trading. We have been a member of the ETI (Ethical Trade Initiative) since 2001 and we base our Code from the ETI and ILO core conventions.

Our ethical responsible sourcing programme covers the entire product supply base, which consists of **896 factories** and **512 suppliers** for our own branded goods.

China still remains our key sourcing hub with half of our factories, followed by India, Bangladesh, Turkey, UK, Romania, Cambodia and Vietnam as our other key sourcing regions.

Debenhams ethical compliance programme reaches beyond tier 1 and during the course of 2015/16, our UK, HK and Bangladesh ethical compliance teams visited more than 500 factories; the majority of these visits were unannounced, including factory visits in the UK also made by the Chair of the Sustainability Committee and Director of Ethical Trade and Corporate Responsibility. These visits were in addition to the 3rd party compliance audits for our entire factory base.

We do not conduct our own 2nd party audits, therefore the regular visits we make to our factories are to review remediation, to train and support suppliers and factories, always encouraging open dialogue and full transparency.

Intertek, a FTSE 100 company, are our nominated global audit partner. Intertek's approach to modern slavery is integral to our own programme and having discussed in detail their approach internally and what they feel could add further value to assessing risk in this area, we are happy with their approach and look forward to seeing their progress.

At present outside of the UK we use the **SMETA** audit methodology, **SA8000**, **ICTI** (toy industry) and are a member partner of the **ILO Better Work** in Cambodia, Vietnam and Indonesia, all of which are recognised industry standards. In the UK we have become a founding member of an audit initiative called **Fast Forward**, which was designed and developed to help identify all guises of modern slavery and has proven to be effective.

Fast Forward is split into critical control points, which breakdown into many specific areas. The key sections are titled - Workers are:

- eligible to work in the UK,
- paid at least the minimum wage,
- treated fairly in accordance with employment law
- provided with a safe and hygienic working environment
- not subject to mistreatment and have access to remedy
- Taxes are accurately calculated and paid in accordance with UK law

There are four levels of grade: Under Review, Performing, Developing, and Leading.

Our 26 UK factories have been audited under the Fast Forward assessment model. Developing means that the factories are working with us to make positive change, examples being contracts are in the workers own language (one factory has 11 languages spoken), that there is a HMRC right to work record for every worker. We give a reasonable timescale for the factory to comply and then a re-assessment is conducted to verify.



“Tackling modern slavery is complex and demands new ways of working between brands operating in global supply chains. Debenhams is a member of the Fast Forward retailer initiative to build legal and ethical labour standards compliance within the supply base and is active in encouraging other brands to collaborate to address human rights risks. Debenhams has required the majority of its UK based suppliers to attend Fast Forward ethical compliance training in 2015 and 2016 which, as well as covering a broad range of ethical labour standards training, covers an introduction to the Stronger Together programme providing free guidance and resources to support organisations to identify and tackle modern slavery within their business and supply

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chains. Debenhams sit on the Technical Advisory Committee overseeing the development of the Clearview Global Labour Provider Certification Scheme to be launched in 2017. I welcome the active contributions that Debenhams make to these initiatives.”



David Camp – Programme Lead, Stronger Together and Fast Forward.

Our Policies and Code of Conduct - Slavery and Human Trafficking

Respecting human rights across our global reach is a fundamental part of our Company ethics and integrity. Debenhams respects international principles of human rights including, but not limited to, those expressed in the UN Declaration of Human Rights, United Nations Guiding Principles and those principles contained within the UK Government Modern Slavery Act 2015. Debenhams is committed to conducting business with open transparency and integrity at all times and treating all people with dignity and respect, complying with applicable laws and regulations. Debenhams is committed to protecting and promoting human rights globally, including, but not limited to zero tolerance of child labour, forced labour, including prison labour, or any use of force or other forms of coercion, fraud, deception, abuse of power or other means to achieve control over another person for the purpose of exploitation.

For our associates, franchise partners we are adopting an approach that is consistent with our principles of our human rights policy.

Debenhams Conditions of Trading and Code of Conduct for our suppliers, inclusive of concession agreements have been amended to include obligations to comply with the Modern Slavery Act and are being incorporated into the following policies:

- Incident reporting
- Whistle Blowing policy
- Supplier & Factory Engagement policy
- Due Diligence policy

Operations and Supply Chain Risk Assessment

Internal Audit have conducted a Modern Slavery Act, Operational Effectiveness Review. The scope comprised of a joint review with the Director of Ethical Trade & and Corporate Responsibility of which the framework of the audit scope included:

- Control Environment
- Risk Assessment
- Information & Communication
- Control Activities
- Monitoring

Retail: cleaning, waste, temp staff, stock counting agencies

Capita: customer contact centres in Leeds and India

Facilities: security, cleaning, maintenance services

Logistics: distribution centres, fulfilment operations, couriers, freight, processors

Store maintenance: facilities management, maintenance contractors

Information systems: temporary resource providers, off shore develop and test providers

Store development: construction contractors, developers, shop fitters

All of these functions are being assessed and audited by specialist bodies we are engaging with to conduct audit assessments, using the Fast Forward and or ALP Complyer audits, to identify our level of risk and any form of modern slavery. This process has started, will be on-going and prioritisation based on risk levels. Collaboration and consideration to our approach and actions taken are imperative, to support the eradication of modern slavery and have a positive impact on the lives of those who are vulnerable of both genders and **all** ages.

As part of our risk mapping and initial due diligence, we **conducted a supplier survey** to understand the extent of knowledge that our business partners have of the Modern Slavery Act across our operations, services and supply. The results were incorporated into the Internal Audit review. The report was issued to the Board for review to further understand the levels of exposure and risk to our UK and global operations in order to prioritise the work we do across our business as a continual on-going new approach to our business.

The survey was conducted with all our trade suppliers' from our sourcing supply chain, which provided us with the following responses:

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- 63% are a UK registered business
- 22% of these will be required to make a statement as their turnover is greater than £36m
- 89% of companies were aware of the Modern Slavery Act
- 68% expect that there was no impact to their operations
- 69% are planning on providing training to their employees on the act
- 66% have developed or are planning to develop a specific policy in relation to Modern Slavery

We continue to work with our suppliers and are prioritising our next steps, making clear our expectations and mutual responsibilities, all of which will continue to be recorded and documented, so we can track progress, maintain a log of our work as it evolves, expanding further into our supply chains overseas and partners' operations.

Arising from this work we have identified and raised other risks in our business, many of which we have been working on and remain committed to, including, but not limited to - **Awareness and Implementation:**

On **March the 26th 2015** all of our UK manufacturers, European and UK based importers, were required to attend a seminar at our London head office. This **presentation introduced the Modern Slavery Act**, which was co-presented by David Camp, the founder of Stronger Together, ALP (Associated Labour Providers) and Fast Forward which we became a founding member of at the end of 2014. Peter McAllister, the Executive Director of the ETI (Ethical Trade Initiative) also presented. The seminar introduced all guises of modern slavery, what the Act requires of businesses, Fast Forward and the new requirements for our suppliers, including later attendance to mandatory training held by David Camp, to ensure the UK law, the protocol and expectations of the Fast Forward audit assessments were clear and understood.

We have joined a new programme with the ETI on **eastern European supply chains**, where risk also lies with migrant labour and the labour provider sector.

We continue to support and work with the ETI and Human Right Business Org on issues surrounding **Syrian** workers in **Turkey**. We continually work with our suppliers to ensure full transparency throughout our supply chain. During 2015 we had another drive during a conference in Istanbul and a further 40 units were declared to us. We travel on a frequent basis to Turkey and have visited all additional units on an on-going basis with national representatives from Intertek who also speak Arabic, to conduct spot checks, always unannounced, in addition to our regular audit programme for tier 1 factories.

We continue to work closely with the ETI and remain an active member of several working groups, including the Leicester Working Group after they published the **Leicester report with Ashridge Centre for Business and Sustainability** at Hult International Business School. The report was based on interviews with a cross-section of businesses, including clothing. Its aim was to get a snapshot of company perceptions and current responses to modern slavery at a time that the new UK Modern Slavery Act was to come into effect. Whilst we only have 3 factories in the area, we continue to support the ETI and collaborate with other retailers.

Leather tanneries in India is a risk we have identified. There have been reports through industry stakeholders reporting a wide range of worker rights issues, including discrimination against low caste workers, poor health and safety, poverty wages, child labour, environmentally hazardous work, practices to undermine rights to freedom of association and collective bargaining. We have 18 footwear and 19 leather fashion accessory factories in India and are conducting an assessment to map our leather outsourcing centres and tanneries. We have identified 36 tanneries through this exercise and are in the process of conducting due diligence on these sites.

The **Fast Forward initiative** replaces the industry standard SMETA audit for our UK supply base to aid identifying and remediating any forms of Modern Slavery. We continue to use the SMETA methodology globally, until such time Fast Forward has expanded into Europe across into the wider global supply chain.

As an immediate priority Fast Forward audits were conducted at each of our 26 UK manufacturing sites and we continue to follow through on remediation.

We have extended the work we do in Fast Forward to incorporate the labour providers associated to the factories. **Labour Providers** can be high risk and we are implementing the **ALP Complier Independent audit** assessment approach to assess labour providers.

A **register of Labour Providers** managed by ALP will extend to the non-food supply chain, providing an amalgamated list, which may help identify labour providers who have re-emerged into new supply chains.

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We chair a working group at the BRC called the **Responsible Sourcing Group**. As part of the work on Modern Slavery we have invited organisations such as CORE and Stop the Traffik to present to the member retailers on their activities to support our collective work.

We also sit on a Technical Advisory Committee overseeing the development of the **Clearview Global Labour Provider** Certification Scheme to be launched in 2017.

We are actively engaging with non-retail sector industry bodies to create a forum for sharing, learning and support on the issues of modern slavery and the Act and hope to have the first session before the end of 2016 in collaboration with the BRC and ETI.

We use an internal **whistle blowing** hotline for the business. This is to ensure all employees can raise genuine concerns about inappropriate conduct in matters of financial reporting, acts of dishonesty or any other malpractices at the earliest opportunity and in an appropriate way. We are developing an **incident response plan** specifically for modern slavery, which will be approved by the Board.

Modern Slavery Training

In 2015 we invited **Ergon** a specialist consultancy in human rights to present to senior executives from Internal Audit, Legal Counsel, Investor Relations, and Human Resources the Modern Slavery Bill (as it was at that time), the UNGP's and Human Rights to increase awareness across the business for risk management.

Due the number of factories we have in **China** we designed and developed a **capacity building training** programme with Impactt for our supplier and factories with serious issues. 3 Modules were delivered to address: 1. **Ethical Hiring** – agent & contractors, no child labour, young workers, contracts & legal practices
2. **Working hours & wages** – worker rights and worker's participation
3. Chemical safety & management, fire safety, OHS (occupational health & safety)

During September of this year we engaged with Modern Slavery and Human Trafficking expert **Stop The Traffik**. They have conducted awareness raising training sessions for senior members of staff across our business, including senior members of Buying, Sourcing management, Legal Counsel, Risk Audit, Directors, Ethical Compliance teams, Logistics, Store Operations, Human Resources and external operations.

The training programme delivers an overview of Modern Slavery, the Act and requirements of the legislation, Human Right issues and examples of cases that exist in our modern day society.

Our overseas offices and Magasin du Nord are included in the training and to reach our wider business population we are issuing a Corporate Governance document, which explains the Act, the requirements of law, guises of modern slavery and how it impacts our business and will include the incident reporting protocol.

Training seminars are being arranged for operations sited in our scope, which will include distribution centres, processing units, cleaning and waste service providers, which will be done with Stronger Together and ALP. These will be on-going as needed to meet the demands of the business and challenges ahead, including labour shortage across industry.

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

This statement was approved by the Board of Debenhams PLC, November 2016.



Chairman of the Board – Sir Ian Cheshire