

Debenhams

Modern Slavery Statement 2018

doing our bit

This Statement is made pursuant to Section 54, part 6 of the Modern Slavery Act 2015 and relates to FY 2018. This is the third Debenhams Modern Slavery statement, outlining the steps and activities undertaken during the course of the year to identify the risk of potential modern slavery and human trafficking within Debenhams supply chains and other parts of the business operations. It also highlights our future objectives, taking into consideration the salient risks and issues identified.

Introduction

At Debenhams we believe in respecting and improving the lives of workers across our supply chain. Therefore, as of March 2018 we confirmed our commitment to the BRC Better Retail Better World Pledge, joining a number of recognisable brands and retailers, to focus on the challenges surrounding modern slavery, decent work, sustainable economic growth, responsible consumption and production, reducing inequalities and climate change.

We see Better Retail Better World as an opportunity to collaborate at an industry level and effect real sustainable change on a global scale. As a company we are committed to the Sustainable Development Goals, which have become the foundation of our company wide CSR strategy 'doing our bit', aiming to positively impact our colleagues, customers and the communities we operate in.

Our business

Debenhams is an international, multichannel brand with a proud British heritage. We trade from over 240 stores with an online presence in more than 90 countries and have 26,000 colleagues worldwide. We serve our 19m customers around the world with a unique, differentiated and exclusive mix of our own designer brands, international brands and concessions product. We operate internationally through both franchise and wholesale models as well as operating our Magasin du Nord business directly in Denmark. We sell multiple product categories that are sourced from factories in 34 countries.

£2.9bn

Gross Transaction
Value

26,000

Colleagues
Worldwide

>50

Designer Brands

>240

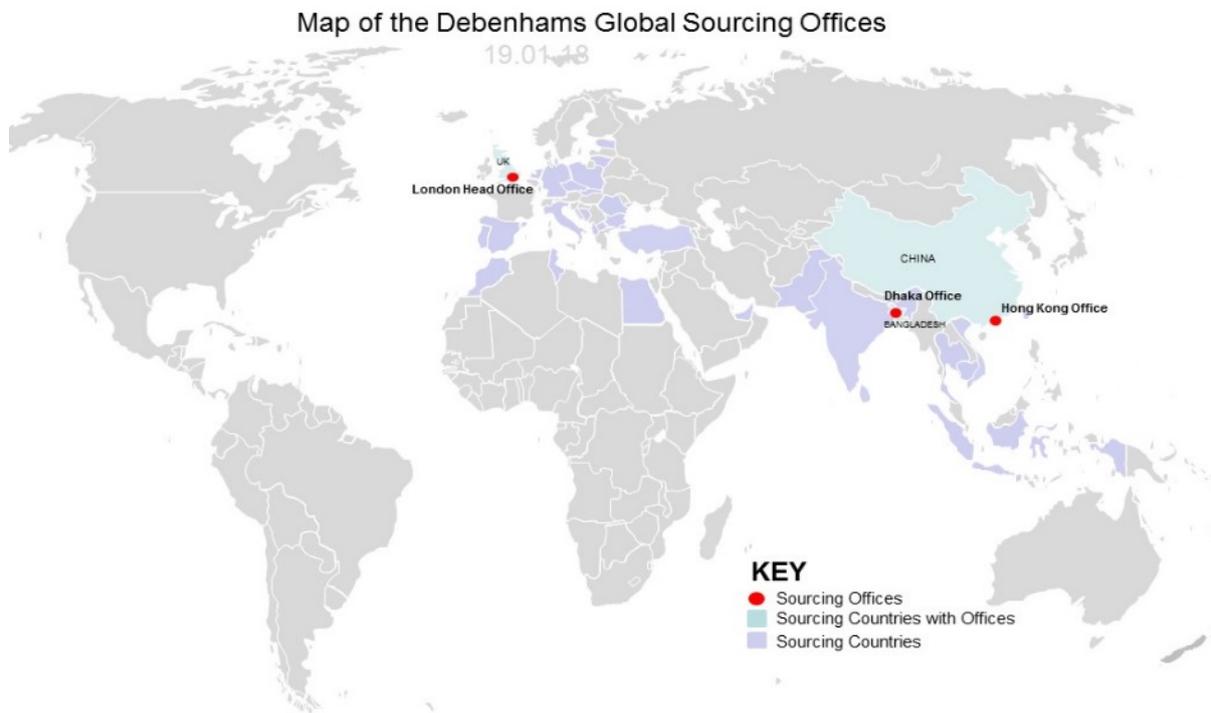
UK, ROI and
International
franchise stores

**Based upon Debenhams Annual Report 2018 data*

The Debenhams Ethical Trade team is responsible for managing modern slavery and human rights risks and consists of 8 people located across the UK, Hong Kong and Bangladesh sourcing offices. The team sits within the Sourcing Division as part of the wider business function, Fashion & Home. This structure supports alignment of the Ethical Trade strategy with

the over-arching Sourcing strategy, embedding responsible sourcing into the companies purchasing practices.

Global Sourcing Offices 2018



In March 2018, the CSR Working Group was re-established to comprise of representatives from across the business, including Sourcing, PR, Space Planning, Procurement, HR, Investor Relations, Legal and Retail. The working group has an Executive Director sponsor, with the objective to establish governance and measurement for all company CSR activities. By utilising the framework of Better Retail Better World, the working group has created a companywide CSR strategy under the umbrella of “Doing Our Bit”. Results and on-going progress of the strategy will be formerly reported to the board on a biannual basis.

Our supply chain

Our Supply Chain is separated into three areas:

- Goods for Resale - Product sold to our customers which includes Debenhams own brands sold within our stores, online and wholesale via other retailers. Our own brand products are sourced directly from factories, or through third-party supplier partners and importers.
- Goods Not for Resale - Product or services, procured by Debenhams inclusive of but not limited to: packaging, carrier bags, cleaning, distribution, logistics, shop fittings, food catering etc.
- Internationally recognised third-party brands and concessions.

Our Global supply base as of October 2018 is as follows:

| Countries | Factory Count | Total workers |
|----------------|---------------|---------------|
| China | 486 | 125,081 |
| Bangladesh | 67 | 165,043 |
| India | 122 | 44,608 |
| Cambodia | 23 | 17,200 |
| Turkey | 45 | 11,262 |
| Sri Lanka | 34 | 19,003 |
| Vietnam | 24 | 8,003 |
| Romania | 18 | 4,555 |
| Pakistan | 16 | 31,368 |
| United Kingdom | 23 | 2,198 |

34 sourcing countries
475 suppliers
938 Tier 1 factories

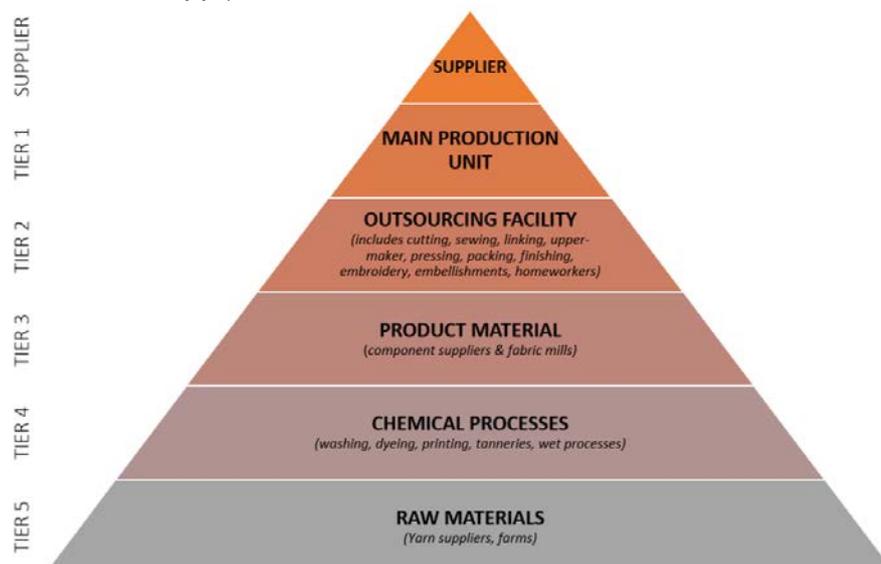
| | Total | Male | Female |
|-----------------|---------|---------|---------|
| Total workers | 453,528 | 205,203 | 248,325 |
| Migrant workers | 55,103 | 22,830 | 32,273 |

**This table details information for our Top 10 sourcing countries and is based upon 2017 – 2018 third party audit data*

We understand the challenging complexity of supply chains and associated risks that can occur due to lack of visibility, such as poor working conditions, violation of human rights and labour exploitation. Therefore, it is essential we work with our partners transparently and collaboratively to address these potential risks. For the past 12 months we have supported improvements for all three of the above supply chain areas, including sharing our Code of Conduct, capacity building and continuous supply-base monitoring.

During 2018 we continued to build upon the work already completed for Goods Not for Resale and Services Providers, which includes mapping of their supply chain, risk assessment via the Human Rights Questionnaire, identification of labour providers and supporting our supplier partners through training and capacity building.

In addition, Tier 1 of our supply base has been fully mapped, audited and we continue to support our suppliers with implementing their ongoing improvements. The full [tier 1 factory list](#) is publicly disclosed as part of our ongoing pledge to support transparency. As part of the 2019 strategy, the programme scope will be extended to enable us to continue our work mapping beyond Tier 1 of the supply base.



Our policies & commitment

As a fundamental part of our Supplier Code of Conduct, Debenhams respects International principles of Human Rights, including but not limited to those expressed in our Human Rights Policy, UN Declaration of Human Rights, United Nations Guiding Principles, Sustainable Development Goals and those principles contained within the Modern Slavery Act 2015.

All Ethical Trade policies have ownership at company board level, with the aim to protect the employee welfare and basic human rights within our supply chains. These policies are as follows:

- Modern Slavery Statement
- Human Rights Policy
- Code of Conduct

The policies have been made in line with the UN guiding principles and are influenced by civil society, unions, NGOs, multi-stakeholder initiatives and brand collaboration.

Over the past 12 months we have made the following changes to our company policies and processes, to support the ongoing efforts to reduce the risk of modern slavery.

- A Modern Slavery clause is now integrated into all newly issued contracts (Conditions of Trading), including those made with our supplier partners and service providers.
- The Supplier Code of Conduct was reviewed, with reference now being made to practices relating to International Principles of Human Rights, United Nation Guiding Principles and the Modern Slavery Act.
- The scope of our policies has been expanded to include Goods Not for resale, Service and Labour Providers, who support and operate within our business.
- Increased focus on health and safety, inclusive of building structure safety, dormitories and treatment of home workers

The implementation of all company policies is supported by an embedded governance structure, which extends from board level to in-country ethical trade colleagues.

In 2019 as part of the forward strategy we will be introducing detailed policies on Ethical Recruitment and Child Labour Remediation. Even though these items are already an integral part of the Supplier Code of Conduct, by creating individual policies we hope to strengthen and focus efforts within these areas, with the aim of protecting the most vulnerable workers within our supply chain.

Assessing & managing risk

Whilst we acknowledge that modern slavery exists in many forms in all countries, industries and areas of operation, we have been proactively focusing on understanding the key risks in our supply chain and operations, with the aim to identifying indicators and potential victims.

We have implemented a detailed risk assessment process at country level to identify the salient issues within our sourcing countries. This process includes using industry research from NGO's and global Trade Unions, as well as utilizing our own third party audit data, leading to creation of a risk matrix which has been a key tool in adapting our Ethical Trade programme.

The following table demonstrates the risk analysis undertaken for our top 10 sourcing countries:

| Countries | No. of Factories | Total Workers | Audit Data | Industry Risk Rating | NGO Research | Global Trade Union Research |
|----------------|------------------|---------------|------------|----------------------|--------------|-----------------------------|
| China | 486 | 125081 | ● | ● | ● | ● |
| Bangladesh | 67 | 165043 | ● | ● | ● | ● |
| India | 122 | 44608 | ● | ● | ● | ● |
| Cambodia | 23 | 17200 | ● | ● | ● | ● |
| Turkey | 45 | 11262 | ● | ● | ● | ● |
| Sri Lanka | 34 | 19003 | ● | ● | ● | ● |
| Vietnam | 24 | 8003 | ● | ● | ● | ● |
| Romania | 18 | 4555 | ● | ● | ● | ● |
| Pakistan | 16 | 31368 | ● | ● | ● | ● |
| United Kingdom | 23 | 2198 | ● | ● | ● | ● |

** Information based upon 2017 – 2018 third party audit date, Freedom House Index 2018, 2018 ITUC Global Rights Index and third party audit company risk assessment data*

Our approach

Having established risk, it is important that we conduct due diligence to identify indicators of Modern Slavery within our own supply chains and operations and establish whether there are sufficient controls in place and access to remedy for any affected workers.

Through our audit programme process and based upon our internal grading matrix, we grade the individual non-compliances against the ETI Base Code either Critical, Major or Minor. Through our simplified traffic light system, the factory ethical grading status is shared with the suppliers and the performance is monitored constantly by our Ethical Trade team through 1-2-1 meetings. Critical issues are prioritised to be addressed immediately within mutually agreed timelines.

The Debenhams Ethical Trade teams work with suppliers and factories to provide guidance and support implementation of improvements within the factory following the issues highlighted via the third-party audits. The Ethical Trade team will follow the below process:

- Collecting data and information about the facility to build better understanding of associated risks
- Reviewing all third-party audits identifying indicators of forced labour risks, and effectively report on concerns in a manner that is in the best interest of potential victims
- Support the supplier in creating a corrective action plan, including addressing the root cause, setting out realistic timelines and follow-up with the supplier on their progress

During the period of 2017-2018 the Ethical Trade team conducted over 450 factory visits, to support remediation, conduct training and support implementation of corrective actions identified within the third-party audit. This would have included critical non-compliances, indicators of Modern Slavery, young workers, health and safety issues, wage violations, excessive working hours, lack of legal employment contracts and discrimination against migrant labour.

We continue to work with suppliers by providing training and awareness, in collaboration with other retailers and local actors, to support with implementation of their remediation plans.

In addition, we work with external partners to ensure remediation and the protection of vulnerable workers in instances where labour violations or occurrences of modern slavery have been identified. Some examples of our work in this area is detailed below:

- Shared information with the GLAA (Gang master Labour Abuse Authority) to support an on-going investigation regarding the illegal practices conducted by a labour provider.
- Continued the use of the Fast Forward programme to assess our own brand manufacturing sites in the UK, including warehouses and Goods Not for Resale. The assessment programme helps us identify indicators of Modern Slavery and includes worker-voice feedback.
- In collaboration with union affiliates, improvements have been made in the area of Freedom of Association in countries such as Turkey (refer to case study below) and Sri Lanka, in order to provide remedy to workers.
- Continue our partner approach with suppliers by providing capacity building through programmes such as the China Factory Improvement Collaboration (CFIC) programme and ILO Better Work.
- Working in partnership with our nominated third-party audit company creating an “Alert Protocol”, that states if a “Zero Tolerance” issue is found within the factory, necessary steps are taken, which include prioritizing the safety of the affected workers and finding the root cause.
- Through the established third party audit programme, auditors will leave contact details with worker representatives within the factory in case they want to raise any confidential grievances.

Case Study 1

A young child was identified visually at a Vietnam factory by the auditors during an annual social audit through ILO Better Work partner. The young girl was 14 years and 8 months (legal age is 15 with parental consent) and working for a subcontractor unit of the factory for a week. The young girl had used her older sisters ID card to gain employment, hired through a subcontractor. The factory had recently started working with this subcontractor and did not thoroughly check the worker’s identification. Debenhams worked with our partners ILO Better Work to set up a remediation plan where the girl was immediately removed from the factory and placed back in the care of her parents and back into education, while the local Chief Labour Inspector was notified. Through the support from the supplier and the programme partner, remediation was organised with sufficient compensation payments made to the girl. Further training was conducted within the factory by ILO Better work on Ethical Hiring practises along with ground level support.

Case Study 2

In November 2017, Debenhams together with other high street brands were contacted by a Turkish Union with the information that one of our Turkish supplier factories had terminated Union workers. The Union submitted evidence to contradict the factory claims that the terminations were due to the business levels being reduced. We worked with the supplier, brand, the union and ETI (Ethical Trading Initiative) to collectively raise awareness to the workers on Freedom of association and collective bargaining at the factory. Further facilitated meetings with the union members and the factory management were conducted to resolve the issues, which resulted in the management reinstating the terminated workers with full compensation.

Training & awareness

We recognise that audits do not provide a full picture of the conditions within the factory. Therefore, we collaborate with a number of programme partners and member organisations as a way of educating our suppliers about the root causes of issues and to support them in their improvements.

Please see the below summary of our key capacity building activities and results:

| Programme / Partner | Description | No. of Suppliers / Factories | No. of Workers Impacted |
|--|---|------------------------------|-------------------------|
| Debenhams Ethical Trade Team | Monitoring and management of the supply base through 121 meetings, factory visits, training & capacity building and spot checks | 300 + supplier meetings | 300,000+ workers |
| ACT Brands Living Wage  | Collaborative initiative bringing together international brands, retailers, manufacturers and global trade unions to address the issues of living wages in the garment sector through industry-wide collective bargaining and improved purchasing practices | Pilot country Cambodia | Still undefined |
| Fast Forward Assessments UK  | Audit programme covering key indicators of Modern Slavery. All UK manufacturers are audited under this programme and are required to attend training workshops. The programme scope has been extended to include our re-processors, warehouses and some of our goods not for resale suppliers | 50+ factories | more than 7000 workers |

| | | | |
|--|--|----------------------------|--|
| <p>Association of Labour Providers</p>  | <p>Audit tool designed to improve compliance and demonstrate due diligence for labour providers</p> | <p>18 Labour Providers</p> | <p>Supplying workers to the above 25 sites in the UK</p> |
| <p>ILO Better Work</p>  | <p>Audit assessments conducted by the ILO in Cambodia, Vietnam, Bangladesh and Indonesia, with a focus on health & safety and supervisory skills.</p> | <p>40 factories</p> | <p>62,000 + workers</p> |
| <p>Sudokkho Bangladesh Worker Skills Training</p>  | <p>Funded by DFID and Swiss Connect. Skills training for factory workers aiming to increase quality, productivity and pay.</p> | <p>19 factories</p> | <p>3000+ workers</p> |
| <p>Debenhams Swasti LIFE</p>  | <p>Peer education training for workers in our Indian supply chain, with a focus on female empowerment by strengthening life skills</p> | <p>6 factories</p> | <p>6000+ workers</p> |
| <p>China Factory Improvement Collaboration Programme</p>  | <p>Off-site training conducted by Impactt to look at Health & Safety, Ethical Hiring, Wages and working Hours. In 2017, 6 other retailers joined to create broader reach and scope across China.</p> | <p>55 factories</p> | <p>16,000 + workers</p> |
| <p>Turkey Project</p> | <p>Assessment of subcontractor units through factory visits as well as working with ETI to implement the UNGP's on Business and Human Rights with a focus on Syrian workers, workplace dialogue and freedom of association</p> | <p>27 factories</p> | <p>7000 + workers</p> |
| <p>ACCORD</p>  | <p>An independent agreement between international retailers and IndustriALL union for the garment sector in Bangladesh, focusing on building structure, fire safety and electrical safety</p> | <p>62 factories</p> | <p>160,000 workers +</p> |

| | | | |
|--|---|-------------------------|---------------|
| <p>Business Social Compliance Initiative (BSCI)</p>  <p>Business Social Compliance Initiative</p> | <p>Audits and Surveillance for factories supplying to our European business Magasin Du Nord</p> | <p>65 factories</p> | <p>7000 +</p> |
|--|---|-------------------------|---------------|

As well as our established capacity building programmes above, we continue to work with external training partners, some of which are detailed in the below table:

| Training Partners | Training Outcomes |
|--|--|
| Alliance HR | All UK suppliers and factories participated in the Stronger Together and Fast Forward workshops and webinars conducted by Alliance HR. The Goods Not for Resale, Service providers, UK based warehouse suppliers and UK importers were trained on UK labour law, Modern Slavery Indicators and audit requirements |
| Gang Masters & Labour Abuse Authority (GLAA) | Awareness raising on Labour Providers and the associated risks that could lead to exploitation of vulnerable workers. The training was provided by the GLAA at a supplier conference. |
| British Retail Consortium (BRC) | Training on Human Rights, United Nations Guiding Principles and Modern Slavery provided to Debenhams staff through partner British Retail Consortium |
| Ethical Trading Initiative (ETI) | Transparency, Modern Slavery, Gender, United Nation Guiding Principles, Freedom of Association and Worker Representation workshops to Debenhams staff |
| Impactt | China Factory Improvement Collaboration programme through partner 'Impactt' continues from 2017 into this year to with our key strategic factories, focusing on Key Modern Slavery Indicators. This initiative, founded by Debenhams was shared with 7 other brands as industry best practise and continues to run effectively |
| Debenhams LIFE Swasti Programme | Our key strategic suppliers in India continue to be educated and trained by NGO partner Swasti, strengthening their life skills, understanding their rights and Modern Slavery awareness. |

2018 - 2022 CSR Strategy



In March 2018, we committed to the British Retail Consortium (BRC) Better Retail Better World Sustainable Development Goals which is now the foundation of our Corporate Social Responsibility strategy, based upon three key pillars for our business:

- Equality
- Communities
- Environment

Going forward our Human Rights and Modern Slavery policy will be in line with the activities undertaken under these pillars. These goals are now incorporated within our sourcing principles and new CSR strategy 'Doing our bit' launched in October 2018 this year.

Sourcing Principles

- The right balance of supplier model to deliver the needs of the business
- Source the right products from the right suppliers in the right countries
- Create and manage strategic supplier partnerships
- Focus on the price we pay for our products, paying a fair price
- Prioritise quality and provenance

Objectives

Following on from the salient risks that have been identified through our collaborative risk assessment process, Debenhams recognises the Modern Slavery risks in the following six key areas which will form our goals and objectives as below:

- Addressing women workers within our supply chain who are vulnerable to exploitation and Modern Slavery focusing on gender equality, wellbeing and discrimination
- Reviewing ethical hiring and recruitment policies, protecting vulnerable workers, which include migrant and child labour
- Supporting worker representation in our key sourcing countries
- Transparency, by focusing beyond tier 1 within our own internal business and our supply chains

- Improving health and safety, promoting a safe working environment within high risk supply chains
- Supporting the living wage process through responsible internal purchasing practises

<http://sustainability.debenhamsplc.com>

On behalf of Debenhams plc.

A handwritten signature in black ink, appearing to read 'Duddy', with a long, sweeping underline stroke.

Terry Duddy
Interim Chairman