

## River Island Modern Slavery Statement 2018

River Island is a family business, and we have a steadfast commitment to protecting the human rights and the dignity of all persons within our global supply chain. Furthermore, we have an underlying and long-standing commitment to ethical trading based upon the firm belief that business can be both profitable and responsible. We take the elimination of modern slavery very seriously and we have incorporated this objective into our ethical trade policy and programme. We are committed to working collaboratively with key stakeholders such as the ETI and its members, government bodies, NGOs, local authorities and other partners, in order to tackle this global challenge. In 2018, River Island's main (Tier 1) factories employed 360,000 workers of which 190,000 were women.

The following statement has been published in accordance with the Modern Slavery Act (2015) and outlines the steps River Island has taken during the financial year ending 29 December 2018 to identify and prevent modern slavery and human trafficking from taking place within our business and supply chains.

### (A) About River Island

River Island is a leading multi-channel fashion brand based in the UK, selling womenswear, menswear, kidswear, and homeware. River Island was established in 1988 and is part of the Lewis Trust Group, which is a privately-owned business. The Group was started in 1948 by Bernard Lewis, and he and his family are still actively involved in running River Island today.

We have 319 stores in 14 countries on 3 continents, and we sell to over 120 countries online. River Island's annual turnover in 2018 was approx. £1bn.

Our **Head Office in West London** is home to the Design and Development, Buying and Merchandising, Marketing, Technical, Ethical, Sourcing, Logistics, Legal and Finance teams. Our DC in Milton Keynes receives, holds and distributes our products to stores, wholesale partners and online customers. Our IT teams are based at both our Head Office and our Tech-Hub in East London.

Total Number of Employees in 2018:

Head Office 1330  
Distribution Centre 648  
Retail 6788

**Our product** is predominantly "own label" and includes clothing, footwear, bags and accessories, and Homeware. In 2018, we sourced from 29 countries, but the "Top-5" countries – China, Turkey, Romania, India and Bangladesh – accounted for 72% of our range. The Top 12 countries supplied 92% of our range.

We work closely with our suppliers and aim to build long-term sustainable business relationships. In 2017, we worked with 285 product suppliers (574 factories). Seventyfive per cent of River Island products came from the "Top-50" suppliers (the "Top-20" are 55%).

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We also source a wide range of goods and services such as shop-fitting, packaging, cleaning, catering, logistics, security, IT, marketing, ecommerce, advisory and so forth (collectively referred to as “goods not for re-sale” or “GNFR”) from third party suppliers, the vast majority of which are UK based.

## **(B) RIVER ISLAND POLICIES – relating to slavery and human trafficking**

**Supplier Manual** – River Island Suppliers are contractually bound by the terms and conditions in our Supplier Manual which include adherence to the following policies, for the protection and promotion of human rights:

**River Island Ethical Policy** (based on the ETI base Code)

**Download our booklet.**

This Policy defines the shared ethical responsibilities between suppliers and River Island buyers.

**River Island Anti-Slavery and Human Trafficking Policy**(incorporated into our Contracts in 2016)

**Download policy.**

**Employee Contracts** all River Island employment contracts directly incorporate a suite of policies designed to protect worker rights and promote a safe and fair supply chain. These include the River Island Ethical Policy referred to above, the River Island Anti-Slavery and Human Trafficking Policy referred to above, the Anti-bribery and Corruption Policy, and the Whistleblowing Policy.

**GNFR Contracts** all require compliance with the Modern Slavery Act, and those relationships deemed to be operating in "higher-risk" areas, according to the criteria set out below, specifically require adherence to our River Island Anti-Slavery and Human Trafficking Policy.

## **(C) DUE DILIGENCE and assessment of Modern Slavery risk in 2018**

River Island has been a member of the ETI since 2008 and we adopted the ETI base code as the minimum standards against which our product suppliers and factories are consistently measured. Since 2016 this has included an ongoing assessment of Modern Slavery risk. Whilst our ethical approach continues to be based on building trust and transparency with our suppliers and factories (in order to fully understand the conditions, risks, and challenges that exist), we realise that the potentially deep-rooted and systemic practices associated with Modern Slavery may not be identified through pre-arranged visits.

Since 2017 we have conducted 96% of our Ethical Audit visits on an unannounced basis. We aim to collaborate with suppliers and factories to make

improvements as required, but we will discontinue business with any supplier or factory who persistently fails to do any of the following: be open and honest; take responsibility for meeting our ethical standards; and make required improvements to rectify serious non-compliances within an agreed time frame. Our focus to date has been on the “First-Tier” suppliers, factories and sub-contractors who directly manufacture our products.

Our on-going Modern Slavery due diligence covers the following key areas:

**New supplier/factory set up process:** Orders cannot be placed with any supplier/ factory until it has completed pre-assessment and approval by the River Island Ethical team (as well as Technical and Commercial). This includes all first-tier sub-contractors. We review independent 3rd-party audits (SMETA) and corrective action plans, and we may also conduct River Island validation audits according to risk.

**Visibility of production location:** Suppliers are contractually obliged to manufacture River Island products at the factory named on the Purchase Order (PO). Only pre-approved sites may be used, and written approval is required in the event that the location needs to change. This allows us to report, measure and risk assess our product supply base according to location and business levels. Ethical audits and resources are prioritised and managed accordingly.

**Unannounced/illegal sub-contracting:** Our Ethical Policy dictates that only audited, approved factories and sub-contractors are used. However, we recognise that we cannot be complacent to the risk of illegal sub-contracting to units with ethical failings (including potential for Modern Slavery conditions and practices).

We have continued to focus on identifying and preventing first tier sub-contracting. In 2018, and as stated earlier in the report the vast majority of factory visits were unannounced and continue to include extra processes to spot check that individual products are in production at the agreed location and date, and to highlight any missing products. Records are investigated to identify any undeclared production units, which are then visited in order to assess working conditions.

We consider the circumstances and underlying causes of each issue found before taking the appropriate remediation and corrective actions with the Supplier/factory. For example, the unit completes the mandatory “New Factory Set Up” assessment and approval process and we implement a continuous monitoring programme with the supplier/factory. As a result of our increased efforts, in 2018 we uncovered 11 instances of unapproved sub-contracting which led to remediation with 8 suppliers (11 production sites).

Serious and repeated breaches of our Ethical Policy, and repeated lack of openness and cooperation, can lead to the supplier or factory being removed from our approved list.

**Case studies:**

*During a six-month period in late 2017 and early 2018 we discovered two key suppliers were subcontracting our orders to unapproved sites in Turkey. Due to this, we had several meetings with both suppliers alongside the buying teams and took immediate action to stop this taking place. We arranged several unannounced audits and visits to various sites and carried out full order checks as a key part of these visits. We are very aware that the most vulnerable workers are those in hidden production sites, and with the further complication of Syrian and other refugees in the region, we took very swift action to remedy the situation and regain full visibility of our production.*

*Following this incident, we held an Ethical Trade Supplier Day in Istanbul, attended by over 40 suppliers. We provided training and discussion, supported by external industry experts on topics including: Supply Chain Transparency; Homeworking; Modern Slavery; Syrian refugees; River Island Supplier Agreement; and Subcontracting. The content was delivered in both English and Turkish using live translators. As part of the process to lower the risk of subcontracting, we offered all suppliers a 30-day factory amnesty to make us aware of any unapproved sites being used, and to make us aware if they were struggling for capacity so that new units could be proposed to reduce the chance of ad hoc subcontracting.*

**Supply base risk assessment:** We are aware that some production locations carry a higher potential risk of Modern Slavery and Trafficking. Key risk factors include: migrant labour (within a country or between countries), a high presence of refugees, young workers (risk of child labour), contract and agency workers, outsourced HR functions and female workers. In addition, the security situation and increasing threat of terrorism in some countries makes it more difficult to travel safely in order to conduct visits. Turkey, China, India and the UK continued to be rated as the higher risk countries from which we source. Overall business with these countries has reduced by 6% since our previous statement.

We assessed Turkey, China, India, UK and Mauritius as the highest risk areas for modern slavery risk.

**River Island ethical audits and visits:** We have Ethical Teams based in five key manufacturing countries who travel regionally to conduct regular audit/visits to factories. They follow-up on 3rd-Party audits, monitor corrective action plans and support with issue resolution. The vast majority of these visits are unannounced to uncover the real ethical conditions and validate that products are being manufactured in the agreed factory. We aim to work pro-actively when issues are found, and we ask that suppliers and factories work with us based on a continual improvement programme methodology to correct issues and improve transparency.

During 2018, our Ethical Team assessed 421 factory audits and conducted 218 Ethical site visits, including 49 in Turkey, 47 in China, 36 in India, 40 in UK and 36 in Eastern Europe, 10 in Pakistan.

**Supplier Performance Review:** : Compliance with River Island Ethical Policy is a contractual responsibility for suppliers. River Island Buying Teams review “end-to-end” supplier performance at least twice a year. The Ethical Team provide an

ethical score/summary for each supplier to ensure that the Buying Teams are aware of and consider ethical performance and risk when compiling their sourcing plan. Buyers review the plan with their Divisional Director and the Head of Sourcing and Ethical, prior to each new buying season, and this includes a discussion of any ethical risks and required actions.

### **Supplier Strategy:**

We are focusing on supplier consolidation and alignment across River Island divisions to drive closer collaboration, improved end-to-end performance, and mutual business benefits with our key Suppliers. This commitment was communicated by our CEO and senior Directors at our Supplier Conference in October 2018. Since then, we have launched a **Strategic Supplier Programme** to drive this initiative further -with increased focus on responsible sourcing and innovation. Further details will be included in our 2019 Modern Slavery Statement.

**ETI working Groups and Collaboration:** In order to address significant and widespread ethical challenges, we are collaborating with other brands, industry experts, NGO's and other stakeholders. For example:

**UK Fast Forward Programme:** We continue to be a member of the UK Fast Forward Improvement Programme( [Download leaflet.](https://www.fastforwarduk.org/) )<https://www.fastforwarduk.org/>), working with other brands under the guidance of David Camp. David was the founder of an initiative known as 'Stronger Together,' created specifically to tackle the issue of modern slavery in the agricultural and food industry. He adapted the same robust audit methodology and approach to apply to all UK-manufacturing factories.

During 2018 we continued with Fast Forward factory training, including initial audits and unannounced validation audits, on all River Island UK factories (including First Tier sub-contractors). We have now consolidated our UK business into factories that can clearly demonstrate compliance and ongoing improvements. During 2018 we conducted 40 UK Fast Forward visits, including all Tier 1 factories; as well as 12 2nd-Tier units (printers/Laundries and Packing Units); and 3 warehousing units.

**Fast Forward Programme Case Study – UK Re-processor** *As part of our commitment to the Fast Forward programme, we have worked with several areas of our UK supply chain to ensure that standards for workers are being maintained and that that suppliers are aware of their commitments to the programme.*

*As part of this programme we have been working with a key UK Reprocessing Site who were initially struggling to meet the required standards and benefitted from the training and support that the programme brings.*

*When we initially engaged with them on the programme they had several issues in the areas of recruitment, holiday pay, right-to-work procedures and general management systems which made it difficult for us to have full transparency of the site and put them at a high-risk status.*

*After working with them over several months helping to give support and guidance, in early 2018 they achieved 'Performing' status. We will continue to work with them in 2019 with the aim of their achieving 'Leading' status.*

**Migrant Labour Model:** : The risk of Modern Slavery is increased in all countries where migrant labour is relied upon. In 2018, we collaborated with other brands in targeting countries to visit, assessing and monitoring our shared key factories, and in recruitment practices, to ensure that migrant workers are employed legally and ethically. Of our 360,000 tier 1 workers, 22,000 workers were reported to be migrant workers.

**Migrant worker Case Study: Dongguan, China** - *During an unannounced factory audit (conducted jointly with another ETI brand) our auditor checked the ID of a young worker and discovered that he was a child worker whose actual age was 15 years, 9 months. The supplier and factory manager were instructed to keep the worker safe in the dormitory pending a return visit, by our auditor and a local NGO. The worker was returned to his home town where his father was living and was visited on several occasions by the NGO, and the supplier. They were chosen to visit him as they could clearly identify the child from earlier meetings and ensure that all remediation plans put in place were being maintained. Initially the child was not willing to return to school but chose to complete a mechanic training course instead. At End Dec 2018 after completing the mechanics course he decided to return to full time education and this will be fully funded until he has completed the chosen course.*

*On the strength of this issue, we have implemented recruitment training for all the factories linked to this supplier - 4 sites in total.*

*Our 2019 Supplier Ethical Conference in, China, will re-iterate this recruitment information to all suppliers (as well as subcontracting, and supply chain transparency issues which have significantly increased the risk of Modern Slavery in the region).*

**Business wide operational due diligence:** We continue to carry out due diligence and risk assessments across the rest of the business in respect of Goods Not for Resale (GNFR). Every GNFR relationship has also been assessed and graded according to risk. Any supplier of GNFR rated as medium or high risk for the purposes of modern slavery now has our Anti-Slavery and Human Trafficking Policy incorporated into their contract, including an express commitment to comply.

## **(A) MODERN SLAVERY GOVERNANCE**

**Sourcing, Ethical and Supply chain Steering Group:** : Held quarterly and chaired by our CEO. Also, in attendance are our COO, our CCO, the Buying Directors and the Supply Chain Director. We review the current supply base and sourcing strategy, as well as highlight any key risks and actions which may be required to comply with River Island's Ethical Policy and Anti-Slavery and Human Trafficking Policy.

**Modern Slavery Working Group:** Reporting to the General Counsel, and with input and guidance from the Ethical Sourcing Manager, this cross-functional group of senior managers from all River Island operations (DC, stores, HR, GNFR procurement and UK Facilities) focuses on the supply of non-branded products, as well as River Island operations and services.

## **B) MODERN SLAVERY AWARENESS AND TRAINING**

**Ethical Sourcing induction:** All River Island Buying Teams and new joiners attend mandatory Ethical Sourcing induction sessions which give a detailed introduction to the ETI base code. We also have an online Modern Slavery training module. Completion of this interactive module is mandatory for all Head Office functions and is now being extended to all River Island UK sites. We monitor completion rates and scores to ensure awareness and understanding of Modern Slavery in all relevant areas of the business.

**Industry training and participation** As an active member of the ETI we regularly participate in briefing meetings and Working Group meetings, providing valuable opportunities to raise awareness, share experiences/learnings and collaborate on resolution of key issues including modern slavery, Freedom of Association and Gender Equality.

In 2018 we signed up to the **Apparel and General Merchandise Public Private Protocol** which is a joint agreement aimed at combating labour exploitation in UK clothes manufacturing. This protocol commits signatories to work together to eradicate slavery and exploitation in textile supply chains. They have pledged to raise awareness to prevent worker exploitation, protect vulnerable and exploited workers and disrupt exploitative practices and help bring criminals to justice. The group includes several leading UK Fashion Brands along with key Enforcement bodies including the Gang Masters and Labour Abuse Authority (GLAA), Department for Work and Pensions (DWP), Employment Agency Standards inspectorate, Health and Safety Executive (HSE), HMRC, Immigration Enforcement and the Insolvency Service have also signed the document, The protocol is also supported by industry bodies British Retail Consortium, UK Fashion and Textiles Association, and auditing system Fast Forward.

<https://www.gla.gov.uk/i-am-a/i-use-workers/apparel-and-general-merchandise-public-private-protocol/>

## **(C) NEXT YEAR**

We are only at the beginning of a long journey towards the eradication of modern slavery on a global scale. We need to stay aware of the ever-changing trends and risks caused by political, environmental as well as economic factors, such as wars, migration, labour shortages and rising costs.

Our suppliers are our partners, and we stand a much better chance of successfully tackling modern slavery if we have a shared understanding and a shared accountability for the outcome.

In 2019, we will continue to focus our work in our product supply chain, using our in-country teams to audit, and provide support and guidance to factories. Our teams are building ever greater awareness and experience of modern slavery, and the use of agents and trafficking, and we will continue to collaborate and share experiences and information with NGO's, other ETI brands, suppliers and local agents to build effective solutions (including worker remediation, detection and prevention). We will continue to cascade these learnings via our regional Supplier Ethical Conferences (in China and India, in 2019).

In 2019, our Sourcing Strategy is focused on supplier consolidation, based on performance. We now have: central visibility of Supplier scorecards; a new X-Divisional management structure; and a new Strategic Supplier programme. This will help drive supply chain consolidation, collaboration, performance, and visibility. Responsible and ethical sourcing is at the heart of this strategy.

We will continue to add Tier 1 processors (printers and laundries) to our audit and risk assessment process. We will also build reporting and visibility of our key fabric mills (prioritised according to River Island business level and leverage) as a first step to enabling "Tier 2" visibility and risk assessment at a future stage.

In 2019 we will also continue to further map the GNFR supply chain and expand our risk assessment exercise. We will be exploring initiatives within each department to further reduce the risk of modern slavery subsisting, and we will carry out audits where necessary.

We will continue to look at ways of measuring the performance of actions we take to combat modern slavery and human trafficking both within our business and our supply chain, to help us monitor how effective our practices have been.