

RIVER ISLAND

Modern Slavery Statement 2019

River Island has 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 2019, River Island's main (Tier 1) factories employed 325,000 workers of which 164,000 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 28 December 2019 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 and kidswear. 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 318 stores in 13 countries on 3 continents, and we sell to over 120 countries online. River Island's annual turnover in 2019 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 2019:

Head Office 1202

Distribution Centre 724

Retail 5497

Our product is predominantly "own label" and includes clothing, footwear, bags and accessories, and Homeware. In 2018, we sourced from 30 countries, but the

“Top-5” countries remained the same as 2018 – China, Turkey, Romania, India and Bangladesh – and accounted for 73% of our range. The Top 12 countries supplied 94% of our range.

We continued to work closely with our suppliers and to help build and maintain long-term sustainable business relationships. In 2019, we worked with 335 product suppliers (533 factories). 78% of River Island products came from the “Top-50” suppliers (the “Top-20” are 56%).

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)

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)

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 2019

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 97% 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 although during 2019 we commenced the mapping our tier 2 sites in the UK, Turkey and India and will look to increase this visibility during 2020.

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.

Unapproved 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 unapproved 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 2019, 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 and where required these will be added to our approved list of production units.

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 2019 we uncovered 15 instances of unapproved sub-contracting which led to remediation with 9 suppliers (15 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.

Sub-contracting Case study:

During late 2018 and early 2019 we discovered that a key supplier to River Island had several issues with undeclared sub-contracting when several unannounced visits were carried out to their production sites. During early 2019 a plan of action was put in place to remedy the situation and it was quickly noticed that the supplier was not in control of the orders it was placing and was not informing its factories of the full ethical requirements of River Island.

With this we immediately met with the supplier and put a plan in place to reduce the risk of subcontracting and ensure that full control of the orders was put back with the supplier. They have since appointed an in-country representative who now works closely with our in-country team in China and has had thorough training to understand the River Island Code of Practice and Ethical Requirements that need to be in place.

We will continue to monitor their progress during 2020 and give additional training as required to build capacity within the supplier's team and factory base to ensure ethical standards are improved. We are keen to get their representative talking more directly with the workers about specific issues and hope to engage the workers in a formal programme during 2020.

Root Cause: The supplier was not fully in control of the orders that it was placing at its production sites but after further training with our Ethical Team, they now understand what is required to be a partner with River Island. The supplier was not monitoring the factories or their workers on a regular basis and did not make its production sites fully aware of the River Island Code of Practice and its full Ethical Requirements.

In-Country Supplier Training:

As part of our on-going ethical programme we offer our suppliers constant training and advice to help them meet the River Island ethical code of conduct requirements. All members of our in-country teams are experienced in various areas of Ethical Trade and can offer help and support to the Suppliers, factories and workers if required.

Following on from the successful Ethical Trade Supplier Day in Istanbul in 2018, during 2019 we held training days in India (Delhi) as well as in both the North (Shanghai) and the South (Dongguan) of China. At these venues, we provided training and discussion, supported by external industry experts on topics including: Supply Chain Transparency, Homeworking, Modern Slavery and how it links closely to the requirements of the River Island Supplier Agreement, Subcontracting and Regional Recruitment Practices and Issues.

The content was delivered in both English and the local language using live translators. As part of the process to lower the risk of subcontracting, we again 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. We feel that all of these topics are closely linked and potential

causes of Modern Slavery and it is our responsibility to ensure that our suppliers understand the current issues that exist to increase their capacity to deal with them if and when they may arise.

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.

Turkey, China, India, Mauritius and the UK are still assessed as having the highest Modern Slavery risk within our supply chain.

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. In 2019 over 99% of these visits were unannounced to enable us 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 2019, our Ethical Team assessed 464 factory audits and conducted 242 Ethical site visits, including 58 in Turkey, 48 in China, 31 in India, 27 in UK and 26 in Eastern Europe.

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 continuing to focus 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.

During 2019 we launched our **Strategic Supplier Programme** to drive this initiative further -with increased focus on responsible sourcing and innovation. with 10 key suppliers (approx. 40% of our business at cost value). Each received a personalised Strategic Supplier booklet outlining River Island's commitment to closer collaboration, shared visibility and planning, and improved ways of working. It defines the expectations and benefits for both parties. Improved

visibility of strategy and planning, and greater openness to jointly discuss cost challenges and initiatives has driven benefits already. Examples include: reduced sample and courier costs; product engineering benefits; more supplier "self-approvals"; cross-divisional fabric buying and savings; a focus on combining orders to reduce the mix of small (inefficient) orders.

ETI working Groups and other 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 (<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 2019 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 continued to consolidate our UK business into factories that can clearly demonstrate compliance and ongoing improvements. During 2018 we conducted 27 UK Fast Forward visits, including all Tier 1 factories; as well as 6 2nd-Tier units (printers/Laundries and Packing Units); and 3 warehousing units.

Fast Forward Programme Case Study – UK Re-processor – 2018 Report Follow-up

As discussed in our 2018 report as part of the Fast Forward programme we had been working with a key UK Reprocessing Site who were initially struggling to meet the required standards due to the poor transparency of the site which put them at a high-risk status.

In early 2018 they achieved 'Performing' status and finally in July 2019 they achieved 'Leading' status which was a great achievement on their part. We have continued to work closely with them during since this, and we have created a great partnership together on the Fast Forward Programme.

Migrant Labour: The risk of Modern Slavery is increased in all countries where migrant labour is relied upon. In 2019, we continued with our brand collaboration 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.

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.

Case Study: River Island Distribution Centre Modern Slavery Incident – Dec 2019

During late 2019 there was an incident in the River Island Distribution Centre which initially presented itself as a potential case of Modern Slavery with the worker in question showing several signs that he may have been held under financial control by a third party.

Working with our partner employment agency and the GLAA we were able to carry out thorough checks on the individuals involved and ensure that the worker was not in any risk. We quickly identified that the actual issue was a case of bullying by one worker to another which was quickly remedied.

Although the processes that we already had in place allowed us to deal with the case quickly and ensure there was no threat to the worker involved, we have since reviewed both our internal processes and those of our partner employment agency to ensure that the systems in place are robust and fit for purpose just in case we have a similar incident in future.

(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.

(C) NEXT YEAR

We are currently still in the very early stages of our journey towards the eradication of Modern Slavery on a global scale. We strive 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.

Working with our suppliers partners, we stand a much better chance of successfully tackling Modern Slavery if we have a shared understanding and a shared accountability for the outcome. We look forward to increasing a 'beyond audit' approach initially dealing with our top 20 and strategic suppliers. Working in an open and honest partnership with the suppliers and allowing direct worker feedback in order to give all parties a clear understanding of the issues that exist and allowing us to develop ways to successfully deal with these issues.

In 2020, we will increase our focus on **tier 2** suppliers. We will continue to use our in-country teams to audit and provide support and guidance to factories and work directly with our suppliers and factories on our beyond audit approach to dealing with issues.

Our teams are building an ever greater awareness and experience of Modern Slavery 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 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.

During 2020 we will be looking at ways to go beyond audit and improve worker feedback using mobile technology and direct worker training. This will help to give us a clearer understanding of what is happening at our production sites from the workers point of view and help us to focus on the issues directly affecting these workers. To compliment this, we will also start forming stronger ethical

partnerships with our key and strategic suppliers, factories and workers to get constant feedback rather than snapshots during factory visits and audits. This will focus on a more open working relationship with these suppliers with open access to factories and direct worker contact.

Our Sourcing Strategy continues to focus on supplier consolidation, based on performance and improved central visibility of Supplier scorecards; X-Divisional management structure; and a the continuation of our Strategic Supplier programme. This will continue to drive supply chain collaboration, performance, and increase visibility. Responsible and ethical sourcing is always at the heart of the River Island Strategy.

Will Kernan CEO