

MATALAN RETAIL LIMITED

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

FEBRUARY 2022



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About Matalan and its Commitment to Opposing Modern Slavery

Introduction

From the day Matalan started back in 1985, to today, over 30 years on, Matalan's mission has always stayed the same; to provide outstanding quality and value for modern families. We take time to listen, understand and evolve to fit changing modern family needs, always with an emphasis on providing the highest quality clothing and homeware for the lowest price.

The majority of the product we sell both online and in store is our own brand. They include men's, ladies' and children's clothing; footwear and accessories and a wide range of homeware which we source directly from the manufacturers. These products are supplied to us from over 600 factories in 22 countries worldwide.

This is our Sixth Modern Day Slavery statement published in accordance with Modern Day Slavery Act 2015 (MSA). In 2017 we published our first Modern Slavery and Human Trafficking Statement outlining the steps we are taking to reduce the risks associated with modern day slavery in our supply chain. Since then, we have further increased our efforts and have made the following progress to enhance our approach to tackle modern day slavery and human trafficking.

We behave in a responsible and ethical way and take the issue of modern day slavery and human trafficking extremely seriously. We are fully committed to taking action to combat modern day slavery and human trafficking and to uphold human rights across all our business and our supply chain. Knowing where our products are manufactured is fundamental to our business to ensure that we approach the issue of dealing with modern day slavery and human trafficking, in our supply chain



About Matalan and its Commitment to Opposing Modern Slavery

We are a leading out of town fashion and homeware retailer, operating online and in stores throughout the UK and internationally.

229

Stores across
the UK

52

Overseas
franchise stores

11,000

People employed
in the UK

12m

Serving over 12 million UK
families each year

22m

Matalan card holders

190m

Website sessions
per year

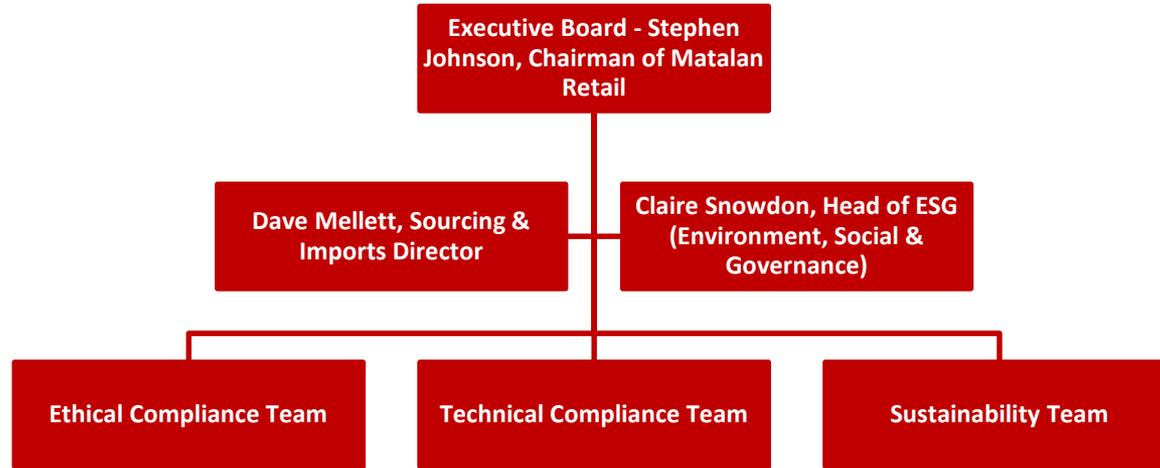


About Matalan and its Commitment to Opposing Modern Slavery

Accountability for Our Programme

We have established clear responsibilities and accountability for the implementation of our policies and programmes within Matalan.

In January 2022, Claire Snowdon joined the Matalan Team as Head of ESG (Environment, Social & Governance), in our further commitment in drive change and continuous improvement in these areas.



Structure and Supply Chain

Matalan Sourcing Map

Our suppliers list can be viewed here: [View The List](#)



Structure and Supply Chain

Ethical and Technical Audits

Ethical audits are carried out in all our factories on an annual basis. The Corrective action Points (CAP's) are taken seriously and form part of the risk assessment program.

In addition to our ethical audits, technical audits are carried out on a 12-month or 36-month rolling plan, dependent upon historical quality performance monitoring

In most instances CAP's are used as a development tool to improve conditions and are generally looked upon as being a constant pro-active tool for overall improvement of ethical, technical, safety, quality and methodological standards across our suppliers and factories.

Our nominated trim suppliers all go through an approval process (carried out by Matalan) where they must demonstrate that their own policies align with Matalan assessment processes, safety and quality policies.

Third-Party and Branded Supply Chain

In 2021, we expanded the number of third-party brands we sell through our website. This has enabled us to improve our product offering to cover new areas such as homeware, in order to improve our customer experience.

All third-party brands must sign a declaration to state that they will abide by Matalan Code of Conduct. They must:

- Ensure all products supplied to Matalan are manufactured in compliance to Matalan Ethical Sourcing Policy.
- Manage their own Supply Chain to identify and mitigate any risks of breaching Matalan Code of Conduct.



Our Policies

Ethical

We require all our Suppliers, and factories involved in the manufacture of goods to be sold in our stores, to comply with our Ethical Trading Policy.

We are members of the [Supplier Ethical Data Exchange \(Sedex\)](#). We require our suppliers and their factories to become members & link with us on the SEDEX platform, which is a sophisticated tool that provides detailed data analysis tools for internal monitoring.

Our audit standards are based on [Ethical Trading Initiative \(ETI\) Base Code](#). Our suppliers' adherence to our standards are formally checked on a regular basis by a limited number of approved independent auditing companies (third party auditors). This monitoring of worker conditions in garment factories will continue to happen on an annual basis.



*Image © Anand Parmar / Fairtrade Deutschland

Code of Conduct

In addition to the 3rd party audit requirement all suppliers are required to sign documentation confirming their factories compliance with Matalan Sourcing Policy and commit to meeting our [Code of Conduct](#) as a condition of doing business with us.

Key clauses in relation to Modern Slavery are:

1. Employment is freely chosen

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. Freedom of association and the right to collective bargaining are respected

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.



Our Policies

Anti-Corruption and Bribery

We are bound by laws in the UK, including the Bribery Act 2010, in respect to conduct both home and abroad.

Matalan is committed to conduct its business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

Please see our policy here: [The Matalan Anti-Corruption & Bribery Policy](#). This policy is mandatory for everyone we work with, including our suppliers and agents who must commit to the principles detailed in it.

Anti-Bribery and Human Trafficking

Our Suppliers of goods, their factories and any associated 3rd party partners within our Supply Chain are also required to comply with our Anti-Slavery and Human Trafficking Policy for Suppliers which demonstrates our zero-tolerance approach to modern slavery.

We also ensure that all new contracts with franchise partners and key suppliers of services include contractual obligations to comply with our policy here: [Anti-Slavery and Human Trafficking Policy for Suppliers](#)

Whistleblowing

Our Whistleblowing policy details a number of ways that employees can report any allegations of modern slavery, fraud, misconduct or wrongdoing, through either telephoning the confidential hotline on 0151 556 6996, emailing the confidential inbox (confidential@matalan.co.uk), or by writing to us (Perimeter Road, Knowsley, Liverpool, L33 7SZ).

Employees are encouraged to raise any concerns through the appropriate channels, so that we can address them. We take steps to ensure that employees are protected from victimisation and any detrimental treatment arising from whistleblowing.

Whistleblowing Policy & Grievance Mechanisms for 3rd Parties and Supply Chain

With a spotlight on grievance mechanisms, Matalan is taking steps to make it easier for workers in the supply chain to raise grievances.

All UK factories must display the “Unseen” Modern Slavery Helpline posters provided within their premises, and ensure all workers are both aware of and understand that this resource is available to them.



Our Policies

RSC/ACCORD Bangladesh

Matalan was confirmed on 1st September 2021 as amongst the signatories of the International Accord for Health and Safety in the Textile and Garment Industry ([Updates | International Accord](#)).

Like its predecessor agreement, The Bangladesh Accord, this is a legally binding agreement between companies and trade unions to make Ready-Made Garment (RMG) and textile factories safe. The renewed agreement advances the fundamental elements that made the Accord successful, including respect for freedom of association, independent administration and implementation, a high level of transparency, provisions to ensure remediation is financially feasible, Safety Committee training and worker awareness program, and a credible, independent complaints mechanism. In Bangladesh, the agreement is already implemented by the independent national tri-partite group, the [RMG Sustainability Council \("RSC"\)](#). This consisting of brands, unions and industry.

Key new features of the International Accord include:

- A commitment to focus on the health and safety program in Bangladesh, and to build a credible industry-wide compliance and accountability mechanism.
- A commitment to expand the work of the International Accord based on feasibility studies.
- An option to expand the scope of the agreement to address human rights due diligence.
- An optional streamlined arbitration process to enforce the Accord's terms.

The SMETA (SEDEX Members Ethical Trade Audit) process Matalan has in place for both initial and annual auditing supports this due diligence.



Risk Assessment and Due Diligence

Risk Assessments

Before we work with a new Supplier of fashion or homeware goods, we undertake a risk assessment which includes requirements for the Supplier to identify all of the factories they are proposing to use for Matalan production, and provide a third-party ethical audit report in relation to each of those factories. Such third-party ethical audit reports must be under 12 months old. If we approve the Supplier, then that Supplier's factories will then fall under our own audit process and continual improvement programme outlined above.

In circumstances where we identify particular areas of higher risk in our supply chain, we undertake further due diligence outside of our normal audit process. This has included unannounced inspections of Supplier's factories and premises to ensure compliance with our Ethical Trading Policy and our Anti-Slavery and Human Trafficking Policy for Suppliers.

In 2021, as part of our on-going commitment to reduce risk within our supply chain, we worked with SEDEX in utilising their "Radar Forced Labour Indicators" Tool. This tool can be used to help identify not just actual, but also likely or possible situations of forced labour.

Our findings indicated that our UK Supply Chain is potentially high risk based on current and historical data uploaded on to the SEDEX platform. Throughout 2021, we have set about the following actions:

- Updated our supplier pre-assessment questionnaire, onsite review form and worker questionnaire documents.
- Visited all new factories in our UK Supply chain as part of on-boarding.
- Strengthened our Modern Slavery whistle blowing channels – we contacted all our UK factories asking them to display the "Unseen" Modern Slavery Helpline posters provided within their premises, and ensure all workers are both aware and understand that this resource is available to them.

Due Diligence

We fully support the UN Universal Declaration of Human Rights and the International Declaration on Fundamental Principles and Rights at Work. Ethical Trading Initiative Base Code and therefore our Ethical Trading Policy. All our Suppliers' factories are audited annually.

The audit process supports and facilitates our continual improvement programme through which we work with our Suppliers and their factories to deal with any issues found on audits and to continually raise the level of workers' conditions.



Risk Assessment and Due Diligence

Remediation

Any alleged cases of Modern Slavery, or other serious breaches of our policies, would be immediately raised at Director level and a pause placed on business with that supplier during our investigations. We would work with our suppliers to agree a timebound remediation process, ensuring protection of individuals concerned as a priority. Where we become aware of a human rights or environmental issue through media or NGO reports we investigate and escalate our recommendations to board level.

In 2021/2022 we have strengthened our written remediation policy to ensure our supply chain understand their commitment to protect workers producing Matalan products.

Serious non-compliance issues are categorized into zero-tolerance and critical issues:

- **Zero-tolerance issues** include child labour, forced labour, life threatening health & safety conditions and repeated or systematic abuse. Finding a zero-tolerance non-compliance issue means an urgent engagement with a supplier and immediate pause placed on the business with that supplier.
- **Critical issues** include serious employment issues, serious health & safety and/or environmental issues. Finding these issues can result in rejecting a new factory or lead to enforcement actions with existing suppliers.

If these non-compliance issues are still present and no improvements are made over a 3-6-month period. This policy allows Matalan to place a limit on business growth and/or begin an exit process for factories.



Factory Exit

We believe that working with factories to ensure continuous improvement of Human and Labour Rights brings the best long-term outcome for workers' wellbeing. However, should a supplier or factory not work with us in making these improvements, removing a supplier or a factory would be a last resort.

Matalan's support for suppliers and factories is not limited to carrying out the Corrective Action Plans where evidence of non-compliance exists. Instead, we endeavour to work with our suppliers to prevent non-compliance and proactively seek continuous improvement.



*Photo credit: <https://betterwork.org/promoting-sound-industrial-relations-in-the-garment-industry/>

Progress Across Our Business

Since we published our first Modern Slavery and Human Trafficking Statement back in 2017, we have further increased our efforts and have made the following progress to enhance our approach to tackle modern day slavery and human trafficking.

In 2021, we have reviewed 809 Ethical Audits. Our audit programme is a critical enabler in the discovery and management of modern slavery risks throughout our supply chain.

We are increasing our emphasis on pre-emptive tools through more in-depth risk analysis, how we use supplier scoring and utilising SEDEX Radar as a support tool.

Our Whistleblowing Policy & Grievance Mechanism for Supply Chain & 3rd Parties, we have:

- Strengthened our UK Modern Slavery whistle blowing channels – we contacted all our UK factories to display the “Unseen” Modern Slavery Helpline posters provided within their premises, and ensure all workers are both aware and understand that this resource is available to them.
- To monitor this, we insist that a suitable grievance policy is in place, it is confidential, and there are no repercussions or discrimination of workers who have raised any grievances.

In Bangladesh, workers and employees at RSC-covered factories, and their representatives, can raise safety and health concerns safely and confidentially through the Occupational Safety and Health Complaints Mechanism (SHCM), supported by a team of RSC staff specialised in investigating and resolving complaints.

The Occupational Safety and Health Complaint Mechanism covers:

- The right to refuse unsafe work,
- The right to participate in the work of their factory Safety Committee,
- The right file a complaint when they see a safety problem in their factory,
- The right to protection against reprisal for reporting safety-related matters,
- The right to Freedom of Association in relation to protecting their own safety.

Matalan, as an International Accord brand, and the union signatory work together to ensure that the SHCM continues to provide workers with access to remedy, independently and autonomously.

If factory management does not comply with the required remediation/remedy of the SHCM, a notice and warning process will be initiated, which may lead to the termination of the business relationship.



Progress Across Our Business - Spotlight Issues

UK Factory

The Challenge:

In mid-2021, an issue was raised with us via our whistle-blowing channel. The individual who contacted us expressed concerns of misconduct in a factory that was producing goods for Matalan.

Immediate action:

- We immediately checked our records and found that the factory was not on our Matalan's approved list.
- We visited the factory and carried out an inspection against our Ethical and Code of Conduct.
- We found no evidence of misconduct, nor did we find any evidence of the factory producing product for Matalan.

Outcome:

- Whilst no evidence of wrongdoing nor any Matalan production was found, we take all issues raised through our whistleblowing channel very seriously. For this reason we shared the experience, and the findings of our investigation with the relevant authorities, the Unseen Modern Day Slavery Helpline and subsequently the GLAA (Gangmasters & Labour Abuse Authority).

Fire Hazards Found in Turkey

The Challenge:

We carry out annual audits of factories that produce goods for Matalan. These audits check that our standards for health and safety are being met.

In 2021, an audit of a factory in Turkey found that a new building that was being used to produce goods did not meet fire safety standards and, as a result, posed a risk to workers.

Immediate Action:

- In line with our policies, production at the factory was put on hold and no new orders could be placed until we were satisfied that the issues we identified has been resolved.
- We worked with our supplier and the factory to make necessary changes so that employees could resume their work safely.

Outcome:

- We found that engagement was very effective and we received the assurance we need that safety of employees is a priority for the factory. The factory will be audited again on our annual cycle.



*Stock Photo



Progress Across Our Business - Spotlight Issues

Cotton in Xinjiang Uyghur Region, China

In October 2020, BCI took the decision to cease all field level activities in the Xinjiang Uyghur Autonomous Region of China. We support this decision and continue to increase the percentage of BCI cotton in our sourcing.

Matalan is in 2nd year of our 3-year sustainable cotton roadmap. Our target is that by 2023 all our cotton-based products will be BCI Cotton, which is a more sustainable and ethical source for this key fibre. We are approximately 50% towards our target of 100% more sustainable cotton. In addition, we have a limited amount of Egyptian cotton in our supply chain.

For all suppliers who are not currently using BCI cotton, we have actioned an enhanced compliance requirement, requiring all suppliers to ensure they are not sourcing raw materials or products from the Xinjiang Uyghur Autonomous Region of China, and we have received confirmation that for 100% of suppliers this is the case.



*Photo credit: Trisha Downing, Unsplash

Falsified Reports Found in Turkey

The Challenge:

We received an audit report from a 3rd party audit company that was not approved or recognised by the Matalan team. We were concerned about the validity of this report.

Immediate Actions:

- We carried out checks and found that the report had been falsified: the 3rd party auditor had no knowledge of the audit being carried out by its staff.
- Our production at the factory was put on hold pending investigation.
- Our investigation found that a consultant for the factory had falsified the report.
- The factory ended its relationship with the consultant and a new audit was carried out to Matalan's requirements.
- This audit showed that the factory was compliant and meeting our standards.

Outcome:

- We worked with the 3rd party auditor and with SEDEX, providing the consultant's details to assist with their own enquires.
- We have adopted heightened due diligence across all of our suppliers in Turkey, carrying out additional checks before we issue our approval.



Progress Across Our Business

Raising Awareness and Training

In October 2021, as part of International Anti-Slavery Day, we launched a new training webinar on our Matalan Education Portal on modern slavery for internal Matalan employees. The training covers what modern slavery is, the challenges Matalan faces, sharing examples of victim's personal experiences, what we are doing to address the risk, and what our employees can do to help tackle modern slavery in their daily lives.

The training provides an understanding of our Anti-Slavery & Human Trafficking Policy, as well as a take-away document summarising the "do's and don'ts" if there is suspicion that modern slavery is happening, and guidance on how to report any concerns. This training, along with understanding our Anti-Corruption & Bribery Policy is now being rolled out across the business.

End of Q4 2021 marks the first stage of refresher training rollout across our HO colleagues and so far, 41% have completed this training. We plan to extend rollout to both our distribution centres and all our stores in 2022.

Measuring Effectiveness

We monitor the coverage and effectiveness of steps we take to combat forced labour by tracking the following indicators:

- Audit indicators relating to forced and trafficked labour.
- Factory non-compliances against our Code of Conduct.
- Internal staff training and awareness of forced and trafficked labour issues.
- Recorded grievances relating to any form of modern slavery.



Partnerships and Collaboration

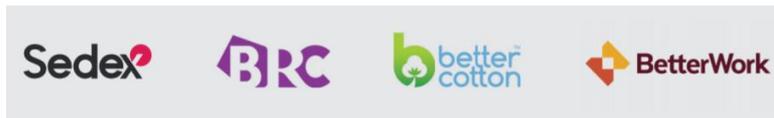
We recognise the crucial role of partnerships in tackling Modern Slavery. In the past year, we have continued to build on our partnerships with the following organisations:

SEDEX <https://www.sedex.com/about-us/>

British Retail Consortium (BRC) <https://www.brc.org.uk/>

Better Cotton Initiative (BCI) <https://bettercotton.org/>

BetterWork Cambodia & Egypt <https://betterwork.org/>



Our Commitment – How we will build on what we are doing

Modern slavery is an ongoing risk. As such we are committed to continuously review and improve the effectiveness of the steps, we take to prevent modern slavery in our business or in our supply chain.

Matalan is committed to continuously review and improve the effectiveness of the steps we take in preventing modern day slavery and human trafficking. We will continue to work in a collaborative way with other retailers, NGO's and other membership organisations to tackle all issues around modern-day slavery and human trafficking.

This statement has been approved by the Board of Matalan Retail Limited and constitutes our slavery and human trafficking statement for the financial year ended February 2022.



Stephen Johnson - Chairman of Matalan Retail

Date: 15th March 2022



