MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

Shop Direct, the UK’s largest integrated pureplay digital retailer and financial services provider, is made up of Very.co.uk, Littlewoods.com, VeryExclusive.co.uk and LittlewoodsIreland.ie. Our websites receive an average of more than 1.4 million website visits every day, with 74% of online sales completed on mobile devices.

At Shop Direct, we are fully committed to taking action to combat modern slavery and human trafficking within our business and supply chains. Our modern slavery and human trafficking policy can be found here.

This is our third annual modern slavery statement, which outlines the steps we’ve taken during the 12 months up to and including 30 June 2018. It covers both Shop Direct Home Shopping Limited and Shop Direct Finance Company Limited – respectively the retail and financial services businesses within the Shop Direct Limited group of companies.

Our 2016/17 modern slavery statement for the 12-month period ending 30 June 2017 can be accessed here.

INTRODUCTION

At Shop Direct, we’re committed to behaving in a responsible way. We place a strong focus on maintaining strong ethical and environmental standards and being the best possible citizen we can in the communities in which we operate.

We continue to support the United Nations Global Compact (UNGC) and to abide by the ten principles in all of our business operations, and during the year have further developed our
relationships with the Ethical Trading Initiative (ETI), Bangladesh Accord on Fire and Building Safety, Sedex and Fast Forward.

These relationships, along with senior stakeholders who are tasked with driving and embedding our CSR agenda, help guide and support our CSR activities at Shop Direct. Our latest annual CSR report, which outlines our progress and plans, can be found here.

**PROGRESS ACROSS OUR BUSINESSES**

Our last modern slavery report outlined the steps we took during 2016/17 to reduce risk across our operations. Building on those actions, we made the following progress during our 2017/18 financial year to further enhance our approach to combating modern slavery and human trafficking.

At Shop Direct, we have a broad and varied supply chain, sourcing both own brand clothing and footwear and home and living products from over 700 factories in 30 countries worldwide. This includes key regions such as China, India, Bangladesh, Malaysia, Poland and Turkey. We are aware that our supply chain is complex and constantly evolving, so we work in collaboration with our suppliers to ensure visibility of sites manufacturing our product through the use of third party audits and the Sedex system. In order to maintain transparency, we continue to publish a full list of our manufacturing sites and are working to include factories and processing plants in the lower tiers.

Click here to view our latest list.

Our dedicated responsible sourcing teams, based both in the UK and key sourcing countries, continue to work hard to understand risks specific to our supply chain and the countries from which we source. They do this by utilising internal expertise and databases, as well as third party information including audits, ETI updates, trade union risk maps and NGO country reports.

From this work, we know that there is an increased risk of modern slavery where there is:

- A prevalence of migrant labour
- Contract and agency workers
- High presence of refugees
- Young workers and risk of child labour
- Vulnerable workers
- Unauthorised subcontracting

Certain countries within our operations may
have one or more of these risks and this leads us to more closely monitor these areas. We do this through regular visits by our in-country teams, who offer additional support and guidance to our suppliers to ensure that they are managing these situations responsibly.

We continue to ensure that all suppliers of own brand products have signed up to our code of conduct prior to doing business with us. Our code is based on the International Labour Organisation’s labour standards and the provisions laid out in the ETI base code. We review and update the code of conduct regularly in line with changes in best practice and lessons learnt from ours and others’ experiences. We have recently launched a new supplier website, and are currently on-boarding all merchandise suppliers onto the site. An up-to-date copy of the codes of conduct are included on the new website for our suppliers to access.

Last year, we reported on a consistent issue we had found in Malaysia around workers paying fees to secure employment. Over the last 12 months, we have continued to work with these suppliers on issues relating to the employment of migrant workers. In April 2018, we hosted a responsible partnership workshop for the suppliers, focusing on issues of modern slavery and the Dhaka Principles on responsible recruitment. Since this workshop, we have spent time with suppliers to enable better understanding of the role of agents in the recruitment chain, looking at the contracts that they have in place with their agents and initiating conversations with those agents. This is helping to change practices and ensure new workers enter the workplace free of debt.

The issue around migrant recruitment fees remains complex and one that will be best tackled via a collaborative industry approach. With this in mind, we have joined the ETI’s responsible recruitment working group alongside other stakeholders, with the aim of sharing best practice examples, providing guidance for corporate policies and strategies in this area, and developing specific actions to mitigate, manage and remediate modern slavery risks amongst migrant workers. The group will look not only at responsible recruitment and what can be done in both sender and host countries to ensure workers enter employment free of debt, but will also include a wider set of labour rights issues facing migrant workers.

Alongside our audit programme, our strategy still focuses on better supporting our factories by offering our time and resources to assist them in
making sustainable improvements. Our in-country specialists work collaboratively with our internal teams and suppliers to resolve issues that are identified and deliver training to prevent issues occurring. Over the past 12 months, we have launched new projects with suppliers in both India and Bangladesh, as well as continuing our partnership with Impactt in China.

In our continued Chinese factory improvement programme, our factories are making good progress, particularly in terms of improved HR policies and processes. This should support our factories in better spotting the signs of modern slavery. The final module of this training will take place in January 2019 and will focus on social dialogue, empowering workers and management to better communicate potential slavery risks. As well as this, we have engaged in a pilot project in China to deliver online modern slavery training to HR professionals within factories.

In India, we recognise that there can still be challenges in the lower tiers of our supply chain, particularly around poor practice by labour agents when recruiting young female workers into spinning mills. To try and tackle these risks, we have launched a project in partnership with two other retailers and a local NGO in Tamil Nadu, which focusses on community engagement, work with the agents and engagement with the mills and workers. We are still in the early stages of this project but already are seeing increased understanding by workers’ families and wider communities of potential risks around forced labour and poor recruitment practices.

To further increase our commitment to finding and tackling modern slavery in our supply chains, both at home and abroad, we recently signed a revolutionary agreement with UK enforcement bodies, including the Gangmasters and Labour Abuse Authority (GLAA), Department for Work and Pensions (DWP), Health and Safety Executive (HSE) and HMRC, to help eradicate modern slavery in the UK textiles industry. The Apparel and General Merchandise Public and Private Protocol commits signatories to work together to eradicate slavery and exploitation in textile supply chains. As a partner, we have pledged to raise awareness to prevent worker exploitation, protect vulnerable and exploited workers and disrupt exploitative practices within the industry.

When it comes to our non-merchandise supply base, we have considered and reviewed modern
slavery and human trafficking risks – where appropriate via individual audits and also through HR audits from relevant on-site partners, such as cleaning and catering suppliers. We also review our strategic non-merchandise suppliers to confirm that their modern slavery statements adhere to our objectives and any new partners who come on board are also aligned.

Guidant Group, our biggest partner of agency workers, provides all temporary recruitment for our three fulfilment centres. Guidant ensures that all suppliers are vetted and audited as per their policy, with any accreditations checked. All on-site Guidant staff have completed a mandated modern slavery course and are trained on signs to monitor for within their colleague base.

Internally, we have continued to raise awareness of modern slavery across all business areas, through local communications and signposting colleagues to the modern slavery helpline should they suspect inappropriate activity internally or among our suppliers. We also ensure that we continually review, research, consult and conduct training needs analysis, to ensure we provide the right training to the right people, when needed. This year, we have included modern slavery as a topic in our broader regulatory training programme to ensure all colleagues have an understanding of our requirements.

**OUR COMMITMENT – HOW WE’LL BUILD ON WHAT WE ARE DOING YEAR ON YEAR**

We’re committed to continuous improvement to further enhance our approach to combatting modern slavery and human trafficking during our 2018/19 financial year.

Going forward, we will continue to work collaboratively with other retailers, trade unions, NGOs and membership organisations to tackle broader issues related to modern slavery. Over the next 12 months, we will look to develop KPIs relating to modern slavery, focussing on internal training and awareness campaigns, further developing our supply chain due diligence and supplier awareness of modern slavery risks, and the development of effective mitigation and remedy processes.

In 2018/19, we will continue to review current partners’ actions in line with modern slavery requirements. We will also continue to ensure that any new non-merchandise partners who come on board have modern slavery statements
that adhere to our objectives. In 2018/19, this will include a new logistics partner as well as those companies working on our new 850,000 square foot, state-of-the-art distribution and returns centre at the East Midlands Gateway development, which is scheduled to be fully operational in 2021.

We will continue to ensure we include modern slavery as a topic in our broader regulatory training programme and evaluate the need to produce relevant training and education modules on modern slavery and forced labour. This will also be supported by directing colleagues who work for our suppliers to the modern slavery helpline.

Over the next 12 months, we are also looking to revamp our CSR board to better align to both the CSR priorities of the business and our wider industry and relevant bodies. This will also support us in maintaining our commitment to combating modern slavery and human trafficking in the year ahead and beyond.

This statement has been approved by senior stakeholders who are tasked with driving and embedding our CSR agenda and our group CEO, who will review and update it annually.

Henry Birch, Group Chief Executive.
On behalf of Shop Direct Home Shopping Limited and Shop Direct Finance Company Limited.
28th December 2018.