At Ted, we believe in being open and honest in the way we do business and operating in a fair and sustainable manner.

Supply Chain Transparency and Modern Slavery Statement

Published 3 April 2018

This is the second statement of Ted Baker Plc ("Ted Baker") published in accordance with the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010 (the "Acts"). Ted Baker published its first modern slavery statement in March 2017; to view this statement click here. At Ted Baker we are committed to being open and honest in the way we do business. This includes doing the right thing by all stakeholders throughout the supply chain, operating in a fair and sustainable manner and protecting the people who create Ted Baker products.

To ensure modern slavery does not take place in any part of our business or supply chain we believe collaboration and raising awareness across all areas of the Ted Baker business is key; this statement provides an overview of the progress we have made over the past 12 months.

1. Ted Baker’s Business

Ted Baker is a global lifestyle brand with controlled distribution through three main channels: retail (including e-commerce), wholesale and licensing (territorial and product). In the financial year 2017/18 ("FY 17/18"), Ted Baker’s revenue was £591.7 million. Ted Baker directly employs over 3500 people worldwide including over 690 based in our head office, The Ugly Brown Building, in London.

Retail is owned and managed by Ted Baker and we retain full oversight of labour practices for our employees. Our wholesale trustees and territorial licensees are carefully selected partners who represent the Ted Baker brand within specific territories or channels. Our product licensees develop specialist products and are responsible for their supply chain. All such partners are subject to strict contractual conditions, including Ted Baker’s Code of Conduct (the "Code").

As at today’s date, Ted Baker has 532 stores and concessions worldwide, comprising of 195 in the UK, 113 in Europe, 127 in the US and Canada, 88 in the Middle East, Africa and Asia and 9 in Australasia. Combined with our diverse supply base, this significantly complicates the threat of modern slavery within our operations and requires strategies that are tailored to the needs of each particular area of the business and territory in which it is based.

High risk areas of the business are represented in a cross-functional committee, the Modern Slavery Act Working Group ("MSWAG"). MSWAG was established prior to the publication of Ted Baker’s first statement to critically assess and address Ted’s modern slavery objectives. The group has continued to evolve this financial year and includes a senior representative from every relevant department. The focus of MSWAG is to challenge Ted Baker’s approach and actions by monitoring and raising awareness of the complicated issues associated with slavery and trafficking and recommending adjustments to business processes where required. The function of MSWAG will continue to develop with the changing needs of the business as we understand that meaningful impact can only be achieved through continued and sustained improvement.
2. Policies relating to Slavery and Human Trafficking

The offences contained within the Acts do not happen in isolation and require a wide scope of insight in order to fully prevent the actions that culminate in an individual being enslaved or trafficked. Ted Baker's Code sets out the minimum working conditions and ethical standards demanded from our suppliers. The Code is based on international conventions such as The Ethical Trading Initiative Base Code and The United Nations Universal Declaration of Human Rights; we revised the Code in 2016 to align with the Modern Slavery Act.

Our Code contains provisions which create enhanced safeguards that can prevent slavery and trafficking and uphold the spirit of the Acts. This includes additional provisions for migrant workers, strengthened protections for minorities and expressly stated policies to protect the free movement of workers. Suppliers are required to implement these standards beyond the first-tier to their subcontractors. The Code forms the core of our strategy to tackle Modern Slavery and can be found on our website.

Our first-tier suppliers are audited by independent third parties against the Code and we have a dedicated team, Ted's Conscience, which works directly with the business and suppliers to continually improve our suppliers' standards. Members of Ted's Conscience and our production teams regularly visit factories to make sure our relationships are maintained, the standards of our Code are upheld and to recommend improvements.

3. Risk Assessment and Due Diligence as of FY16/17

Our supply chain consists of over 190 first-tier suppliers for our own product alone. Suppliers based in China make up over 50% of our first-tier and suppliers in Turkey and Portugal make up another 20%. In our previous report, we identified China and Turkey as being our most significant risk due to both volume of product and socio-political circumstance. Within the last year we have been working with Segura, an independent supply chain platform, to better map and understand our Chinese supply base including process subcontractors such as printers and dye-houses.

Through ongoing consideration of risk factors we have identified China and Turkey as territories that present the biggest challenges. The scale and complexity of our manufacturing base in China makes it particularly difficult to accurately assess compliance beyond the first-tier.

The mapping of our supply base has improved transparency which is pivotal in maintaining a robust supply chain. Having a better understanding of our supply base beyond the first-tier will increase the effectiveness of the due diligence conducted through enforcement of our Code, auditing and factory visits.

In 2016, Ted Baker became members of the Better Cotton Initiative ("BCI"). The BCI's objective is to make global cotton production better for workers and the environment, improving sourcing practices within the industry. By increasing the ratio of cotton sourced through BCI we have greater transparency within our cotton supply chain. To help us achieve this we have set a public target and continue to train team members on how to source BCI cotton.

MSWAG has developed tailored assessments to target high risk factors in each departmental area. The assessments consider the characteristics of the industry and political environment, including efficacy of regulation and strength of national governance. We have extended the implementation of the Code to all partners across all of our channels being retail (including e-commerce), wholesale and licensing (territorial and product). We have a zero-tolerance approach and will not work with anyone who is unwilling to abide by the standards set out in our Code.

Our human resources department, known as Coach Station, continues to be an area of particular focus. In order to meet the needs of the business, employees are sourced through our internal processes as well as agents. In order to retain insight into the employment practices of recruitment agents, Coach Station requires every agent to complete a due diligence assessment that will flag any factors that have significant risk attached.

We work closely with our distribution centre, a potentially high risk area, to ensure standards set out in our policies are upheld in practice.

4. Performance Assessment

We can confirm that no reports or findings of slavery or victims of human trafficking within our supply chain have been received to date.

Our key performance indicators for FY 2017/2018 were to:

- Introduce a tailored training programme to assist specific departments within the business in identifying indications of modern slavery;

  This year we have trained all departments who have direct contact with our suppliers to understand the warning signs of Modern Slavery and also understand how our practices can directly impact suppliers and their workforces. So far we have trained more than 100 team members and have included this training as an induction requirement for relevant departments.

- Have made progress in mapping our second tier supply chain in China and engage directly with the suppliers to implement the code beyond the first-tier; and

  This year we have begun working with Segura, an online platform, to enhance our existing supply chain management systems. We are particularly working with Segura to ensure that we have clarity on our supply chains beyond first tier (our supplier’s suppliers). Over the past year we have been developing the system and have on-boarded all of our first tier Chinese suppliers. We have requested these suppliers input details of all their subcontractors on the system. This will be a requirement for all of our first tier suppliers and we will pursue this during FY 2018/19.

- Reduce the business' reliance on conventional cotton by steadily increasing the quantity of BCI cotton in our collections.

  This year we have set a public Sustainable Cotton target of 50% by 2020, more sustainable cotton includes Better Cotton through BCI, Organic Cotton and Recycled Cotton.

  In our 2017 collections, we hit 10% more sustainable cotton. We expect this to grow significantly for our 2018 collections.
5. Year Ahead

We are continuously working towards deepening our insight into the working practices of our supply chain and own operations to strengthen our approach towards addressing modern slavery human trafficking. We have delivered each of the KPI's set in FY 2017/18 and will continue to build upon these in the year ahead.

We have set an additional KPI for FY 2018/19 to carry out training sessions for our suppliers to raise their awareness of Modern Slavery.

6. Training and Awareness

Internal training programmes have already been implemented to raise awareness of the risk of modern slavery within our business. Our board of directors have received training that highlighted the risk of slavery and its prevalence around the world, including the United Kingdom.

In the past year, we have focussed on training internal stakeholders who have direct contact with our suppliers. Our buying, design and production teams have all taken part in training to raise awareness of the risk of Modern Slavery and the steps that teams can take to reduce the risk of Modern Slavery occurring in our supply chains.

Our focus with external stakeholders has been to raise awareness of the requirements of the Acts. This includes the continued distribution of our enhanced Code and supporting materials to our suppliers and licensees detailing the threats and warning signs of unfair recruitment practices. These efforts will be expanded upon by 2019 as more training is made available to our teams.

A very important part of eliminating Modern Slavery is ensuring suppliers fully understand what constitutes Modern Slavery and their responsibility to eliminate it. To this end, we have conducted training with all factories that Ted's Conscience team have visited in the past year.

7. Board's Approval

This statement was approved by the Board of Directors.

Lindsay Page
Chief Operating Officer, Ted Baker Plc.
3 April 2018