

joules

MODERN SLAVERY STATEMENT

JOULES GROUP



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FINANCIAL YEAR ENDED 31 MAY 2020

INTRODUCTION

Joules is a UK-based premium lifestyle brand which designs and sells Joules-branded clothing, accessories and homeware. It also operates its "Friends of Joules" online marketplace in the UK. The main trading company in the UK is Joules Limited, which is ultimately owned by Joules Group plc. Joules Group plc also has indirect subsidiaries in the US, China and Hong Kong ("the Group").

This is our fifth statement made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Group's slavery and human trafficking statement for the financial year ended 31 May 2020.

Joules is proud of the steps it has taken to combat slavery and human trafficking within its supply chain and is committed to continually improving its practices.

WHAT DO WE MEAN BY 'MODERN SLAVERY'?

Modern Slavery involves one person depriving another of their liberty in order to exploit them for personal or commercial gain (UN Guiding Principles on Human Rights).

The Ethical Trading Initiative (ETI) notes that Modern Slavery is an overarching term used to describe its various forms, being:

- **HUMAN TRAFFICKING:** a process of bringing a person into a situation of exploitation through a series of actions, including deceptive recruitment and coercion.
- **FORCED LABOUR:** any work or services which people are not doing voluntarily and which is exacted under a threat of some form of punishment.
- **BONDED LABOUR:** demanded as a means of repayment of a debt or a loan.
- **SLAVERY:** a situation where a person exercises (perceived) power of ownership over another person.

OUR OPERATIONS, POLICIES AND PRACTICES

To ensure that our products are of the high quality that our customers expect from us we manufacture all over the world. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business and take a zero-tolerance approach.

We are proud members of the Ethical Trading Initiative (ETI), an alliance of companies and voluntary organisations working to improve the lives of workers worldwide. As members of the ETI we commit to acting responsibly and promoting decent work. Furthermore, by adopting the ETI's Base Code of labour standards we strive to keep workers safe and free from exploitation. Through the ETI Base Code Clause 1 "employment is freely chosen", we commit to understanding forced labour, identifying the risks within our business's own operations and supply chains, and to embed this understanding in policies and actions.

Our policies and procedures for suppliers reflect our commitment and clearly set out the values, expectations and strict standards that we expect all our suppliers to meet. These policies are clearly communicated to all our suppliers, and each supplier is required to independently confirm on an annual basis that they adhere. Our ethical standards not only cover modern slavery, but also our wider expectations in relation to ethical and responsible sourcing and manufacturing. Our supplier contractual terms include obligations on suppliers with regard to compliance with the Modern Slavery Act and ensuring that they do not use trafficked, bonded, child or forced labour. Joules has the contractual right to take appropriate action for failure to comply with these obligations, which includes the right to terminate the contract and report any wrongdoing.

We work closely with all our suppliers to ensure that they understand, and meet, all our ethical and social sourcing requirements. We have a dedicated sourcing office in Shanghai, staffed by 39 Joules employees, as well as a team in the UK, allowing us to maintain close working relationships with each of our suppliers and to support working in partnership with them to consistently deliver against, and meet these requirements.

Our annual supplier conference was held at the start of the financial year and attended by around 115 attendees, representing 48 different suppliers and included a focus on our 'Responsibly Joules' CSR programme and our ethical and social expectations for the supply base. The conference was attended by our founder Tom Joule, and our new CEO, Nick Jones, both of whom presented at the conference and met with suppliers.

Following the 2019 conference, our onboarding process for suppliers was updated to include 'CSR Guiding Principles', to ensure that all of our suppliers are actively engaged in supporting our 'Responsibly Joules' journey and we appointed a dedicated CSR manager to focus on all areas of Corporate Social Responsibility.

We regularly participate in ETI discussions, projects and initiatives to help support our supply base and the industry as a whole. As well as working collaboratively with other members, brands and retailers to achieve our common goals. Unfortunately, due to the global Covid-19 pandemic our ETI annual reporting has been postponed for this year, however Joules did complete the ETI survey based on the Enhanced Expectations which were established to ensure worker's rights were maintained during the pandemic.

In common with many businesses, Joules has been significantly impacted by the global pandemic. Facing into a period of operational disruption and lower sales, we implemented cost saving and cash preservation measures across the Group. Through this period, we worked collaboratively with our product supplier base to reduce and rephase our seasonal product supply requirements balancing the Group's need to preserve cash and reduce orders with our suppliers' financial position and commitments.

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We maintained our long term 'partnership' approach with our product supplier base and upheld our commitments through the ETI to our suppliers to pay suppliers for all goods made and to not cancel orders.

Earlier in the year, we were proud to become signatories to the International Labour Organization's (ILO) Call to Action "Covid-19: Action in the Global Garment Industry". This call to action commits the signatories to take action to protect garment workers' income, health and employment during the Covid-19 crisis, and to work together to establish sustainable systems of social protection for a more just and resilient garment industry.

MONITORING OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

We have a robust programme in place to ensure that all of our suppliers are audited by an independent auditor against our ethical standards (including those related to modern slavery) and to support our suppliers to consistently enhance their practices, with a view to ultimately not just meeting, but consistently exceeding, our ethical standards as well as meeting all other criteria required by local law.

During the financial year to May 2020 we undertook audits on 198 factories which included both end product suppliers and raw materials suppliers. Our audits are conducted by an internationally recognised 3rd party auditing company using the Sedex Members Ethical Trade Audit (SMETA) format and our internal auditors conduct follow up audits. We endeavour to ensure every factory is assessed annually.

The audit scope covers the following key areas:

1. Prison / Forced Labour
2. Freedom of Association
3. Child Labour
4. Health & Safety
5. Wages and benefits
6. Working Hours
7. Discrimination
8. Regular Employment
9. Disciplinary practices
10. Environment.

By reviewing these key areas, we seek to ensure that no forced / bonded / child labour is used by any of the manufacturers we work with. We will continue to assess and reassess within our manufacturing supply chain to ensure we are only working with companies that meet or exceed our ethical and social standards.

Our external whistleblowing arrangements remain in place to allow employees to raise any concerns, on a confidential basis if they prefer.

CONTINUOUS IMPROVEMENT

Unfortunately, due to the Covid-19 pandemic, we will be unable to hold our 2020 annual supplier conference in person. This usually takes place every autumn in Shanghai. However, we are intending to hold a supplier conference virtually in early 2021. We continue to maintain excellent communication with our suppliers across many teams in the business and are continuously reviewing opportunities to connect virtually with our suppliers.

We are aware that the lack of travel due to the pandemic has increased the ethical risks in our supply chain as we have been unable to visit partners facilities first hand. However, our team in Shanghai have been able to support us with this, with all relevant safety precautions and considerations taken and our third-party audit partner continues to support us with ethical audits. Furthermore, we have our dedicated "Responsibly Joules" and ethical compliance teams who have proactively increased due diligence to mitigate risks in this area.

We continue to ensure ethical compliance and labour standards are a principle driver of our sourcing strategy and internally report on this on a monthly basis. This includes both internal factors such as audit performance reviews and updates on outstanding issues and also external factors such as the political landscape of our sourcing countries and human rights risks.

We will continue to build on existing awareness within the business and identify any training needs.



NICK JONES, CEO

Approved by the board of Joules Group plc