

STELLA MCCARTNEY

MODERN SLAVERY POLICY FOR PARTNERS

1. INTRODUCTION: WHAT IS THE MODERN SLAVERY ACT?

1.1 In 2015 the UK government enacted the Modern Slavery Act ("**MSA**"), a new law aimed at combatting the crime of modern slavery. The MSA places a number of obligations on businesses to take steps to combat modern slavery both within their own operations and those of their partners and supply chains. This includes producing a publically available statement setting out the steps they are taking to comply with these obligations. Sanctions can be imposed if such steps are not taken and there are clearly reputational issues for organisations who engage in, or whose partners or supply chains engage in, modern slavery.

1.2 Stella McCartney Ltd ("**SMC**" or "**we**") is issuing this Policy to all of its partners, including but not limited to, retailers, franchisees, licensees, suppliers and contractors ("**Partners**"). SMC requires all of its Partners to review, sign and comply with the contents of this Policy.

1.3 We reserve the right to amend or replace this Policy from time to time.

2 STELLA MCCARTNEY'S APPROACH TO ADDRESSING MODERN SLAVERY

2.1 SMC takes the issue of modern slavery very seriously and is committed to doing its part to eradicate modern slavery. SMC believes in taking appropriate action to minimise the risk of modern slavery as set out in the section 6 of this policy. In addition, SMC believes in raising awareness of modern slavery and the importance of engagement with other stakeholders, such as non-governmental organisations, trade unions and other industry experts.

2.2 SMC is committed to ensuring that modern slavery is not taking place anywhere within SMC own operations or in any SMC supply chains and in the organisations or supply chains of Partners. However, SMC acknowledges that modern slavery can have many forms, is widespread and often difficult to identify. The purpose of the MSA and this Policy is to inform, provide guidance and drive more transparency, so that any instances of modern slavery can be identified and remedied and that practices that lead to modern slavery can be eradicated. Partners are expected to take the same approach.

3. MODERN SLAVERY: DEFINITION

3.1 Modern slavery is a term used to encompass human trafficking, slavery, servitude, forced and compulsory labour and bonded and child labour. It is a process that brings people in a vulnerable situation into a situation of exploitation. Victims are coerced, deceived, threatened or abused to provide work or services without any real possibility to refuse or remove themselves from their situation. In addition to the above, human trafficking can also include an act of transportation, transfer, harbouring or receipt of persons (cross border or internal). Modern slavery is a crime and a grave violation of fundamental human rights.

3.2 Modern slavery can impact any element of an organisation's operations, including its own workforce or the workforces of its contractors and any part of its supply chains.

4. INDICATORS OF MODERN SLAVERY

4.1 Indicators of modern slavery in supply chains, based on the International Labour Organisation's (ILO) indicators of forced labour, include for example:

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- 4.1.1 Abuse of workers' vulnerability, for instance not paying workers any wage or payment below legal minimum wage;
- 4.1.2 Deception of workers, for instance through not communicating real labour terms and conditions to workers prior to employment;
- 4.1.3 Restriction of movement;
- 4.1.4 Isolation of workers;
- 4.1.5 Physical or sexual violence;
- 4.1.6 Forcing workers to commit crimes against their will;
- 4.1.7 Intimidation and threats;
- 4.1.8 Retention of identity documents;
- 4.1.9 Withholding or delaying of workers' wages;
- 4.1.10 Debt bondage;
- 4.1.11 Abusive or unsafe working and living conditions;
- 4.1.12 Excessive and involuntary overtime;
- 4.1.13 Requiring migrants to work in less favourable conditions than those available to country nationals.

A single indicator may sometimes be enough to determine if modern slavery is taking place. Some indicators do not automatically result in modern slavery but they all can lead to it.

5. SCOPE OF THIS POLICY

- 5.1 This is a Policy that applies to all Partners. The MSA states that businesses are responsible for ensuring that modern slavery does not take place anywhere in their operations or their supply chains or the operations and supply chains of their partners. Therefore, this Policy applies equally to Partners' own operations as well as their various supply chains, including but not limited to sourcing, production and procurement supply chains.
- 5.2 All Partners should always consider all areas of their business when assessing the risk of modern slavery. This is a wide scope but because modern slavery can be found in any area of business activity, it is important to consider all areas. Where equally detailed due diligence in all three areas is not possible, Partners are expected to identify and prioritise the most high-risk areas.
- 5.3 Depending on the type of organisation, some Partners may or may not have a sourcing supply chain. For example, SMC retailers, wholesalers and franchisees may need to put most emphasis on monitoring their own operations and or procurement supply chains while SMC product suppliers may need to focus on their sourcing supply chains.

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6. EXPECTATIONS AND DUE DILIGENCE GUIDANCE FOR PARTNERS

This section explains what good due diligence looks like and steps SMC recommends its Partners take to help address modern slavery.

6.1 Policy

Partners should have their own policy against modern slavery. The policy should be communicated to all internal employees and external partners. Partners can adopt this Policy for this purpose if they wish to.

6.2 Supply Chain Mapping

Partners should know where their supply chains are and who is involved in sourcing and making of their products and supplying their services. This should go beyond the direct relationships with first-tier partners and also needs to include procurement supply chains. As a minimum, Partners should know the names and locations of all of their suppliers and partners. Partners should aim to continually increase visibility over their supply chain every year. Below are examples of relationships to consider when conducting supply chain mapping:

Own operations:

- Construction and building contractors
- Cleaning companies
- Waste collection companies
- Travel, taxi & courier companies
- Transport and logistics companies
- Catering companies
- IT companies
- Event agencies
- Labour agencies

Procurement supply chains:

- Furniture suppliers
- Stationary suppliers
- Packaging suppliers
- Machinery and equipment suppliers

Sourcing supply chains:

- Raw material suppliers and sub-suppliers
- Manufacturing suppliers and sub-contractors

6.3 Risk Assessment

All Partners are expected to conduct a modern slavery risk assessment on their own operations and their supply chains. We have identified the following high-risk areas for our Partners and included guidance on how to minimise those risks. As a minimum, Partners are expected to take the steps described below as part of their modern slavery due diligence:

6.3.1 Low skilled and low paid jobs: any industry or job that requires little skill and has low pay poses a risk of modern slavery. Partners should identify where in their operations or supply chains there are individuals carrying out such jobs and conduct further investigations to ensure modern slavery is not taking place (see point 6.4 Monitoring and Investigation for examples of investigation).

6.3.2 Use of labour agencies: these are high risk due to a lack of transparency in the hiring process and in the use of payment systems, which means, for example, that pay or other conditions of employment may not meet the legal minimum required. Labour agencies must comply with the legal minimum standards and have all necessary licences and registrations, but checking those is not enough. Partners should also check the agency's recruitment and payment practices for indicators that may point to exploitative practices. Partners should check directly with the agency workers if they have a labour contract and if the terms and conditions of their employment were clearly communicated to them in advance.

6.3.3 Payment of recruitment fees: fees or costs associated with the recruitment of workers (including but not limited to, fees related to work visas, travel costs and document processing costs) should never be charged to workers whether directly or indirectly. All recruitment fees should always be covered by the employer in full. Similarly, workers should not be required to make payments which have the intent or effect of creating debt or dependency on the employer, including security payments, payment of deposits, withholding wages or be required to repay debt through work.

6.3.4 Use of temporary or migrant labour: Although it is recognised that temporary labour may be necessary in particular circumstances or businesses, the use of unstable, zero-hours and short term work arrangements should be minimised. Partners should check that temporary and migrant workers have correct contracts and are always paid directly by their employer and not through an intermediary. Migrant workers should not be treated less favourably than country nationals, should not be required to stay in company or broker controlled housing and should not be subjected to unlawful restrictions on their freedom of movement, as set out below.

6.3.5 Right to work: right to work checks of identity documents or work permits should be undertaken on all staff members, including conducting any right to work checks required under local laws. However, workers should not have their identity or travel permits, passports or other official documents confiscated or withheld as a condition of employment or in any other manner which restricts their freedoms or creates a situation of control and dependency.

6.3.6 Freedom of movement: workers should be free to move without unreasonable restrictions and should not be physically confined to their place of work or other employer controlled locations (except where this is necessary due to the work being performed).

6.3.7 Overtime: workers should not be required to work hours that are longer than reasonable and permitted under local laws. All work should be carried out voluntarily and a requirement to work overtime should also not be imposed on a worker as a penalty or disciplinary sanction. Workers should also be entitled to take regular rest breaks, in compliance with local laws.

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6.3.8 Subcontracting: SMC recognises that at times, registered and authorised subcontracting may be necessary to complete SMC production or contract work. However, the risk of modern slavery is higher further down the supply chain due to lack of visibility and often a less formal way of conducting business. Partners are expected to communicate this policy to all their partners and subcontractors and include them in their due diligence process. It is the Partners' responsibility to ensure any subcontractors meet the SMC Code of Conduct (attached in Annex 1) including the provision on forced labour and this policy.

6.4 Monitoring and investigation

6.4.1 It is recommended that Partners conduct regular assessments (both announced and unannounced) to determine whether their suppliers and contractors are complying with local labour standards, for example through on-site compliance visits or off-site assessments.

6.4.2 Partners should carry out appropriate investigations into any known or suspected high risk areas, for example through engaging regional labour standards experts, civil society organisations, trade unions or conducting anonymous worker surveys.

6.4.3 Suppliers should inform SMC's sustainability and ethical trade team about any high-risk areas, as they can share knowledge and support Partners with their due diligence.

6.5 Remediation

6.5.1 Partners are expected to develop and implement appropriate processes to deal with any cases where instances of modern slavery are identified or suspected. It is crucial that remedy is provided and vulnerable individuals are protected. Remediation can vary depending on the situation and it is important not to put victims at more risk. SMC can help its Partners with advice on modern slavery remediation.

6.6 Reporting

6.6.1 Partners must provide SMC with information about their operations and supply chain upon SMC's request either annually or from time to time and in any case at least annually. This may include supplier, contractor or other partners' names, addresses, information about their workforce and hiring or payment practices.

6.6.2 Partners should immediately notify SMC of any suspected or verified instances of modern slavery in either their own organisation or within their supply chain or contractor organisations. This is so that SMC can provide support and advice and can screen its other business areas for similar risks.

6.6.3 Partners should have appropriate mechanisms in place to enable their staff members to notify an appropriate person as soon as possible if they have any reason to believe that modern slavery of any form may exist within their organisation, or may occur in the future or have any concerns or suspicions relating to compliance with this Policy. This may be via a grievance or whistle blowing procedure or another appropriate mechanism. Partners should also take appropriate steps to ensure that their sub-contractors and suppliers have such mechanisms in place.

6.6.4 Partners should take appropriate steps to ensure that anyone who raises genuine concerns about modern slavery in good faith, even if they turn out to be mistaken, does not suffer any detrimental treatment as a result of reporting their suspicion that modern slavery of whatever form is or may be taking place in any part of their own business or supply chains. Detrimental treatment includes, for example, dismissal, disciplinary action, threats, bullying, harassment or other unfavourable treatment connected with raising a concern. Partners should also take appropriate steps to ensure that their sub-contractors and suppliers take such steps.

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6.7 Training

6.7.1 Partners should provide appropriate training to their staff members on the risks of modern slavery and ensure that their suppliers and contractors also provide such training to their staff members. The training should be provided to all staff at the start of their employment and refresher training should be provided as needed. The content of the training should be reviewed and updated based on any changes to the business structure or supply chains.

6.7.2 Partners should inform all their contractors and suppliers about this Policy and require them to confirm their understanding of, and their commitment to comply with, its contents.

6.7.3 Partners should work with their network of contractors and suppliers to ensure appropriate knowledge of modern slavery risks and to engage in appropriate identification, prevention and remediation strategies.

7. COMPLIANCE AND BREACHES OF THIS POLICY

7.1 Partners must ensure that they read, understand and comply with this Policy. Every Partner must sign the declaration at the end of this Policy confirming their understanding of, and their commitment to comply with, its contents. However, signing of this Policy by itself does not constitute compliance and compliance is expected even without signing of the Policy.

7.2 Partners must not engage in, facilitate or fail to report any activity that might lead to, or suggest, a breach of this Policy and must take appropriate steps to ensure they are doing its due diligence in accordance with section 4 of this Policy. Partners must be able to demonstrate they have effective systems to identify and remedy any cases of modern slavery.

7.3 Identifying instances of modern slavery in itself does not constitute breach of this policy. Not taking appropriate steps as per the content of this policy when an instance of modern slavery is identified, however, does constitute a breach of this policy

7.4 Failure to implement and comply with the provisions of this Policy may result in SMC reviewing its relationship with the Partner and potentially termination.

8. RESPONSIBILITY FOR THE POLICY

8.1 SMC Sustainability and Ethical Trade team has overall responsibility for ensuring this Policy complies with SMC's legal and ethical obligations, and that Partners comply with it. SMC will report to SMC Board of directors at least annually on this issue and will immediately report any instances of, or concerns about, modern slavery in Partners' businesses, of which it becomes aware.

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DECLARATION

This declaration is made on behalf of(ORGANISATION NAME)

I confirm that appropriate representatives of(ORGANISATION NAME)

have read this Policy and that(ORGANISATION NAME) understands the contents of, and is committed to complying with, this Policy.

.....

NAME OF SIGNATORY

.....

SIGNATURE

.....

DATE

STELLA McCARTNEY