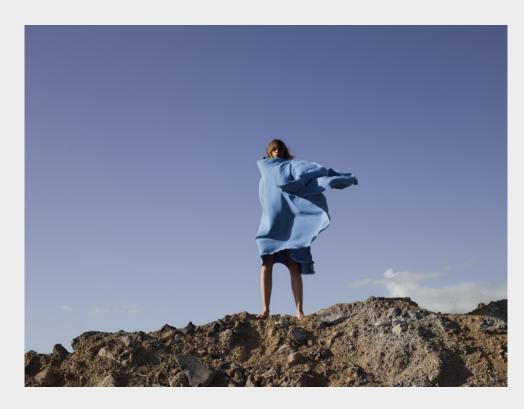


Introduction



Stella McCartney is committed to promoting good labour standards and protecting human rights in all parts of its business. This is our third public disclosure under the UK Modern Slavery Act 2015, but protecting the rights and well- being of people in our supply chain has always been a priority.

We are aware that due to globalisation, increasing levels of migration and the complexity of supply chains, forced labour and human trafficking pose a risk for any business. We take the issue of modern slavery seriously and are determined to do our part in making sure that modern slavery is eradicated.

This statement is released in compliance with section 54 of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657). It constitutes our statement for the financial year January – December 2018, but includes some action taken before 2018 and up to June 2019. Our previous statements released before 2018 can be found here.

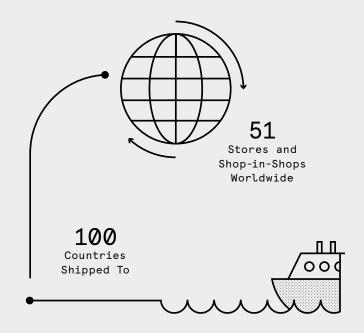
Our Company And Our Products

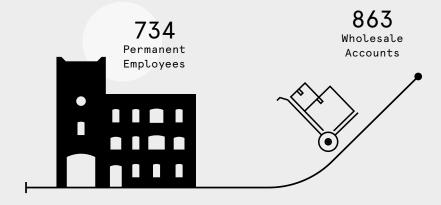
Stella McCartney (also referred to as "SMC" in this statement) is a luxury lifestyle brand that was launched under the designer's name in a 50/50 partnership with Kering in 2001. In March 2018, Ms Stella McCartney announced her decision to buy all shares for the company from the Kering group and become the sole owner of the SMC brand. This decision marked the beginning of a two-year long transition process which will be completed by March 2020. Changes resulting from the transition are explained in more detail in relevant sections of this statement.

Stella McCartney offers women's ready-to- wear, menswear and accessories as well as kidswear. A lifelong vegetarian, Stella McCartney does not use any leather, skins, feathers or fur in her designs, collaborations, or licensed products. The brand is committed to ethical values, and believes the company is responsible for the resources it uses and the impact it has on the people, animals and the planet.

Modern Slavery Definition

Modern slavery is a term used to encompass human trafficking, slavery, servitude, forced and compulsory labour, bonded labour and some forms of child labour. Victims are coerced, deceived, threatened or abused into providing 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.





(*as of December 2018)

Our Supply Chain

Country	Product Suppliers In Tiers 1 & 2
Italy	66%
China	14%
Spain	05%
Hungary	03%
India	02%
Portugal	05%

Table 1: Distribution of Product Suppliers (as of December 2018)

The remaining 5% of production is split between UK, Romania and Thailand (Tier 1), France, Germany, Switzerland, Japan, Tunisia and Turkey (Tier 2)

Our supply chain can be divided into two areas:

- 1. Production of items we sell such as clothing, shoes or bags "Product Supply Chain" / "Product Suppliers"
- 2. Not-for-resale items such as furniture or packaging and contractors such as transport, cleaning or security "Procurement Supply Chain" / "Procurement Suppliers"

Product Supply Chain

Our materials are sourced and our products manufactured through a carefully selected network of suppliers located around the world, many of which have worked with us since the brand was founded. Italy is by far our biggest sourcing country with 66% of all our Tier 1 and 2 Product Suppliers (see Table 2 on page 9 for more information on Tiers and Product Supply Chain visibility). Although significantly smaller, other key sourcing countries include Hungary, Spain, Portugal, China and India.

In 2017, we worked with 89 Tier 1 and 391 Tier 2 Product Suppliers globally. Many of these are small manufacturers and artisans who specialise in particular techniques and processes. For instance, our bag manufacturers are experts at working with our non-leather bag materials. We trace the natural materials we use (such as cotton, wool and viscose) back to their country of origin. Our key sourcing countries for natural materials are India, China, Turkey, Egypt and the USA for cotton, New Zealand and Australia for wool and Sweden for viscose.

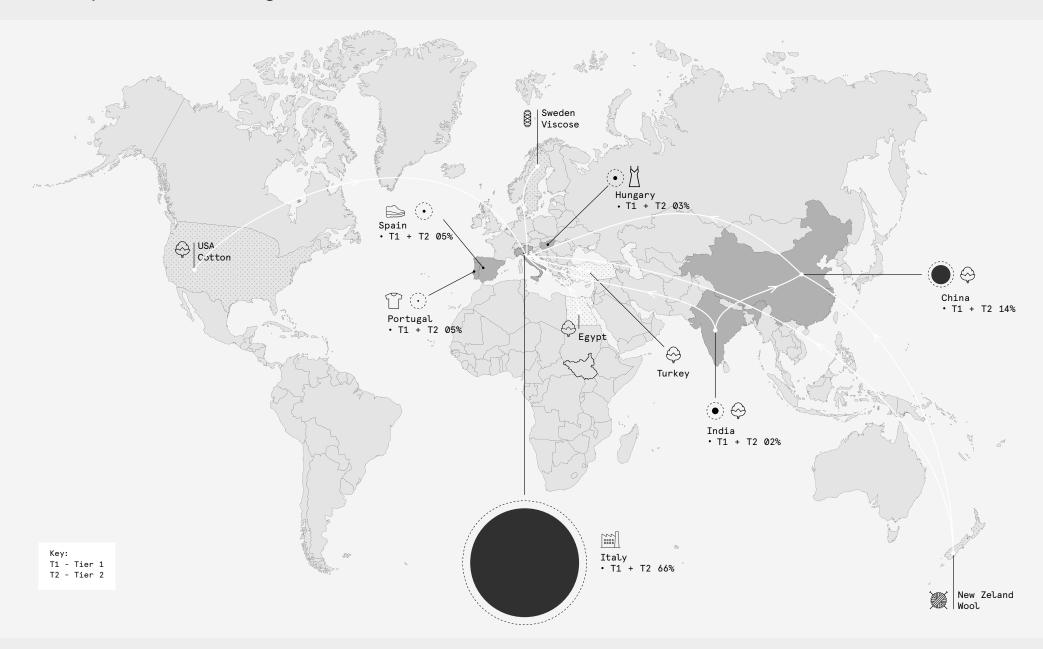
Procurement Supply Chain

In addition to the Product Supply Chain, Stella McCartney operations are supported by a network of Procurement Suppliers and contractors who help us with the day-to-day running of our stores and offices. These include a range of services such as transport, packaging, construction, furniture, cleaning, catering and security.

Licence & Other Partners

The sourcing and manufacturing of ready-to-wear clothing, accessories, shoes and kids collections are managed by Stella McCartney. The adidas by Stella McCartney range, together with lingerie, swimwear, eyewear and fragrance product categories are licensed. As of December 2018, we also had 18 indirectly operated stores.

The Flow of Key Raw Materials & Key Manufacturing Locations



Relevant Policies

As a result of SMC becoming an independent company, a full set of social sustainability related policies and standards were developed and released to all direct suppliers in June 2019.

The SMC Supplier Code of Conduct (Code) underpins all the key sustainability principles and summarises the key requirements suppliers must meet in order to work with our brand. The Code is based on the fundamental conventions of the International Labour Organisation (ILO) and specifically prohibits use of forced labour and modern slavery.

In addition to the Code, the SMC Responsible Sourcing Guide (RSG) provides detailed information about specific policies and guidance for suppliers to support them with complying with the Code of Conduct. Apart from the Code and RSG, SMC has a number of standalone policies on specific topics. These are periodically updated and new policies are developed in line with key risks and needs of the business.

The Subcontracting Policy was developed and released together with the Code and RSG as a standalone policy setting our expectations for Suppliers in regards to responsible subcontracting practices. We know that human rights risks,

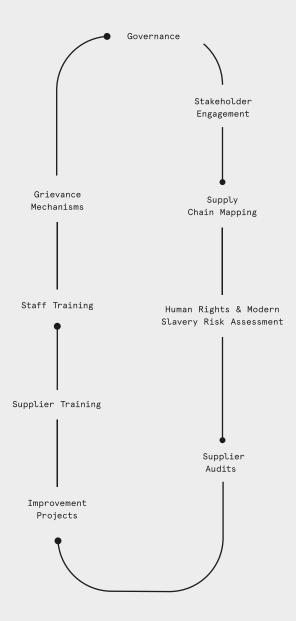
including the risk of forced labour and modern slavery, increase further down the supply chain and the Subcontracting Policy helps suppliers to communicate, monitor and ensure our standards where subcontractors are involved in production of SMC goods.

The Stella McCartney Modern Slavery Policy for Partners and the Stella McCartney Modern Slavery Policy for Internal Staff were developed in consultation with four external partners specialising in human rights and have been in place since 2017. The policies not only set standards but also include guidance on modern slavery indicators, the most common risk areas and suggested due diligence for SMC suppliers.

The SMC Modern Slavery Remediation Procedure sets out the steps to be taken if a case of modern slavery is identified. For example, it states that we will act with the well-being of the individuals at risk in mind and that we will support our partners in developing and implementing a remediation plan.

Suppliers are required to read and sign the Code and all standalone policies at the beginning of their relationship with SMC, to confirm they understand and comply with the content.

Modern Slavery Due Diligence 1/3



Governance

At the highest level, the responsibility to meet the social sustainability requirements sits with our Chief Operating Officer (COO) and the board of directors. The responsibility for implementing our social sustainability programme on a day-to-day basis sits with our Sustainability and Innovation department. Social sustainability covers all areas of managing the impacts (both positive and negative) our business has on people, including ethical trade, human rights and responsible business conduct. The Sustainability and Innovations Director, who is supported by a Social Sustainability Manager and a Social Sustainability Coordinator reports directly to our COO. Social sustainability related issues are regularly discussed with executive management.

Stakeholder Engagement

Our experience has taught us that a collective approach to addressing the complex issues around human rights is the most effective. We have been a member of the Ethical Trading Initiative (ETI), a leading alliance of companies, trade

unions and NGOs that promotes respect for workers' rights around the globe since 2012. The ETI enables brands to work together with industry experts and improve working conditions for workers in their supply chains. We report to ETI annually about our social sustainability work, including modern slavery due diligence.

In addition, we work closely with our business partners, industry peers, external human rights experts and various global and local stakeholders in order to strengthen our ability to ensure that human rights are respected throughout our operations and supply chain. In regards to modern slavery specifically, we work with a number of partners who have expertise in this area. For example, in 2017 an ethical trade consultancy Impactt delivered modern slavery training to our social sustainability team which was disseminated to our Product Suppliers throughout 2018. In January 2019, we approached Stronger Together and the UK Gangmasters and Labour Abuse Authority (GLAA) to deliver a specialised training to our social sustainability team on worker interviewing skills for potential victims of modern slavery.

Modern Slavery Due Diligence 2/3

Supply Chain Mapping

Mapping and understanding our supply chains beyond direct relationships is one of our key priorities. We recognise that our most salient risks regarding modern slavery occur in the lower tiers of our supply chains. Because of this, we have placed significant focus on improving supply chain transparency and product traceability. We have a target to achieve farm, mine and forest level traceability of all materials by 2025. We have mapped and continue to monitor all Tier 1 and many Tier 2 Product Suppliers. In 2016, we mapped and started monitoring key Procurement Suppliers. In 2017, we improved our T2 supplier mapping by including more trims and shoe component suppliers in the data collection. In 2018, we mapped two new T3 suppliers (cotton ginners) and one alpaca farm.

Human Rights And Modern Slavery Risk Assessment

We know that the more aware we are of supply chain risks, the more we can do to prepare for and/or prevent issues that may arise. We regularly assess environmental and human rights risks within our Product Supply Chain to the best of our ability, taking into account outside factors such as local politics and climate change. We focus on engaging local stakeholders and experts to help us ensure we are aware of the current trends in our sourcing regions and can increasingly predict and prevent human rights risks as well as assess and address them.

In partnership with Ergon Associates, we conducted a modern slavery risk assessment across all of our business activities in 2017. The assessment focused on five areas:

forced labour, child labour, low pay, excessive working hours and modern slavery and included our own operations, as well as our Product Supply Chain, Procurement Supply Chain and franchise partners. Based on the results, we continue to investigate and achieve greater visibility of Tiers 3 and 4 of our Product Supply Chain, particularly for cotton (see page 11 for more details on the identified risks and steps taken).

We continue to monitor changes in our supply chain as well as trends such as migration patterns to ensure our global risk assessment is up to date at all times. As we extend the scope of our monitoring activities, we use risk assessment as the first step to identify priority suppliers and topics to assess in full against our Code of Conduct and policies. All new suppliers are required to provide us with key data about their business, supply chain and workforce before audits are conducted which helps us tailor our audits and monitor our supply chain more effectively.

Supplier Audits

Although we do not rely on ethical audits alone, we find them to be a useful tool in gaining insight into our Suppliers' practices and potential risks in our supply chain. Audits help us collect data and address immediate issues as well as pick up on indicators that additional investigation is needed. For instance, it can be difficult to identify instances of modern slavery in one audit, but we will be able to identify signs that we should look further and dig deeper.

We conduct different types of audits (including unannounced audits) depending on the circumstances, which help us to understand how our Product Suppliers work, identify potential risk areas and support our Product Suppliers in meeting required standards.

We updated our audit methodology in 2018 to ensure we always conduct a thorough risk assessment before auditing a Supplier, engage with stakeholders such as other brands where we share Suppliers and consult local experts to be aware of common risks in the area. We also aim to conduct audits in a collaborative way with our Suppliers, teaching them how and why we assess their practices, to help them conduct their own audits and develop strong monitoring systems internally and in their own supply chain.

In 2018, we hired a new member of our social sustainability team based in Italy, our biggest sourcing country, who conducts the majority of our audits in Europe. The rest of our audits are conducted by carefully selected, local and specialist third- party auditors. Both internal and external auditors conducting SMC supplier audits have received detailed training on the indicators and root causes of modern slavery, as well as the SMC Modern Slavery Remediation Procedure.

In January 2019, we assessed all our cleaning companies in the UK on their labour practices and continue to work with them to ensure they fully meet our standards.

Supply Chain Mapping

Definition	Example	Visibility	Monitoring
Final product manufacturing and assembly	Direct suppliers and their subcontractors carrying out sewing, cutting, printing, embroidery, packing or any other type of final assembly or finishing operations.	We have a complete map of all manufacturing sites.	Our policy requires all sites to be assessed and approved before production can begin and to be monitored on a regular basis.
Material manufacturing	Suppliers of fabrics, trims, components and other materials that go into final manufacturing and assembly of our products.	We have a complete map of fabric, trim and component suppliers for all our mens and womens lines. All key fabric and trim suppliers for kidswear are mapped.	Key sites are assessed and approved before production.
Raw material processing	Cotton ginners and spinners, pulp mills, metal smelting etc.	We have a map of the sites used by our nominated raw material suppliers.	Some sites, such as those working with our nominated raw material suppliers have been visited and assessed. As we achieve more traceability, we will include more of these suppliers in our monitoring program.
Raw material production	Farms (cotton, wool), mines (metals), forests (viscose, wood and paper).	We have a country-level map of our natural raw materials. For some key raw materials we have farm level traceability (such as wool, viscose, and some cotton farms).	All our nominated suppliers have been visited and assessed. As we achieve more raw material traceability, we will include more of these suppliers in our monitoring program.

Table 2: Product supply chain tiers, visibility and monitoring

Modern Slavery Due Diligence 3/3

Improvement Projects

In cases where our Product Suppliers find it difficult to complete the remediation work identified through audits, we include them in supplier improvement projects. These types of projects help suppliers to understand and address the root causes of particular issues and to develop systems that prevent such issues from occurring again. To date, 25% of our direct T1 Suppliers participated in improvement projects covering a range of topics, for instance health & safety wages and working hours, social dialogue and productivity. 10 key suppliers, representing 11% of our T1 Product Suppliers have been specifically trained on recruitment and hiring practices as a result of our risk assessment and knowledge that poor practices in these areas may lead to modern slavery.

Supplier Training

We conduct regular training on the Stella McCartney social sustainability programme, policies and common ethical trade challenges facing Product Suppliers, including the topic of modern slavery. To date, we have delivered this type of training to suppliers from all our key regions, including Italy, Hungary, India, China, Spain and Portugal.

In June 2019, we conducted our first SMC supplier sustainability summit for Tier 1 and Tier 2 Product Suppliers

working with Stella McCartney. The summit marked the roll out of our own sustainability standards and policies as well as provided opportunity to share best practices on a number of sustainability topics. 25 T1 direct suppliers received training on the key social sustainability risks, including the risk of modern slavery in their supply chains.

Staff Training

Our social sustainability team have undergone a number of specialist trainings on modern slavery, learnings from which have been incorporated into our wider social sustainability programme. For instance, in 2018 our social sustainability team attended a train-the-trainer modern slavery module delivered by the UK ethical trade consultancy Impactt, which helped us provide modern slavery training to our suppliers and factories. In January 2019, we approached Stronger Together and the UK Gangmasters and Labour Abuse Authority (GLAA) to deliver a specialised training to our social sustainability team on worker interviewing skills for potential victims of modern slavery.

All supply chain facing teams within the Stella McCartney business (such as sustainability, sourcing, production and facilities) have been trained on modern slavery throughout 2017 and 2018 and refresher trainings are provided at least

annually through regular sustainability meetings. In addition, we delivered modern slavery awareness raising session to staff from other business functions in our head office in 2018, including finance, design, PR & marketing, licensing, visual merchandising and legal. Between January 2018 and June 2019, total of 58 SMC staff received training on modern slavery. Senior management, including board members, continue to receive regular updates about the company's due diligence on modern slavery.

Grievance Mechanisms

All Stella McCartney staff have a responsibility to raise issues that may constitute a breach of the SMC Code of Conduct and related policies, including any instance or suspicion of forced labour or modern slavery in SMC operations or the supply chains. Internally, employees can report any concerns or issues directly to the SMC social sustainability team and serious issues are escalated to the top management.

Externally, a grievance channel is provided to suppliers and their workers in a form of email ID listed in the Code. We ask our suppliers to explain the Code to their workers and post it in a visible area in the factories and invite anybody to contact us anonymously and in any language.

Identified Risks And Steps Taken

Through our social sustainability programme and modern slavery risk assessment, we have identified four key areas:





MIGRANT AND REFUGEE WORKERS

Workers who are refugees, internal migrants or economic migrants can often have fewer rights in the workplace and less legal protection. All SMC sourcing countries represent a risk in this regard.

STEPS TAKEN

Our internal social sustainability team and external audit partners are trained to focus on vulnerable groups during SMC audits, such as migrant and refugee workers. We conduct a number of off-site audits to understand the vulnerability of migrant workers and the hiring practices in communities where our Product Suppliers operate. This helps us verify the accuracy of information obtained through announced assessments and enables us to better advise our Product Suppliers on corrective actions.

In 2018, we supported a supplier in Hungary with following a correct process for hiring migrant workers from Ukraine. In India, we are working with other brands to support internal migrant workers through improving their working conditions and providing them with life skills training.



CHILD LABOUR AND YOUNG WORKERS

Some suppliers may lack effective ageverification systems or may subcontract HR functions to a third party. While we have not found any cases of child labour in our supply chains, the potential risk was identified through our risk assessment. Tiers 1 and 2 in China and India pose the highest risk of child labour in our supply chain. The most significant risk for Tiers 3 and 4 was identified as India, China, Turkey and Egypt.

STEPS TAKEN

We work with specialist ethical trade partners in China and India who help us to assess, monitor and train Product Suppliers on age verification systems and adequate working conditions for apprentices or young workers. This helps us continue to ensure that no child labour is used.

We noticed an increased risk of young workers and apprentices being employed in factories in China and some European countries in the recent years, as a result of worsening labour shortages in these regions. As a precautionary measure, we train our suppliers on responsible hiring and recruitment practices including how to spot a fake ID, what jobs are safe for young workers and what are the legal requirements that must be met when employing apprentices.

We are aware that there is a risk of modern slavery in global cotton supply chains, especially in the lower supplier tiers. Cotton is a seasonal crop, which means temporary workers are often used for picking and other processing stages. We are aware of risks of cotton from Uzbekistan, Syria and Turkmenistan (countries where forced labour has been documented) being sold into China and Turkey where it is mixed with cotton from other countries.

In India, the Sumangali scheme has received a lot of attention in recent years because of the risk of young girls being recruited for bonded labour in the cotton mills. Other relevant risk countries for us include Turkey, China, Egypt and Africa. Turkey in particular poses a risk due to the Syrian refugee crisis.

STEPS TAKEN

Traceability of cotton reduces this risk and allows us to monitor our supply chain. We require our Product Suppliers to disclose the country of origin of all their cotton (i.e. where the farming of the cotton happens) and we do not permit the use of any cotton from Uzbekistan, Syria or Turkmenistan for SMC products or materials. Wherever possible, we like to nominate our cotton sources, for instance through choosing to support projects aimed at more sustainable and ethical cotton production. We support the Cottonforlife Initiative in Egypt which promotes the growth of sustainable cotton and supports local farmers, especially women and children.

We have mapped the cotton purchasing practices of our key suppliers in China and India to understand how we can gain visibility through to farms. In 2018, we mapped one key cotton supply chain and visited two cotton farms in Turkey. In 2019, we mapped another cotton supply chain in India down to the spinning mills. Gaining access to the farms and cotton processing facilities allows us to better understand risks faced by workers involved in these early stages of production and identify good practice we can promote further.



TEMPORARY WORKERS AND THE USE OF RECRUITMENT AGENCIES

Temporary workers may be hired in an informal way, without contracts or paid through an intermediary. This leaves them more exposed to exploitation than directly employed and permanent workers. Using recruitment agencies or other intermediaries may leave workers vulnerable to unethical recruitment practices. Within our supply chain, China, India and Italy have been identified as high risk.

STEPS TAKEN

We provide training to our Product Suppliers on the risks linked to using temporary labour, relying on recruitment agencies and undertake off-site audits.

All key Tier 1 Product suppliers in China and India received bespoke training on ethical hiring and recruitment practice, with specific focus on hiring temporary and agency labour and subcontractor management in the last two years. We are working with our suppliers in Italy to ensure migrant workers understand their rights and are not treated differently to local workers.

Mapping the use of temporary labour and raising awareness about the risk of modern slavery have become key parts of all supplier audits and internal staff factory visits we conduct.

Progress Against Indicators

Modern slavery due diligence is part of our social sustainability programme, which we review, develop and strengthen on a regular basis.

As we raise awareness across our business of what modern slavery can look like, we increase our ability to recognise it. We see this as a positive indicator that our due diligence is yielding results and crucially, helping workers that find themselves in a vulnerable situation to receive appropriate remedy. Since the release of our first modern slavery statement (FY 2016), we have found breaches of our social sustainability standard such as excessive overtime, late payment of wages or use of recruitment agents, which if left unaddressed may lead to cases of modern slavery. We investigate all such cases identified during audits and site visits and require that remediation steps are taken where practices do not comply.

In 2017, we identified five KPIs to help us measure progress. As we expand our work on modern slavery due diligence, we will continue to improve our evaluation framework including qualitative indicators.

KPI	Achieved
Number of internal staff who have received training on modern slavery	 Between January 2017 and June 2018, 58 staff in key positions such as design, production, store planning and operations received specific training on modern slavery, representing 20% increase from the last reporting period.
Number of suppliers who have received training on modern slavery	 100% of product suppliers and key Procurement Suppliers received a Modern Slavery Due Diligence Guidance as part of our implementation of the Modern Slavery Policy in 2017. 21 T1 direct suppliers from Italy, Spain and Portugal received training on modern slavery during our Supplier summit in June 2019, increasing the % of trained Product Suppliers by 82% from the last reporting period.
Number of suppliers participating in improvement projects	 To date, 25% of our direct T1 Suppliers have participated in improvement projects covering a range of topics, including health & safety, recruitment and hiring, wages and working hours, social dialogue and productivity, representing 31% increase since the last reporting period
Extent to which our Product Supply Chain is mapped / fully traceable	 In addition to the traceability work we have already done on viscose, wool and cotton, described on page 4: We mapped our alpaca fibre supply chain back to the farms, which we visited and assessed in 2018. We have mapped one key cotton supply chain and visited two cotton farms in Turkey as well as mapped two new T3 suppliers (cotton ginners) in 2018 We mapped another cotton supply chain down to the spinning mills in India in 2019
Investigation and remediation should any instances of modern slavery be identified	 We are better able to identify indicators potentially leading to modern slavery - between January 2018 and June 2019, 15% of audits / factory visits highlighted a need for further investigation which was carried out to confirm modern slavery was not taking place. We require our suppliers to remediate any practices which fall short of our standards, including cases that present indicators or possibility of forced labour or modern slavery. For example, in the last 12 months: 1 - We identified a case of suppliers providing informal loans to workers which if left without terms being clearly defined, could lead to bonded labour. 2 - A situation where migrant workers rely on their employer for everything from accommodation to opening a bank account, due to not speaking the local language. Such circumstances create dependency that could lead to exploitation. In both cases, as in any other cases, we have educated the relevant suppliers, supported them to put preventative measures in place and have a monitoring program in place to ensure ongoing compliance.

Progress In Priority Areas And Looking Ahead

	Focus Area	Completed	Next Steps
1 (13: 8: 74)	Develop a robust system for supply chain mapping. As a priority, we will work to improve the visibility of Tier 3 and 4 in our cotton Product Supply Chain with a focus on identifying opportunities for reducing human rights-related risks (including modern slavery) in these tiers.	• In 2019, we mapped another cotton supply chain in India down to the spinning mills, in addition to 2 cotton supply chains mapped and cotton farms visited in 2018.	• Visit more cotton farms (T4) and processing facilities such as cotton ginners and spinners (T3) in China, India and Turkey.
2	Strengthen our supplier assessment methodology to ensure that our audits can effectively identify indicators of modern slavery, especially in the lower tiers of the Product Supply Chain. We will seek feedback from relevant stakeholders on how to do this.	 We rolled out a new audit methodology in 2018, focused on strong risk assessment, collaboration and transparency. We hired an internal auditor based in Italy in 2018 33 direct product suppliers and 44 subcontractors have been audited using the new methodology between November 2018 and June 2019 	Audit all product supplier and subcontractors in Tiers 1-2 using our new audit methodology Increase number of assessments across tiers 2-4.
3	We recognise the need to increase support of workers' voices in our supply chain and are looking into ways to develop this.	 Worker surveys piloted at 14 sites across Hungary, Italy, Romania, China and India. The survey questions were developed with an ethical trading consultancy Impactt and reviewed by experts including a trade union, Ethical Trading Initiative A grievance mechanism provided to supplier and their workers in a form of email ID included in our Code of Conduct 	Tailor the survey to each country and deliver at all sites in tiers 1-2. Pilot two other grievance or feedback channels for worker
4	Continue to raise awareness of what modern slavery can look like through scaling up training for SMC staff and suppliers. We aim to help our suppliers build capacity to identify, remediate and prevent modern slavery in their supply chains.	 Suppliers from all key regions, including Italy, Hungary, India, China, Spain and Portugal have received training on modern slavery in the last three years. 25 T1 direct suppliers received training on the key social sustainability risks, including the risk of modern slavery in their supply chains at our Supplier Summit in June 2019. 	• Ensure 100% of active tier 1 suppliers complete in-depth labour standards training with a focus on modern slavery.
5	Extend monitoring across the Procurement Supply Chain in regards to modern slavery risks.	• All UK cleaning companies audited in January 2019	• Increase number of Procurement Suppliers assessed.