

Modern Slavery Statement 2019-2020

LIBERTY.

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Section 1: Introduction

This is our third Modern Slavery statement published in accordance with the Modern Slavery Act 2015. This statement reviews the progress made in the 12 months since our second statement in August 2019. Our first statement was published in November 2018

Foreword from our CEO

It's been a year of significant activity at Liberty on the Modern Slavery front. We outlined in 2019 the many actions we intended to initiate for the next 12 months and we are reporting on the progress since – transparently sharing successful moves, as well as areas where we still have much work to do.

In the past year we began the capillary exercise of mapping and auditing our own brand direct apparel and accessories Tier 1 supply chain. We have appreciated being given access to others' audits as we improve our understanding of working conditions in our supply base, and we look to encourage this practice of exchanging the information we have on good suppliers with like-minded makers and retailers who are also engaged with mapping their supply chain. In the coming year, we will begin to look vertically through our Fabrics supply chain, educating ourselves on the challenges at each tier, building our understanding of the most salient risks within fabric sourcing, and creating a programme with this knowledge in mind.

We were delighted that our application to join the Ethical Trading Initiative (ETI) was approved mid-year by their Board – the first multi-brand luxury retailer to do so. Through our membership, we look forward to sharing key information and engaging collaboratively with other ethically-minded organisations.

We have continued with education - many of our staff have benefitted from specific training sessions for those who work closely with suppliers. Modern Slavery training will still be a priority, and we will continue to focus on staff who liaise with suppliers. We are beginning to deploy our governance more widely to our Fabrics suppliers, but we are yet to cover our suppliers of services, our third-party brands and licensees – we have some catching up to do here.

In March, Covid 19 forced us to close our retail doors. For several months retailers were unable to operate, unable to earn any cash, unable to buy products and brands and unable to sell them. This critical situation has led to many retailers becoming insolvent, and many suppliers likewise. We would have preferred not to cancel some orders or delay payments – we know this has a knock on effect on our suppliers. As Liberty is 50% a retailer and 50% a supplier, we witnessed first-hand the adverse effect of receiving order cancellations. We have now reopened our retail doors and are working to close any pending dues with suppliers. As outlined in our report, we are also conducting an internal investigation on the impact of the pandemic on our direct and indirect suppliers, and looking at the actions we took in response.

Section 1: Introduction

While legislation is focused on pursuing perpetrators, there is still insufficient support for victims. We discussed this with the Home Office and had the privilege of time with Caroline Haughey QC who led the prosecution following the investigations of the UK's largest ever trafficking case. Slavery and trafficking are on our doorstep – which painfully emerged on several high-profile cases in the past year.

We also joined forces with the Sophie Hayes Foundation's 1000 Women campaign which aims to help female victims of trafficking to achieve independent and sustainable freedom, details of which can be found in our statement. I would like to thank our many customers that proved generous and engaged in our awareness and fund raising drives for both 1000 Women and Anti-Slavery International. Our customer contributions made a real impact in giving survivors of slavery a chance of a better future.

I am inspired by a new generation of customers that are keen to understand product provenance and are unforgiving towards brands and retailers that are not active and diligent in the fight against slavery. If and when we find issues, we will call them out, and our first response will be to try and solve the issue in the interest of the workers. While it is easier to disengage from problem supply chains, this is not always in the best interest of the workers, so we will always attempt to fix the issue first if we can.

In the fight against slavery, we believe education, sharing and collaboration are fundamental to turn small businesses like ourselves into a force. We celebrate even our small battle victories without being naïve about the war being long, complex and uphill. If there is one learning from the past year is that whatever the size of your business, you can actually make a difference.

Signed by:



Adil Mehboob-Khan
CEO

Liberty Zeta Limited, on behalf of the Liberty Group
Date: 25 August 2020

Section 2: Organisational Structure

Liberty is a leading luxury retailer and fabric and product design house. Our business is based in the UK with a head office in London, and is organised around three key divisions:

- Liberty Fabrics, which is the home of our in-house fabric design studio and archive, and operates Liberty's global wholesale fabric business, including a wholly-owned fabric printing mill in Italy;
- Liberty brand, which designs and wholesales Liberty's own-brand 'Liberty' product lines; and
- Liberty Retail, which operates our flagship store in London and our online store at www.libertylondon.com - these offer for sale over a thousand third party brands alongside our own Liberty products.

Our business operations are delivered by approximately 600 employees globally.

Sourcing models

Liberty Fabrics sources raw materials from Italy, India, China and Romania, and prepares and prints fabric both in Liberty's own printing mill in Italy, and in other locations in Italy and China

Liberty brand product is exclusively designed in-house in the UK, with apparel and accessories production outsourced directly to factories in the UK, Italy, Portugal, India, China, Lithuania, Turkey and Romania. Ambient foods, homeware and beauty accessories are produced by manufacturers in the UK and Europe, indirectly through licensing, distributors or agents.

Liberty Retail offers a curated edit of third-party brands across multiple product categories, including beauty, accessories, home, and ready to wear. These supply chains are managed by the brands themselves.

Section 2: Organisational Structure

Governance structure

The CEO and CFO retain ultimate responsibility for ensuring that the Liberty Group continues to monitor and mitigate its human rights risk. Sponsored by the CEO, in March 2019 we established the CSR Steering Committee, formed of individuals from the Leadership Team in CSR, Human Resources (HR), Buying, Retail and Marketing. The objectives of the CSR Steering Committee are to support the CEO, CFO, and CSR Department by:

- Embedding and promoting responsible ways of working throughout the business;
- Providing programme governance;
- Endorsing and sponsoring new initiatives;
- Ensuring effective devolvement of actions to individual departments.

Human rights and modern slavery are also key elements of an annual Environmental Social and Governance (ESG) Survey that is completed and shared with Liberty's shareholders.

Section 3: August 2019 – August 2020 Update

Liberty, For Life

In the period since the last report, the company formed a cross-functional Charity Working Group, focused on building a framework around our charitable giving programme entitled “Liberty, For Life”. As part of this process, the Working Group concluded that our philanthropic efforts would be in support of local, community-based charities, with the group then collectively creating a shortlist of charities who fit this theme. The final charities selected for support by the Charity Working Group and the Chief Executive, were House of St Barnabas and the Sophie Hayes Foundation.

The company’s long term commitment to anti-slavery has been exemplified in its support of the Sophie Hayes Foundation, a charity which focuses on supporting female survivors of human trafficking into employment. At the time of publishing, Liberty’s customers had raised over £50,000 through instore and online sales donations for the charity’s 1000 Women initiative, which aims to mitigate the risk of re-trafficking through employability support.

In addition to the above, Liberty continued to support Anti-Slavery International over the 2019 Christmas period, holding collections in store and at till point, raising a total of £7,633.

CSR - Resource Update

In the period since the last report, an additional headcount was created in 2020, to further support the development and delivery of Liberty’s ethical trade programme. The CSR function now comprises two full time roles (CSR Manager and Ethical Trade Business Partner) and one part time role (Director of CSR and Central Procurement). Through the latter role, the CSR department continues to have direct representation at Senior Leadership level.

Section 3: August 2019 – August 2020 Update

Establishing Our Activity And The Impact Of Covid 19

In the period since the last report, we have made strong progress in building foundations of our ethical trade programme, joining the Ethical Trading Initiative (ETI) as a Company Member in October 2019. Where globally-recognised standards already exist, such as the ETI Base Code, we have sought to embed these into our supply chain operations. Our first Supplier & Partner Code of Conduct mirrors this guidance and, based on the countries we source own brand product from, established supplementary policies that address heightened thematic risks in our supply chains. We additionally created a framework for our first audit programme, partnering with a global auditing company and working collaboratively to agree an audit protocol. Whilst audits have provided a critical first insight into factory conditions, we also appreciate that auditing only provides a snapshot of factory conditions, so we have additionally also looked at the way we select and risk assess suppliers, building the capabilities and knowledge base of our Production and Sourcing Teams to ask critical questions that give our business an overview of risk. We have additionally mapped our own brand direct supply chain at Tier 1 (finished goods), and will look to build on our visibility of our indirect own brand supply chain, and our Fabrics supply chain.

Whilst we are proud of the progress we have made in a year, the challenges presented by the Covid 19 pandemic have limited what we have been able to achieve, resulting in partially completed progress in certain workstreams, further outlined in our Activity Review below. Operationally, the pandemic has had a dramatic impact on our business; with our UK retail store closing shortly prior to the UK-wide general lockdown in March 2020 and our Italian fabric operations, based in the Lombardy region, severely impacted by local restrictions from early March. As part of the measures taken to protect our business, 70% of our colleagues were furloughed under the UK Government's Covid 19 Job Retention Scheme, which meant that most of our Retail and Head Office colleagues, including the CSR team, were unable to work for several months.

As the CSR Team returns to work, we remain acutely aware of how the pandemic has added further complexity to the evolving risk of modern slavery in global supply chains. We have been working to build our understanding of the risks within our supply chains as they relate to Covid 19, collaborating with the ETI and its brand members to understand the collective challenges that the retail sector faces. We are also conducting internal investigations on the impact of the pandemic on our direct and indirect suppliers (largely based in Europe), whilst also looking at the actions we took in response.

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Policy & Governance	<p>Evolve the existing supplier documents into a standardised Supplier & Partner Code of Conduct across the group, with supporting ethical trade policies that address our most significant Modern Slavery risks, specifically:</p> <ul style="list-style-type: none"> ▪ Migrant Labour ▪ Child and Young Workers ▪ Homeworkers 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Fully completed <input type="checkbox"/> Partially completed <input type="checkbox"/> Not completed 	<p>1. Liberty Supplier & Partner Code of Conduct created.</p> <p>2. Supplementary policies relating to Migrant Labour, Child and Young Workers and Homeworkers created.</p>
	<p>Build partner understanding of our ethical trade expectations, and secure commitment to expectations</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed 	<p>1. Own brand direct apparel and accessories suppliers engaged with expectations through consistent messaging from Production, Sourcing and CSR functions.</p> <p>2. Own brand direct apparel and accessories suppliers requested to sign and return code of conduct.</p> <p>Through consistent cross-functional supplier communication, we were able to engage with all own brand direct apparel and accessories suppliers to receive signed commitments from all. Due to the evolving nature of the mapping project, this exercise has only been partially completed. However, we aim to continue engaging in this way with own brand direct and indirect suppliers.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Policy & Governance	Cascade the above documents to: <ul style="list-style-type: none"> ▪ Direct suppliers (of goods and services) ▪ Licensed partners ▪ Third party brands 	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>1. Training delivered to own brand apparel and accessories Production and Sourcing Teams to build internal awareness and understanding of new policy documentation.</p> <p>2. Policy documents shared with all Tier 1 own brand direct apparel and accessories suppliers.</p> <p>In 2019-2020, we began the process of mapping all own brand production, successfully cascading documents with directly managed Tier 1 own brand apparel and accessories suppliers, in addition to our direct Liberty Fabrics suppliers. As our understanding of our risk exposure evolved, the mapping project grew to incorporate own brand production managed through licensing, distributor and agency business models. The mapping project therefore expanded significantly to incorporate both direct and indirect suppliers, requiring more time than originally planned, with ongoing mapping activity still taking place. As such, engagement with suppliers on our policy documents has only been partially completed, as we focus our efforts on drawing an accurate picture of all own brand production, directly or indirectly managed. With a greater understanding of our risk and with the resource we have available, in the immediate term, we will continue to focus cascading within this community, before assessing how we manage risk in our third party brands and non-stock operations.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Policy & Governance	Conduct a review of Terms and Conditions for suppliers, licensees and third-party brands to ensure these are fit for purpose in respect of ethical trade.	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>1. Review of terms for licensees and third party brands was completed, to include enhanced expectations around transparency.</p> <p>2. New terms and conditions have been prepared and are awaiting cascade.</p>
	Drive clarity and consistency in supplier, licensee and third-party brand approval process	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>Onboarding process for Liberty apparel and accessories suppliers reviewed, analysed, repurposed and standardised.</p> <p>The onboarding process for own brand direct apparel and accessories suppliers was thoroughly reviewed, and a gap analysis was conducted to draw out any inconsistencies in approach, or opportunities to share critical information. In collaboration with Production & Sourcing functions, a new onboarding process was agreed, and was embedded by September 2019. Due to the evolving nature of the mapping project, this exercise has only been partially completed and delivered to own brand direct apparel and accessories suppliers. We will continue to refine this process for indirect apparel and accessories suppliers, and our Fabric suppliers.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Policy & Governance	Engage and collaborate with multi stakeholder initiatives to help both strengthen our programming and influence sector-wide responses to the issue of Modern Slavery	<input checked="" type="checkbox"/> Fully completed <input type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	Application to become a Company Member of the Ethical Trading Initiative confirmed in October 2019.
Visibility	Collaborate with teams across the business to clarify tiers within the three divisions and respective product categories	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>Tier definitions clarified and embedded for own brand direct apparel and accessories suppliers</p> <p>Tier definitions for apparel and accessories production were defined and rolled out for use by the Production, Sourcing and CSR teams. Work is underway to research and define tiers for Liberty Fabrics, and map accordingly.</p>
	Complete our first full supply chain risk assessment	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>1. Risk assessment of own brand apparel and accessories supply chain completed, including analysis of internal compliance processes and risks inherent in our supply chains.</p> <p>2. Risk assessment of the same within Liberty Fabrics is underway.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Visibility	Engage an auditing company to deliver a fit for purpose audit programme for high risk suppliers, defined by: <ul style="list-style-type: none"> ▪ Tier risk ▪ Product risk ▪ Country risk 	<input checked="" type="checkbox"/> Fully completed <input type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<ol style="list-style-type: none"> 1. Liberty’s first auditing programme defined for apparel and accessories suppliers, taking into account tier, product and country risk. 2. To minimise audit fatigue, an audit trigger filter was created, allowing for the acceptance of existing valid audits from suppliers. Additionally, supplier sharing of any Liberty-commissioned audits, paid for by Liberty, has been encouraged. 3. Formal tender process to select a global auditing partner carried out, reaching a conclusion in October 2019, with a global auditing partnership formalised. <p>Blending our understanding of tier, product and country risk, with our risk exposure based on order volume, our audit programme focuses on gaining further insights on working conditions to complement an initial in-depth risk assessment. Given the number of smaller, artisanal suppliers used by the own brand apparel and accessories teams, a document explaining our Social Auditing Programme was additionally created to support supplier understanding of this activity, which is the company’s first auditing programme. Our ongoing focus in this area will be to expand our auditing programme to our Fabrics division, and to establish a fit-for-purpose model for indirect apparel and accessories sourcing.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Visibility	Build an understanding of our risk profile using audit data, external country data, and supplier-facing employee insights.	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	<p>1. Zero Tolerance and Critical Issues identified, informed by tier, product and country risks.</p> <p>2. Risk ratings assigned to all direct own brand apparel and accessories suppliers following receipt of risk assessments and audits.</p> <p>Liberty’s understanding of its risk profile has evolved significantly in the last year, informed by auditing data and a greater understanding of risks and risk indicators in our sector. Generated through membership of the ETI, sector collaboration, and research from industry papers, our comprehension of both actual and possible risks has grown.</p> <p>As our focus has been on developing our department’s understanding of risk, we look forward to being able to share this in greater detail with our supplier-facing employees, building their ability to identify risk indicators and access a method of escalating any concerns.</p>

Section 4: Activity Review 2019-2020

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Training	Devise an annual Modern Slavery awareness and training programme	<input type="checkbox"/> Fully completed <input type="checkbox"/> Partially completed <input checked="" type="checkbox"/> Not completed	Company-wide training completed in June 2019, and planned to conduct a similar exercise this summer. However, due to the impact of Covid 19, the next annual training will be postponed to take place in Q4 2020.
	Provide guidance and training on pre-selection criteria for: <ul style="list-style-type: none"> ▪ Sourcing teams – who select new suppliers ▪ Buyers - who buy third party brands for retail ▪ Licensing team ▪ Facilities teams – who procure office services that are deemed high risk 	<input type="checkbox"/> Fully completed <input checked="" type="checkbox"/> Partially completed <input type="checkbox"/> Not completed	1. Pre-selection criteria for own brand apparel and accessories suppliers shared as part of the newly formalised onboarding process. 2. Monthly cross-functional calls established to update on prospective and new suppliers, and build discussion around ethical credentials of suppliers as part of the selection process.

Section 5: Objective Setting 2020-2021

Workstream	Objectives 2020 – 2021
Policy & Governance	<ol style="list-style-type: none">1. Create an online repository for all policy documents.2. Engage and cascade documents to indirect own brand suppliers (licensees, distributors and agents) across Liberty and Liberty Fabrics, securing commitments to our expectations.3. Complete review of Terms and Conditions for indirect suppliers across Liberty brand.4. Complete review of supplier approval process for indirect own brand suppliers, and standardise the onboarding process.5. Complete review of supplier approval process in Liberty Fabrics, and standardise the onboarding process.
Visibility	<ol style="list-style-type: none">1. Conduct full mapping of own brand indirect supply chains (licensees, distributors and agents) at Tier 1.2. Conduct full mapping of Liberty Fabrics at printer and mill level.3. Complete tier definition exercises for the above.4. Establish a fit-for-purpose risk assessment and auditing programme for the above.5. Begin to map thematic risks across Liberty own brand direct and indirect supply chains, and Liberty Fabrics.
Capability building	<ol style="list-style-type: none">1. Continue to deliver annual Modern Slavery awareness and training2. Provide guidance and training on supplier pre-selection criteria within the Licensing teams, and with Liberty Fabrics Product Development and Sourcing Teams.
