

Modern Slavery Statement 2021-2022

LIBERTY.

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Section 1: Introduction

This is our fifth Modern Slavery statement published in accordance with the Modern Slavery Act 2015. This statement reviews the progress made in the 12 months since our third statement in August 2021.

This statement is made on behalf of Liberty Zeta Limited and its subsidiaries. Liberty Zeta Limited is the parent company of the Liberty Group, which includes, among others, Liberty Retail Limited, Liberty Fabric Limited and Liberty of London Limited. This statement has been approved by the CEO and the Chairman of the Board.

2021-2022 Year in summary

This year, Liberty graduated to become a Full Member of the Ethical Trading Initiative (ETI), following two years as a Foundation Member. This was a significant milestone for us and a moment that allowed us to reflect on the progress that we have made to date in tackling modern slavery in our supply chain. While there remains much for us still to do, we are proud of what we have achieved so far and remain committed to sharing our progress transparently as we move forward. We hope that our account of our activities can help to serve as a roadmap for other brands that are just starting out.

Over the past 12 months, we have continued to build on the foundations of our ethical trade program and progress the objectives that we set ourselves last year. In particular, we have been developing and embedding an onboarding process to gain visibility and manage risk in the supply chain of our Licensed Partners. As part of that activity, we were able to work closely with one of our partners to manage the remediation of issues identified through a social audit and thereby improve working conditions in their facility. We share more details of this in Case Study 2 in this report. This experience provides a helpful example for us in how to effectively manage remediation processes with future partners and serves as a reminder of the tangible progress that can be made when both parties commit to tackling inadequate conditions.

Section 1: Introduction

We continue to collaborate with other peers and NGOs to champion higher standards and support the most vulnerable within our value chain. We are proud to be supporting the efforts of Anti-Slavery International, together with the Corporate Justice Coalition, to call for the introduction of a new mandatory human rights and environmental due diligence law, with access to justice for victims. While the Modern Slavery Act was a critical breakthrough, a more comprehensive approach is now urgently needed to contribute to a level playing field between businesses; to increase clarity about the minimum standards that businesses must meet; and to make clear the legal consequences when necessary standards are not met. It's also critical that this new legislation provides access to remedies for victims of Modern Slavery, who are not adequately served by current laws.

Of course, businesses can voluntarily choose to participate in solutions. This year at Liberty, in the spirit of helping those affected by human trafficking, we continued our partnership with the Sophie Hayes Foundation, which is dedicated to building sustainable freedom for victims of modern slavery and has a particular focus on supporting female victims. However, beyond spontaneous efforts, this area merits legislative interventions; like the new mandatory due diligence law we are supporting. This law would place the UK at the forefront of tackling modern slavery, just as it was in 2015 when the Modern Slavery Act was introduced and became a new standard which other countries have followed.

In this report, we have aimed to maintain the level of transparency that we set last year; continuing to candidly share the detail of our programme and our navigation of the challenges we face. We hope that our stakeholder can clearly see the continued development of our program and use this report as a tool to hold us to account. We remain committed to making a difference.

Signed by:



Adil Mehboob-Khan
CEO

Liberty Zeta Limited, on behalf of the Liberty Group
Date: 25 August 2021

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 Fabric, 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.

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, our CSR Steering Committee meets quarterly and is formed of individuals from the Leadership Team in CSR, Human Resources, Buying 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; and
- 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 board and shareholders.

CSR Team governance

The CSR Team continues to comprise two full time posts (Head of CSR and CSR Manager), with the Head of CSR reporting into the General Counsel and Director of CSR. Through the General Counsel and Director of CSR, the CSR department continues to have direct representation at Leadership level.

Section 3: Mapping and visibility

For the purposes of this report, we have focused on our own-brand supply chain and omitted the third party brands which fall within our Liberty Retail division as these supply chains are managed by the brands themselves.

Liberty own-brand supply chain

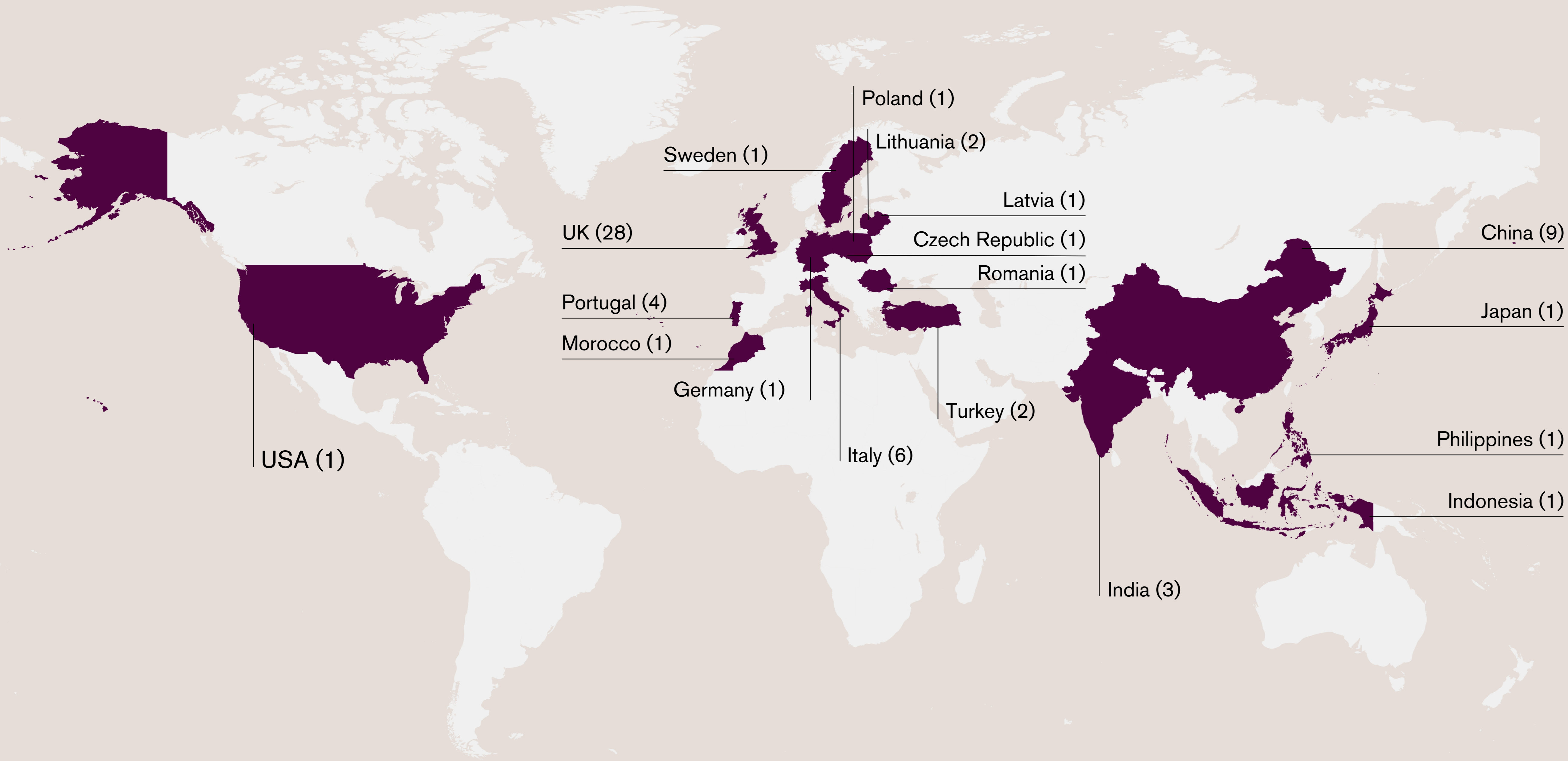
Our initial focus has been our own-brand supply chain, where we have mapped and secured visibility (through audit) of 100% of our first-tier suppliers. We intend to work down the tiers sequentially and we are currently into Tier 2 evaluation.

Tier	Tier definition	Status
Tier 1	Main production sites defined as cut, make, trim or finished goods production	Fully Mapped
Tier 2	Subcontracted sites: including, embellishment, embroidery, printing, dyeing, washing, handwork (i.e., crochet), homeworking	Partially Mapped
Tier 3	Fabric and Components: Tanneries, mills, i.e., fabric production and processing	Unmapped
Tier 4	Raw materials origin	Unmapped

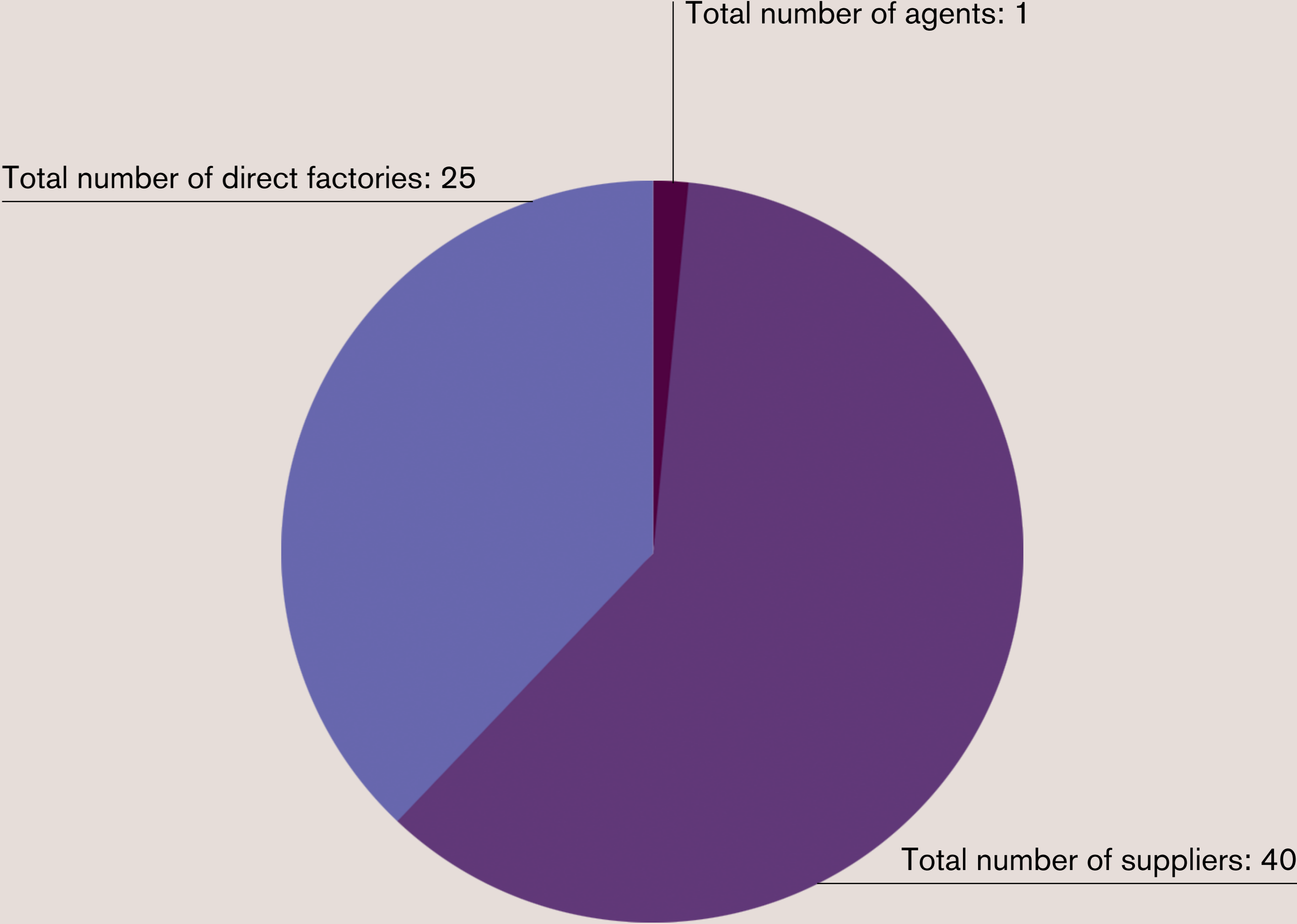
Section 3: Mapping and visibility

Sourcing countries and factory count

Liberty brand includes own-brand apparel, leather goods, accessories, homeware and home accessories, sleepwear and children wear



Sourcing models



Definitions:
Direct factories: produce products to our specifications. We place the purchase order directly with the factory
Suppliers: manage a portfolio of existing factories in their supply chain. Our designs are sent to the supplier who then allocates orders to the factory with the most relevant skill set
Agents: work with Liberty to co-design a product. They also manage the factory selection and allocation of orders

Section 3: Mapping and visibility

Liberty Fabrics supply chain

Within our Fabrics division, we have focused on mapping printing units, suppliers, and direct mill relationships across our fabrics bases in order to better understand the stakeholders involved in our critical supply chains. As new fabrics are conceptualised by our Fabrics Teams, these stakeholders grow in number, so the challenge has been to map and onboard both current and future stakeholders effectively.

We are continuing to build our understanding of tier-specific risks, with the intention of moving from mapping to visibility in the next year. Due to the complexities in the fabric supply chain, gaining the desired visibility has proved more challenging than we had hoped. We are, therefore, reviewing our methods of doing this and actively seeking support from other organisations that have also tackled this issue in order to progress our visibility in this area.

Tier	Tier definition	Status	Count
Tier 1	Printing units	Fully Mapped	7
Tier 2	Suppliers/agents managing weaving units and raw material purchasing on our behalf	Fully Mapped	13
Tier 3	Direct mills	Mapped	29

Section 4: Liberty Policies

Supplier and Partner Code of Conduct is aligned with the Ethical Trading Initiative Base Code and the ILO conventions, defining minimum standards from suppliers and expectations with regards to ways of doing business.

Child and Young Worker Policy sets out our position against the use of child labour in the manufacturing of our products, the steps needed to protect child and young workers, and methods to identify and remediate any instances of child labour found in our supply chain.

Migrant and Contract Labour Policy aims to safeguard the migrant workers who are particularly vulnerable to modern slavery, outlining the measures suppliers should take to formalise the status of migrant and contract labour workers in the workplace.

Homeworker Policy outlines our position in support of homework, and the steps we expect suppliers to take to ensure homeworkers are paid fairly, work in suitable conditions, and have the ability to convene with other homeworkers and communicate with those co-ordinating their work.

Cotton & Textile Policy requires that no cotton or textiles be knowingly sourced from Turkmenistan or Uzbekistan. Additionally, Liberty has suspended the sourcing of any cotton or textiles from the Xinjiang Uyghur Autonomous Region (XUAR), China until independent third-party verification in the region can be restored.

Contractual controls

Liberty's Terms and Conditions for all Licensing and Retail (third party brand) partners includes an obligation for suppliers and partners to operate in accordance with Liberty's Supplier and Partner Code of Conduct and requires them to cascade provisions which match Liberty's position through their managed supply chains, allowing Liberty to clarify our values and enforce these through our upstream processes.

Section 5: Risk Assessments

The CSR Team are committed to ensuring that the rights of workers are respected and protected across our supply chain and we use a variety of resources to help us identify where our salient risks lie. Our risk assessment activities are based around the UN Guiding Principles (UNGPs), the global standard in providing an internationally accepted “Protect, Respect and Remedy” framework for preventing and addressing the risk of harmful impacts on human rights.

Our priority

Our initial focus has been to map and gain visibility of our immediate factories at Tier 1, where our main interactions take place. Prioritising full transparency at the top, where existing relationships are already established, means we will have the basis for being able to continue our visibility programme further down our supply chain.

Establishing an onboarding process

All of our own-brand suppliers must go through a robust approval process to be on-boarded for production. This includes providing key information about their first-tier manufacturing sites, any subcontractors they use and the submission of a valid ethical audit. Suppliers are also required to sign our Supplier & Partner Code of Conduct and supplementary policies which clearly state that the contents must also be cascaded down the supply chain they are working with. This information is checked by the CSR Team as part of the approval process.

Section 5: Risk Assessments

Liberty’s social auditing programme

Ethical audits are reviewed as part of the risk analysis on each factory. We require suppliers to submit a valid in-date audit on an annual basis. Where no valid audit exists, the CSR Team work together with the supplier to arrange a full, semi-announced audit of the factory. We recognise that the cost of auditing can be expensive for our suppliers and Liberty have dedicated budget allocated to cover this expense.

We continue to partner with global auditing company, QIMA, who have a network of local auditors in-country to help us carry out independent third-party audits.

Our audits follow the principles set out within the ETI Base Code which is founded on the conventions of the International Labour Organisation (ILO), an internationally recognised code of labour practice. Our social audits are made up of three parts: a factory tour, document reviews and worker interviews. Worker interviews are carried out in an individual and group setting and are conducted in a confidential and safe environment. We make sure to capture data on the nationalities which make up the workforce beforehand so QIMA can appoint an auditor who speaks and understands all languages spoken within the factory. We understand the importance of capturing direct feedback from workers and view this part of the audit as essential.

The CSR Team continually review the audit methodology to encompass any emerging issues, with an increased focus on human rights due diligence. Given the ongoing challenges of Covid-19 across the world, we have retained the audit questions that were added immediately post-Covid to capture what measures our own-brand suppliers have in place to ensure the safety of their workers.

Audits commissioned:

Since January 2020, Liberty have commissioned

- 40 full audits globally across the supply chain
- 30 audits inclusive of additional Covid-19 questions
- 20 enhanced Covid-19 supplier surveys

Section 5: Risk Assessments

Remediation

Please see **Case Study 2**, below, for an example of how we worked with one of our Licensed Partners this year to remediate issues identified through an audit that we arranged.

Further measures in place to assess supply chain risk

The textile and apparel supply chain is often complex and multi-layered, with a number of business models which are present throughout, and different manufacturing processes involved in each. In order to understand additional salient risks within our sector, we use a variety of other tools and resources to conduct further ongoing risk assessments.

Liberty also work with a number of smaller, artisanal suppliers where a traditional audit would not be appropriate. In place of this, we send a comprehensive risk assessment to obtain further visibility of the workplace and confirm that ethical standards are in place.

Visiting our supply base

Prior to the start of the pandemic, our product sourcing teams would often visit suppliers and their factories. Face to face visits would help our teams to gain a better understanding of the manufacturing processes and view the quality of the craftsmanship first hand. These meetings have started to take place in person again over the past year and the CSR Team hopes to accompany the sourcing teams on certain site visits in the coming year as part of our visibility programme.

We continuously monitor inherent country risk data of the existing regions we source from as well as any new countries which are proposed. This allows us to gain a more comprehensive view of where our products are being made and the specific challenges this could present. In-country risk is mapped against the number of suppliers we have in each region in order to gain an insight as to where more in-depth focus should be targeted.

Raising risk awareness across the business

The work around risk mapping and raising awareness of any potential concern is fed back to the product sourcing teams on a regular basis so they are able to make informed purchasing decisions. Embedding shared accountability across the business will help to strengthen our ethical programme as we endeavour to increase transparency beyond Tier 1. Case Study 1, below, provides an example of how we work with our product sourcing teams to manage thematic risks as they arise.

Section 5: Risk Assessments

Case Study 1: Assessing the risk to migrant workers in relation to the war in Ukraine

Following the outbreak of the war in Ukraine, we were aware of the human rights risk to workers due to the large numbers of displaced people from Ukraine. In particular, we were mindful of the potential for exploitative recruitment processes due to the influx of migrant labour into neighbouring countries. In order to help us better understand this risk and how we could mitigate it in our supply chain, we sought the advice of the ETI and joined the meetings they convened for members on this topic. The meetings allowed members to share insights and discuss practical next steps that could be taken to seek to protect workers in our global supply chains.

Following this, we engaged promptly with our Liberty sourcing teams to map our Tier 1 supply chain in relation to these risks. In particular, we sought to quickly identify any suppliers of Liberty-branded goods in the countries involved in the Ukraine conflict or in countries bordering Ukraine, where it was known that large numbers of Ukrainians had been displaced to.

Through this exercise, we identified one active supplier that is based in Romania. We contacted the supplier to understand whether they had been impacted by the conflict and whether they had hired any migrant labour from Ukraine. The supplier confirmed that their facility was running normally and that they had not made any such hires. We asked them to keep us updated on any changes to this situation and continue to check in with them to monitor any developing risk.

The CSR team remains in close contact with our sourcing teams to manage risk relating to this conflict.

Section 5: Risk Assessments

Case Study 2: Working with a Licensed Partner to make improvements in factory conditions

In 2022, Liberty launched a licensed partnership with lighting company Pooky, for a range of light shades featuring Liberty designs.

As part of our Licensee visibility program, we arranged for the audit of Pooky's manufacturing facility in India. The factory was newly onboarded into Pooky's supply chain and had not previously been audited. The audit found a number of critical and major non-compliance issues, in particular in relation to worker employment terms and fire safety. Our CSR Team shared the audit report with Pooky and promptly engaged with them to discuss remediation measures. We were clear that, in the absence of such remediation, Liberty would not be able to pursue the partnership.

Pooky were an open and collaborative partner in seeking to rectify the issues identified. They promptly appointed somebody within the factory to be responsible for addressing the non-compliances identified and proposed that a re-audit be scheduled to assess the progress made. In particular, Pooky committed to take the following steps:

- The factory would issue appropriate contracts to each employee and also keep their own record of the contracts;
- To address matters relating to fire safety, factory management would arrange for a fire officer to come to the factory to perform a general overview of fire safety and assist in remediating all points highlighted in the audit; and
- To address matters relating to health and safety, factory management would arrange for a health and safety officer to come and assist in the risk assessment for the factory and in remediating points raised in the audit.

Our CSR Team remained in close contact with Pooky throughout the remediation process; they provided regular updates on their progress and we reviewed information provided and supported with arrangements for the re-audit. The re-audit was carried out four months after the initial audit and confirmed that actions had been implemented on a number of different fronts to address the non-compliances and improve working conditions at the factory.

The sustained and transparent engagement we had with Pooky provides us with a helpful example for managing remediation processes with future partners and is a good example of how material progress can be made over a short period of time when both parties demonstrate commitment to driving improvements.

Section 6: Collaboration

ETI: The ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. ETI's vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity. The ETI's nine-point base code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice. The diverse membership allow for cross sector collaboration, initiatives encouraging knowledge sharing and collective action to improve the lives of workers throughout the supply chain. We were very proud to graduate to full membership of the ETI in November 2021. In the ETI's Graduation Assessment, they noted that Liberty had been an engaged member of the ETI and had made excellent progress during a strong two year's membership to date. They also outlined some areas for further progress that we will be working into our objectives for the coming year.

Anti Slavery International: Liberty continues to engage with ASI on challenging issues and update them on our ethical trade programme developments. Liberty is currently supporting ASI's initiative, together with the Corporate Justice Coalition, to call for a new UK mandatory human rights and environmental due diligence law with access to justice for victims.

The Sophie Hayes Foundation: This year we have continued our partnership with the Sophie Hayes Foundation, which is dedicated to building sustainable freedom for victims of modern slavery. As well as fundraising on their behalf, we have collaborated with them on their Freedom Quilt project. This is a high-engagement activity for women survivors of modern slavery, who have created and completed a unique set of three regional Freedom Quilts, made from Liberty fabrics. The quilts will go on display at the Modern Slavery museum in Liverpool later this year. As well as raising awareness of modern slavery, the project has engaged survivors in learning new skills and provided an opportunity for positive creative collaboration.

QIMA: QIMA is a leading provider of supply chain compliance solutions that partners with brands and retailers to secure, manage and optimize their global supply network. They have on-the-ground presence in 85 countries, combining industry-leading experts for onsite inspections and supplier audits. Liberty have been working with QIMA as our global auditing partner since 2019. Utilising QIMA's expertise on global trends, they have also provided invaluable updates and intelligence, especially during the Covid-19 pandemic.

Section 6: Collaboration

Small Brands Working Group: This working group consists of CSR teams from smaller UK brands and retailers who come together to share knowledge on ethical and sustainable topics. Held on a monthly basis, these meetings provide an incredibly useful platform for companies to keep up to date on emerging CSR developments and challenges. Each member is able to discuss ideas, present examples of good practice and share resources among similar sized brands. This knowledge allows us to recognise where our combined leverage can give rise to collaboration across the sector.

Homeworkers Worldwide & Traidcraft Exchange: This year, we have partnered with Homeworkers Worldwide and Traidcraft Exchange on a project to try and gain understanding and visibility of the homeworkers within the supply chain of one of Liberty's retail suppliers. Following a detailed period of fact-finding, the NGOs will prepare a report on their findings and make proposals for addressing any problems that are identified. We look forward to providing an update on the results of this project in next year's statement.

Section 7: Action Taken 2020-2021

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
<p>Policy & Governance</p>	<p>1. Complete review of supplier approval process in Liberty Fabrics, and standardise the onboarding process.</p> <p>2. Continue to map thematic risks across Liberty own brand direct and indirect supply chains, and Liberty Fabric.</p> <p>3. Develop appropriate remediation processes to manage any risks identified as part of enhanced scoping within the Liberty Fabrics supply chain. (e.g. forced labour remediation processes)</p>	<p><input type="checkbox"/> Fully completed</p> <p><input checked="" type="checkbox"/> Partially completed</p> <p><input type="checkbox"/> Not completed</p>	<p>1. The development of an onboarding process for Liberty Fabrics suppliers is still ongoing due to the challenges in mapping our supply chain beyond printers, mills and traders. We have agreed a process of collaboration with our colleagues in Liberty Fabrics when they are onboarding new suppliers so that the CSR team can provide informal input at that stage . We hope that, once we have a clearer picture of the supply chain, we can work to standardise the onboarding of traders and agents, as well as mills where we work with them directly.</p> <p>2. Liberty’s most salient risk this year has been in monitoring the impact of the war in Ukraine on migrant workers in our supply chain – please see Case Study 1 above.</p> <p>3. Incomplete: We intend to progress this activity once we have been able to formalise onboarding processes within the Liberty Fabric supply chain.</p>

Section 7: Action Taken 2020-2021

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Visibility	<p>1. Continue assessment of risk within Liberty Fabrics supply chain, and aim to deliver clarity around areas within scope of the ethical trade programme, considering the limitations around traceability in these supply chains.</p> <p>2. Establish a fit-for-purpose risk assessment and auditing programme for the above.</p> <p>3. Begin assessment of worker voice mechanisms across Liberty’s own-brand supply chain, mapping trade unions and other constructs in place to provide workers with platforms to share grievances and access remedy.</p>	<p><input type="checkbox"/> Fully completed</p> <p><input checked="" type="checkbox"/> Partially completed</p> <p><input type="checkbox"/> Not completed</p>	<p>1. See comments above re. the challenges of mapping the Fabrics supply chain. Through our membership of the ETI we have held extensive discussions with companies with similar business models to develop our understanding of how risk is assessed in a fabric supply chain; all of the feedback so far has been that in-depth visibility is proving a challenge and is still in its early stages for many.</p> <p>2. Incomplete: Our auditing programme is still being scoped within this part of the business, and we are actively seeking industry advice to understand the transparency challenges in fabric supply chains.</p> <p>3. We have started to map worker voice mechanisms across our own brand supply chains (excluding Fabric) using audit data. On suppliers where we have had visibility, we have found c.55% have a form of worker representation in place. We intend to follow-up with suppliers where we have not been able to get this visibility and develop an understanding of what the barriers to worker representation are in sites where this does not exist.</p>

Section 7: Action Taken 2020-2021

Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Capability building	<p>1. Continue to deliver annual Modern Slavery awareness and training.</p> <p>2. Identify own-brand Production and Sourcing Teams within the business to receive Purchasing Practices training, and deliver training to these teams in the next year.</p> <p>3. Work with Buying function to create framework to support with third-party brand buys, building the capabilities of the team to conduct top level assessments of ethical credentials of third party brands.</p>	<p><input type="checkbox"/> Fully completed</p> <p><input checked="" type="checkbox"/> Partially completed</p> <p><input type="checkbox"/> Not completed</p>	<p>1. Modern Slavery awareness training is due to be rolled out again this Autumn to all employees.</p> <p>2. Enhanced CSR Training, which incorporated content on purchasing practices, was delivered to supplier-facing teams across Liberty own brand, Licensing and Buying.</p> <p>3. Following the publication of the Green Claims Code we have been developing training and an internal process to manage our obligations in relation to the marketing of ethical credentials of our suppliers. We hope to roll out this process and embed the training in the coming months.</p>

Section 8: Objective setting 2022-2023

Workstream	Key Performance Indicators 2022 – 2023
Policy & Governance	<ol style="list-style-type: none">1. Complete project with Homeworkers Worldwide and Traidcraft and implement a Homeworker Policy in India, focused on ensuring working conditions of homeworkers supplying Liberty with Christmas decorations.2. Develop appropriate remediation processes to manage any risks identified as part of enhanced scoping within the Liberty Fabrics supply chain. (e.g. forced labour remediation processes)
Visibility	<ol style="list-style-type: none">1. Once the scope of Liberty Fabric's ethical trade programme is established, provide clarity to suppliers and internal teams on:<ol style="list-style-type: none">a. Pre-selection criteria.b. Supplier onboarding process for areas identified above.2. Implement a process of cyclical auditing with our long-term suppliers across Liberty brand and Retail.3. Progress the work on mapping worker voice representation and further develop our understanding of the barriers to these mechanisms within our supply chain.
Capability building	<ol style="list-style-type: none">1. Continue annual modern slavery training.2. Finalise framework to support Buying team with third party brand buys, building the capabilities of the team to conduct top level assessments of ethical credentials of third party brands and roll-out training to buying and marketing functions to support the responsible promotion of ethical claims.3. Publish a CSR microsite on the Liberty website to promote awareness of our ethical trade activities.
