Modern Slavery Statement 2020 - 2021



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Section 1: Introduction

This is our fourth 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 2020.

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.

2020-2021 Year in summary

Liberty is in its second year as a Foundation Member of the Ethical Trading Initiative (ETI), and continues to prioritise embedding the ETI's Base Code and principles of implementation with a view to mitigating against the business' most salient human rights risks. As well as learning rapidly and connecting with our peers, industry experts, and NGOs, our business is putting into practice a lot of this knowledge, improving both our polices, governance, visibility and capability building within our teams whilst continuing to assimilate new data, information and insight.

Further to building on the foundations of our ethical trade programme and executing the objectives we set ourselves last year, after an extraordinary year that has had a profound effect on the entire sector, Liberty refocused some of its efforts to address risks that were emerging as a result of the pandemic. In our last statement, we shared top level details on the effect that Covid-19 had on our business and share more details here in **Case Study 1: Working with our suppliers during Covid-19**. With each Modern Slavery statement that we publish, we become increasingly aware of the vulnerabilities of marginalised people in global supply chains and remain cognisant of how modern slavery is a risk that continues to both evolve and elude laws and systems set up to protect. Continuing to navigate the basic foundations of an ethical trade programme, in addition to the nascent risks as they emerge, has made this year challenging, but we strive to continue to champion higher standards to support the most vulnerable within our value chains.

In this report, we have aimed to be more transparent than before, sharing a level of detail on our programme and our navigation of challenges that is new to our business. We hope that our stakeholders can clearly see how our programme is developing, using it as a tool to continue to hold us to account. We remain committed to making a difference.

Signed by:

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Adil Mehboob-Khan CEO Liberty Zeta Limited, on behalf of the Liberty Group Date: 25 August 2021

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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 (HR) 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 shareholders.

CSR Team governance

The CSR Team continues to comprise two full time posts (Head of CSR and CSR Business Partner), with the Head of CSR reporting into the General Counsel and Director of CSR as of August 2020. 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.

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, dying, 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

Liberty own brand - sourcing countries and factory count

Liberty brand includes own-brand apparel, leather goods, accessories, homeware and home accessories, sleepwear and childrenswear.



Liberty own-brand sourcing models



Definitions:

Direct factories: produce products to our specification. 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

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4 MAPPING AND VISIBILITY

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 our priority has been to map and onboard both current and future stakeholders effectively.

We are currently building our understanding of tier-specific risks, before we move from mapping to visibility in the next year.

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	Partially Mapped	13
Tier 3	Direct mills	Unmapped	29



Section 4: Policies

Liberty's policies are now accessible through our website. Please click on the links below to access each policy.

Liberty's 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.

Liberty's 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.

Liberty's 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.

Liberty's 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.

Liberty's Cotton & Textiles Policy outlines our position against sourcing cotton and textiles from any country or region where third party auditing or verification cannot be independently completed.

Contractual controls

Over the course of 2020-2021, in collaboration with the Legal Department, Liberty's Terms and Conditions for all Licensing and Retail (third party brand) partners were reviewed and clauses in relation to CSR were strengthened. This strengthening, which now includes an obligation for suppliers and partners to operate in accordance with Liberty's Supplier and Partner Code of Conduct, and cascade provisions which match Liberty's position through their managed supply chains, allows Liberty to clarify our values and enforce these through our upstream processes.



The CSR Team are committed to ensuring 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 risk lies. 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. This section of the statement further explains what measures we have in place for assessing the risk within Liberty's own-brand supply chain.

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.



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. For example, since the outbreak of Covid-19 across the world, we have included additional questions to capture what measures our own-brand suppliers have in place to ensure the safety of their workers safe during this time.

Audits commissioned





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 craftmanship first hand. Since the outbreak of Covid-19, supplier meetings have continued to take place virtually. Going forward, when it is safe to do so, the CSR Team plan to accompany the sourcing teams on site visits 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: Working with our suppliers during Covid-19

Covid-19 had a dramatic impact on Liberty's operations, resulting in months of store closures and a significantly impacted trading environment.

We were sensitive to the fact that our suppliers, factories, and workers were all being equally impacted so we consciously tried, wherever possible, to reach acceptable collaborative solutions with our stakeholders, postponing rather than cancelling deliveries where possible and paying our suppliers for any production that was already in the manufacturing cycle.

In our Liberty Fabric wholesale division, our orders of unfinished woven and knitted fabrics were postponed for a short period of time as a consequence of delays enforced by wholesale customers, but were restarted in full from July 2020. No orders were cancelled within our Fabrics division, with 100% of pre-Covid POs honoured and, in some cases, orders of greater volumes placed.

For our own brand apparel, accessories and home divisions, we honoured 61% of orders. However, as reported in 2020, we also had to cancel and delay orders early in the pandemic while we assessed the full extent of impact to our business. The total cost value of own-brand stock that was originally cancelled by Liberty was approximately £202,000, affecting 13 suppliers in Portugal (5), Lithuania (3), UK (2), Italy (2), Poland (1), Turkey (1) and China (1). These orders had not yet started production at the time of cancellation.

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As the situation stabilised, by June 2020 we had taken steps to support our own-brand suppliers by:

1. Placing new orders with factories that were subject to cancellations

Five of the 13 factories that were subject to cancellations were prioritised for subsequent orders to the total landed cost value of £178,389

2. Paying in full for materials used for unmade stock

Any suppliers that incurred costs for materials were reimbursed in full

3. Expediting any delayed payments as a matter of urgency

All payments that were delayed were cleared within 90 days, where pro-forma payment terms had not already been agreed

4. Conducting a Covid-19 Impact Assessment to understand the support mechanisms available in the countries we are sourcing from

Covid-19 Impact Assessment

As all tiers in the sector continued to navigate the impact of the pandemic on their operations, we remained in close contact with suppliers and factories to ensure we maintained an understanding of the support mechanisms available to them locally.

We engaged with local partners to develop a survey which would help to provide an insight into how our supply base had responded to the pandemic, how their operations had been affected, and what support Liberty could provide.

The survey was split into two separate areas focusing on:

- 1. Enhanced health and safety procedures
- 2. Supplier and worker impact

Our intention was to provide our suppliers with a feedback mechanism which allowed for honest dialogue, helping us to identify where further due diligence and support were needed.

Key findings and actions taken by our business are outlined overleaf:



	Findings	Actions taken
Health and Safety	All of our suppliers confirmed that they were in receipt of the World Health Organisation's guidance on managing Covid-19 in the workplace, with 100% confirming that they had implemented health and safety measures in line with WHO guidelines.	We worked with our auditing partner, QIMA, to permanently add the verification of Covid-19 Health & Safety precautions into our Liberty audit protocol.
Supplier challenges	33% of suppliers disclosed uncertain business as a key challenge, and 26% declared production challenges due to staff shortages. None of our suppliers indicated any intention to reduce the number of workers or terminate contracts.	Our CSR Team shared all supplier challenges directly with our Production Teams, specifically flagging: Clear production planning with suppliers
	Overtime was highlighted as increasing.	Adding longer lead times to account for supplier challenges around staff shortages, raw material delays and shipping delays
		Maintain an understanding of national lockdowns to anticipate any impact on finished goods
		Maintain an understanding of capacity of factory and other customers using the site, assessing whether our order sizes may be pushing the limitations of the factory (contributing to excessive working hours)
support manufa suppor	Across all of the countries manufacturing Liberty own brand product, manufacturers and workers were able to access centralised government support. For suppliers, this support was in the form of TAX and VAT suspensions, and for workers this was in the form of wage subsidies.	Liberty's largely European supply base has meant that centralised support has been made available to all of our manufacturing sites. This unintended advantage of a near-shore supply chain was communicated back to Production Teams.
	All suppliers confirmed that workers had been paid since the outset of the pandemic in March 2020.	The CSR Team took on an action to monitor the number of migrant workers in our European supply base, to assess if there was any risk to them not being able to access centralised support.
	Some suppliers also shared examples of additional worker support, including – access to testing, access to specific health insurance, flexible working arrangements.	them not being able to access centralised support.



Further to sharing the findings of the Covid-19 Impact assessment with Liberty's Production Team, it was also shared with the Liberty brand Managing Director and Product Director for their understanding and reflection, and Liberty were additionally invited to present the exercise and its results to brand members of the ETI as an example of Covid-19 Due Diligence.



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 memberships allows for cross sector collaboration, initiatives encouraging knowledge sharing and collective action to improve the lives of workers throughout the supply chain.

Anti Slavery International: Liberty have conducted store fundraising for the charity Anti Slavery International, further to using their experts to deliver Modern Slavery training for us in the past. We continue to engage with them on challenging issues, and update them on our ethical trade programme developments.

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. Since 2020, QIMA have further helped us to embed Covid-19 specific monitoring into our supplier audits to help with our commitment to ongoing due diligence of the supply chain throughout this period.

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.



Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Workstream Policy & Governance	 Key Performance Indicators 2020 – 2021 1. Create an online repository for all policy documents 2. Engage and cascade documents to direct and indirect own brand suppliers (licensees, distributors and agents) across Liberty and Liberty Fabric, securing commitments in line with 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 Fabric, and standardise the onboarding process 6. Begin to map thematic risks across Liberty own brand direct and indirect supply chains, and Liberty Fabric 	Progress □ Fully completed ⊠ Partially completed □ Not completed	 Online repository of policy documents live as of June 2021: <u>https://www.libertylondon.com/uk/corporate-social-responsibility.html</u> Policy documents shared with all direct and indirect own brand suppliers and factories across Liberty ownbrand product and Liberty Fabric Terms and Conditions review completed (see Section 4: Policies) Onboarding process for Licensees agreed and operationalised, focusing on highest risk licensees Incomplete: Onboarding process for Liberty Fabrics suppliers incomplete – due to the length of time taken to map the relationships in our fabrics supply chain, we are still building our understanding of risk, and the tiers in which it lies coupled with where we have transparency and leverage. Once we have a clearer picture, we will work to standardise the onboarding of traders and agents, as well as mills where we work with them direct With regards to thematic risks, Liberty's most salient
			risk this year has been monitoring the provenance of cotton or textiles due to risks emanating from Turkmenistan, Uzbekistan and China – please see Case Study 2: Implementing Liberty's Cotton & Textiles Policy)

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15 ACTION TAKEN 2020-2021

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Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Visibility	 Conduct full mapping of own brand indirect supply chains (licensees, distributors and agents) at Tier 1 Conduct full mapping of Liberty Fabrics at printer and mill level Complete tier definition exercises for the above Establish a fit-for-purpose risk assessment and auditing programme for the above Begin to map thematic risks across Liberty own brand direct and indirect supply chains, and Liberty Fabric 	 □ Fully completed ☑ Partially completed □ Not completed 	 Mapping of own brand indirect supply chains is underway but not yet complete. Due to the need to clarify our risk-based approach in our Licensed business, we needed to carefully construct a methodology to define in and out of scope partners, which took more time that initially intended Liberty Fabrics mapping of printers, mills, and additionally of traders has been completed Tier Definitions (see Section 3: Supply Chain) completed across Liberty own-brand and Liberty Fabrics 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 See Case Study 1: Working with our suppliers during Covid-19 and Case Study 2: Implementing Liberty's Cotton & Textiles Policy for more details on thematic risk focus for 2020-2021

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16 ACTION TAKEN 2020-2021



Workstream	Key Performance Indicators 2020 – 2021	Progress	Activity Review
Capability building	 Continue to deliver annual Modern Slavery awareness and training Provide guidance and training on supplier pre- selection criteria within the Licensing teams, and with Liberty Fabric Product Development and Sourcing Teams 	 □ Fully completed ☑ Partially completed □ Not completed 	 Modern Slavery awareness training has been delivered remotely to all employees, with a completion rate of 76% Incomplete: Risk assessments created for the use of Licensing Teams fielding responses to critical questions that indicate supplier and partner understanding of ethical trade issues. complete have not yet developed supplier pre-selection criteria for our Liberty Fabric Product Development and Sourcing Teams, due to complexities found in mapping, but hope to do this concurrently when we assess onboarding



17 ACTION TAKEN 2020-2021

Case Study 2: Implementing Liberty's Cotton & Textiles Policy

Liberty's most salient risk this year has been monitoring the provenance of cotton and textiles.

As with many global brands, Liberty has had a longstanding position against cotton or textiles that are knowingly sourced from Turkmenistan or Uzbekistan due to state-led forced labour concerns. In early 2020, we noted the widely reported concerns and allegations regarding the XUAR and also became aware of restrictions to normal social compliance audit proceedings in the XUAR, limiting the necessary amount of access to factories and workers required in order for auditors to conduct a satisfactory review. As a result, Liberty concluded that in addition to its restrictions on cotton or textiles from Turkmenistan or Uzbekistan, it would also not consider sourcing of any of the same from the XUAR, until independent third-party verification in the region has been restored – consistent with Liberty's stated policy which applies to any supplier or region worldwide.

Further to a clear policy position, we also developed a work plan to better understand and mitigate our risk exposure in the XUAR. Remaining close to the measures taken by the industry in this area, in the period since our last Modern Slavery statement, we took the following steps:

- Accelerated mapping in our Fabrics division (including direct mill, trader, and agent relationships)
- Engaged with all suppliers across Liberty brand and Liberty Fabric to determine origin of raw materials
- Engaged with all suppliers sourcing raw materials in Turkmenistan, Uzbekistan and China, additionally requesting mapping from farm, ginner and spinner
- Implemented a Cotton & Textiles Policy suspending the sourcing of any cotton or textiles from Turkmenistan, Uzbekistan or XUAR
- Uhere cotton was being sourced from the Turkmenistan, Uzbekistan or XUAR, worked collaboratively with suppliers to re-source raw materials gradually
- Secured 72% completed supplier declarations, reaffirming commitments to:
 - Declare raw materials to the point of origin for all cotton and textile products and identify forced labour risks
 - Adhere to Liberty's policy of not knowingly sourcing cotton or raw materials from Turkmenistan, Uzbekistan or XUAR

In conclusion, whilst Liberty does not directly source cotton or fibre textiles, following further mapping and enquiry with our suppliers and sub-suppliers, we were able to confirm that our existing suppliers and sub-suppliers do not source at present from this region.



Section 8: Objective setting 2021-2022

Workstream	Key Performance Indicators 2021 – 2022
Policy & Governance	1. 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	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
	2. Once the scope of Liberty Fabric's ethical trade programme is stablished, provide clarity to suppliers and internal teams on:
	a. Pre-selection criteria
	b. Supplier onboarding process for areas identified above
	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
Capability building	1. Continue annual modern slavery training
	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
	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

