

Global Brands Group Modern Slavery Statement 2019

Global Brands Group depends on a global supply chain that includes materials and product manufacturers, their workers, unions and others. Upholding fair business practices, improving labor conditions, and working to prevent the violation of human rights throughout our organization and in our supply chain are responsibilities we take very seriously.

Modern slavery, which includes slavery, servitude, forced labor and human trafficking, remains a significant risk in certain supply chains. Given its complexity and pervasiveness, ending modern slavery requires coordinated action between a range of actors, including governments, civil society and the private sector. The Sustainable Development Goals (SDGs) were adopted in 2015 with a specific target (Target 8.7) focused on the eradication of modern slavery and child labor. The SDGs and Target 8.7 represent an opportunity for Global Brands, as a member of The Fung Group, to work in partnership to ensure stronger due diligence over our supply chain, and to encourage stronger labor market and migration governance in the countries where we operate.

This statement is published in accordance with the UK Modern Slavery Act (2015) and the SB657 California Transparency in Supply Chains Act. It builds on commitments detailed in prior Modern Slavery Statements and sets out steps taken during FY2019 to prevent modern slavery in our business operations and supply chains, and outlines our future commitments. This important statement is supported and approved by our Board of Directors.

About Global Brands

At Global Brands, we put our passion and expertise into everything we do. It's in our commitment to great design and great products. It's in the state of the art technology, speed and value we offer our customers. It's in the creative possibilities our company has to offer, the innovative design, thinking and business expertise that define our company.

We sell branded products in our North America and Europe business segments. Operating primarily as a wholesale business, the products are sold through multiple distribution channels, including department stores, hypermarkets/clubs, off-price retailers, independent chains, specialty retailers and e-commerce.

In an environment characterized by rapidly changing consumer preferences and buying patterns, Global Brands benefits from a diversified licensed brand portfolio, without reliance on any one brand, product or demographic, or on a particular channel of distribution. The Group has a channel agnostic approach to distribution. This offers the Group flexibility and choice in terms of mapping the most appropriate product, pricing and distribution channel for each brand, to maximize the value of these brands in their respective life cycles. In addition to operating our product licensing businesses within the North America and Europe segments, the Group continues to engage in its global Brand Management business as the third business segment. Acting as a brand manager and agent for brand owners and celebrities, the Group offers expertise in expanding its clients' brand assets into new product categories, new geographies and retail, and e-commerce collaborations,



generating revenue by taking a percentage of the license fee or royalty paid by the licensees to the brand owner.

As a global business, we play an influential role in our supply chain. We support and respect human rights, as set out in the Universal Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We see it as an important responsibility to use this influence to help maintain and improve standards throughout our supply chain, both among direct and indirect suppliers. We operate a rigorous supply chain management program to increase transparency, monitor standards and ensure compliance with GBG's policies and all other relevant regulations and laws, both local and international.

Our supply chain is large and complex. More than 725 direct, Tier 1 suppliers in 30 countries provide us with the facilities, expertise and other resources that allow us to bring the best products to our customers. Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting Global Brands Group to many more operations and businesses worldwide.

Much of our supply chain is managed by Li & Fung, our sourcing agent, and our suppliers benefit from the activities of Li & Fung in their execution of agent duties. We are both member companies of the Fung Group, so Global Brands benefits from the supply chain focus of Li & Fung and the governance and innovation of the Fung Group, which we reference throughout this statement. A link to the Li & Fung Modern Slavery Statement is [here](#).

Policies and Governance

Corporate Policies and Governance

The Global Brands Group [Code of Conduct and Business Ethics](#) requires all employees to embed the ten principles of the UN Global Compact and the principles contained in the International Labour Organization's Declaration on the Fundamental Principles and Rights at Work throughout our business operations. All directors, officers and employees in Global Brands Group are required to review, understand and comply with this Code.

New employees learn about the Code during orientation, supported by additional training during the course of their employment. Policies and guidelines for addressing the Code are implemented in the acquisition of any new businesses and through our ongoing recruitment, training, performance assessment, disciplinary and grievance processes.

The code also requires all employees to work with suppliers to ensure human and labor rights are upheld throughout the supply chain, including the elimination of forced labor.

We seek to continuously improve the audit functions and internal controls of our corporate management. We encourage employees and business partners to report code or policy violations using our confidential, anonymous whistleblowing services. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

Supplier Policies and Governance

Our Social and Environmental Affairs (“SEA”) team, working in conjunction with the Fung Group Compliance and Sustainability teams, is responsible for developing and monitoring Global Brands Group’s Modern Slavery Strategy, including implementation of supply chain policies addressing modern slavery. To drive our initiatives and monitor our supply chain, we have operated a Social and Environmental Affairs department since 2015. The SEA team works to implement policy, drive performance and manage progress against targets, engaging internal and external stakeholders. This is a shared responsibility involving all company divisions and colleagues at every level.

We conduct our activities on the basis of clear policies and principles that are based on internationally recognized standards and conventions. Suppliers must understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

Our [Global Supplier Principles](#) (“Principles”) set out the minimum requirements regarding human rights, labor standards, occupational health and safety and environmental practices for any Global Brands business partner. Our Principles requires any partner involved in the manufacturing of Global Brands footwear, apparel or accessories to:

- Respect worker rights and be in full compliance with all laws, regulations and administrative instructions applicable to their business operations.
- Maintain all relevant documents necessary to demonstrate compliance with our policies. When deemed necessary Global Brands or its contracted third-party monitors shall be allowed, regardless of prior notice, to conduct compliance assessment audits.
- Employees shall be provided with safe and decent working conditions, fair wages and be treated with respect.

This also means that our partners:

- Shall not use forced labor, whether in the form of bonded, trafficked, indentured, prison, or otherwise. No Employee can be compelled to work through force, the threat of force or intimidation of any form.
- Employees should not bear the cost for their employment whether in the form of recruitment or other fees, should retain control of their travel documents and have full freedom of movement.

Global Brands Group supports the AAFA and Fair Labor Association (“FLA”) Commitment to Responsible Recruitment, which includes commitment to:

- Incorporate the Commitment to Responsible Recruitment into our social compliance standards, including our supplier Principles, before the end of 2019
- Periodically report our actions to embed elements of the Commitment to Responsible Recruitment strategy to support our AAFA commitment with a focus on strengthened policy, due diligence, technological innovation, training and remediation.

Due Diligence and Risk Assessment

As a large part of our sourcing is through our sourcing partner, Li & Fung, we align our program with its approach. In addition to third-party assessments, we allow factories to submit audits against global auditing standards or schemes such as Better Work, Worldwide Responsible Accredited Production (WRAP) or Sedex. By accepting current, unexpired audits, we translate results to comparable Global Brands terms through an equivalency process to ensure we review all audits against the same standards. This reduces the resources factories must put toward multiple audits and allows them to correct issues based on one widely-accepted audit protocol.

Higher risk suppliers are audited more frequently. Each audit includes interviews with workers, including at least five migrant workers where relevant. Audits also include visits to relevant production facilities and dormitories. Nearly 100% of our audits that take place after a critical violation are conducted on a semi-announced or unannounced basis. Audit data is then combined with industry and country data to provide an overall understanding of risk.

All audits are rated against our internal rating system. Criteria for rating factories are as follows:

- Both “A” and “B” rated factories may have one or more non-critical issues identified. A-rated issues are “approaching compliance” and those that are B-rated have “improvement required”.
- C-rated factories have one or more critical issues identified. Generally, C-rated issues are identified issues which require financial investment or a longer period to remediate and sustain.
- D-rated factories have one or more severe issues identified.
- F- rated factories have one or more zero-tolerance issues that have not been systematically remediated are discontinued, and business is terminated with a responsible exit plan. We consider the use of forced or involuntary labor as a zero-tolerance violation.

Remediation

When the assessments find instances of noncompliance with our standards, the factory develops a corrective action plan with a root cause analysis and focus on prevention. We monitor and support the factory improvement process and verify the remediation of issues. After a final audit, the factory must achieve a C-rating or higher to receive new business.

Li & Fung also conducts unannounced spot checks on factories, with a focus on those with longer approval periods or factories located in regions with increased risk factors, including potential indicators of forced labor. As part of their duties as sourcing agent, these spot checks included some with focus on recruitment practices. The recruitment-related spot checks included migrant worker interviews conducted in a confidential setting in the workers’ own language.



The Fung Group has developed remediation guidance on modern slavery in line with the UN Guiding Principles on Business and Human Rights, as well as the Mekong Club Remediation Toolkit. Remediation guidance includes:

- Information on immediate corrective action to be taken in cases of non-compliance, including providing assistance to victims and paying back any outstanding wages and fees (where relevant)
- Preventative action, including the use of third party experts to assist the factory to change management systems or policies that may have contributed to the violation
- Business consequences as needed related to both the non-compliance and any failure to remediate

In practice, remediating cases of forced labor is challenging given the severity of the issues, the time needed for sustainable improvement and the need to balance consequences for zero-tolerance findings (termination) with remediation needs, which may require factory support. In 2019, one factory being used by Global Brands prior to the sale of a major portion of the U.S. licensing business provided repayment of recruitment fees paid by migrant workers, as well as revamped company policies, recruitment partners and policies and on-boarding around migrant workers.

Addressing Country Risk

In 2018, Li & Fung conducted a detailed due diligence assessment to better understand modern slavery risks in all production markets. Based on the Mekong Club's Risk Matrix and other internal and external data, Bangladesh, China, India and Malaysia were identified as key risk countries for modern slavery. Other parts of Southeast Asia and the Middle East and North Africa region were also identified as having forced labor risks.

Training and Capacity Building

Along with our SEA team, many other departments and associates play a vital role in making sure our operations are safe, ethical and that human rights are respected at all times. Production and sourcing operations make a major contribution to building understanding of our supply chain, and improving the performance of our manufacturing partners. Because these teams work closely with our supplier partners, they are ideally positioned to help with monitoring, raising issues, and identifying opportunities and training requirements. Global Brands and Li & Fung co-sponsored the creation of the tool with a third party for our internal training efforts. To make sure our supply chain management work is as coordinated and effective as possible, Li & Fung has continuous training and awareness sessions around supplier engagement and assessments. Sharing information allows us to form joint action plans, mitigate challenges, and continuously improve future performance within supply base.

Communication

Communication regarding our supply chain impacts is vital, both for Global Brands and for our external stakeholders. We strive to gain more transparency of information, and to improve our internal systems in order to give us more insights into our supply chain. In addition to using technical, internal tools, we also gather information about our supply chain performance through



industry bodies and NGO partners such as Better Work, amfori, AAFA committees and meetings, and other external stakeholders.

Global Brands Group has been reporting on its efforts with regards to corporate responsibility and sustainability through the sustainability section of our Annual report. Our 2019 Annual Report gives details on our most recent activities in areas such as supply chain management, training and capacity building, and protecting human rights. Global Brands continues to work towards creating safe and sustainable products, and a fair and environmentally sound apparel and footwear industry where human rights are respected at all times.

This statement has been approved by our Board of Directors on 14 November 2019.