

BUYING
BETTER

/

INSPIRING
CHANGE

SELFRIDGES&CO

MODERN SLAVERY STATEMENT 2016/17



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MODERN SLAVERY STATEMENT 2016/17

INTRODUCTION FROM THE MANAGING DIRECTOR, ANNE PITCHER

In 1909, our founder Harry Gordon Selfridge said that 'at the heart of our business philosophy is the human element'. Today, as a family-owned business, our values and our people are at the core of everything we do.

Modern slavery and human trafficking goes completely against our belief in respecting people and their importance to our local and global communities. The increasing number of people trapped in some form of slavery is truly shocking, so we must work collectively to be aware of the risks, address them and eradicate slavery from our supply chains and our own organisations.

At Selfridges, we work with our brand partners and suppliers to mitigate the risk of these issues occurring in our supply chain through our Buying Better, Inspiring Change approach to sustainable business. Put simply, our team members know that they can report any concerns and that our management will respond to them.

Our Ethical Trade Requirements underpin our approach to source with quality and deliver with care. We choose our brand partners carefully and require all our suppliers to support our sustainability vision by complying with our Ethical Trade Requirements and collaborating with us to increase transparency across their supply chains.

The below statement is in accordance with The Modern Slavery Act 2015 and sets out all the steps to date that Selfridges has taken to ensure that slavery and human trafficking is not occurring within our supply chain or any other part of our business.

A large section of this statement is focused on the people behind our products, brand partners and retail supply chain. In this, our first year of reporting, we chose to focus on these areas due to their complexity and risk.

We know that a big part of being a responsible business involves a dedication to constantly questioning how our actions as a business directly affect the communities in which we operate. As we continue to develop team member training, internal processes and visibility across our supply chains for our customers, we will, in turn, continue to deepen our reporting.

A handwritten signature in black ink, appearing to read 'Anne Pitcher'.

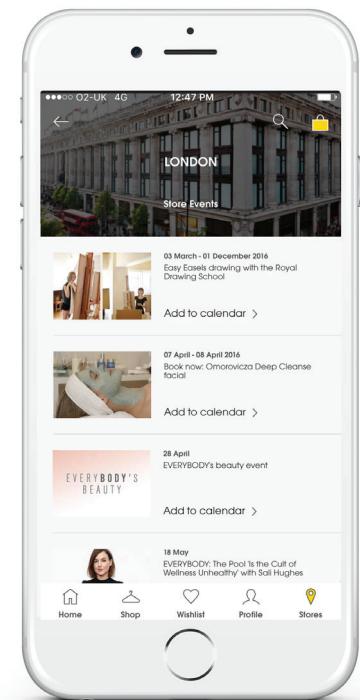
WHO WE ARE

Selfridges is part of the Selfridges Group. The Group consists of department stores Brown Thomas and Arnotts in Ireland, Holt Renfrew in Canada, Selfridges in the UK and De Bijenkorf in the Netherlands.

Today at Selfridges, we have 2,775 team members directly employed within our offices, stores, distribution and customer service centres. Additionally, we have around 3,000 other people working in our business who are not directly employed with us including those employed by our service providers and some of our brand partners. We have four department stores located on London's Oxford Street, Trafford and Exchange Square in Manchester and Birmingham as well as a global digital platform which includes the Selfridges website and app, and ships to customers in 130 countries.

Within this statement, our 'supply chain' refers to our direct and indirect suppliers. Direct supply chain suppliers produce and supply Selfridges branded products and goods not for resale. Our indirect supply chain includes brands and suppliers who produce and distribute their own branded product for sale within Selfridges whether that's through our concession partners or from the product brought by our buyers.

Our 'business operations' refers to everyone who works within our stores, offices and in our distribution centre. This includes team members, concessions, out-sourced service providers and support functions.



Selfridges website and app



Selfridges Oxford Street, London



Selfridges Birmingham



Selfridges Exchange Square, Manchester



Selfridges Trafford, Manchester

ENSURING WE ARE ON TRACK

We have clear governance in place to set our sustainability strategy, identify and mitigate risk and set our course of action from the very top of our business.

Director of Sustainability oversees social and environmental policies and strategy and ensures compliance.

Audit and Risk Committee meet half yearly (chaired by our Managing Director) to discuss all elements of business risk including supply chain, human rights and modern slavery.

Sustainability team in Selfridges Group (our parent company) monitor performance against strategy.

Our Buying Better Network consists of 12 key representatives from each buying category who have an interest in buying better, they meet every two weeks and concentrate on our social, environmental and material impact on the planet and our communities.

Our Buying Better Champions report on our brands and suppliers monthly, they help to drive supplier engagement on SEDEX and also ensure our policies are circulated to all brands, with a clear focus on labour rights and environmental practices.

OUR RETAIL SUPPLY CHAIN IN NUMBERS

We choose our suppliers and brand partners carefully, building long term relationships based on trust and transparency and working with brand partners who share our vision and values.

3,500

total number of suppliers including service providers, concessions and brands

1,800

direct Fashion, Food, Beauty & Home suppliers (and counting)

36

number of countries where our products are sourced

47%

of our active supply chain has signed up to SEDEX since we launched the programme in 2014 and the percentage continues to increase.

85%

of our registered suppliers on SEDEX have completed the robust SEDEX self-assessment questionnaire.

71

artisan food and drink suppliers work with us to create our Selfridges Selection range

82%

of our Selfridges Selection suppliers have signed up to SEDEX so we have detailed information on labour rights, health and safety, business ethics and environmental issues

OUR DUE DILIGENCE

There are 4 key elements in our approach to tackling modern slavery in our supply chain:

1. Our Modern Slavery Policy and the legal requirements it sets out for brands doing business with us

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We require all of our suppliers to adhere to our Ethical Trading Requirements which are legal requirements within the terms and conditions of doing business with us. We want to ensure that products sold by us are produced under humane working conditions and with respect for workers and their human rights.

2. Leveraging the knowledge and resources of key industry partners to manage, monitor and audit our suppliers and brands, driving transparency across our supply chain

We work collaboratively with our partners to make sustainable choices and keep our customers informed.

By joining SEDEX, the Supplier Ethical Data Exchange we have made a commitment to driving transparency in our supply chain. We currently have over 860 suppliers and brands registered which is approximately 49% of our active supply chain.

Being members of SEDEX means we can access our suppliers' social compliance audits through the system, as well as their self-assessment questionnaires. Our buyers drive brand engagement with SEDEX and ensure all brands complete the self-assessment questionnaire. 85% of our suppliers have completed the robust self-assessment questionnaire and 11% of our suppliers have had one or more social compliance audits in the last year.

We use SMETA which is an audit structure based around labour rights, health and safety, environmental management and business ethics. SMETA is one of the most common audit structures used by third party audit companies. We will continue to increase visibility of risk within our supply chain, then identify, prioritise and mitigate that risk.

3. Building the internal knowledge, skills and collaboration required to tackle modern slavery

Our team members are core to our business success and instrumental in driving our modern slavery agenda. We will continue to build our internal processes and capabilities through bespoke training programmes as well as developing new tools, policies and procedures to ensure that our team members are aware of the issues and equipped to identify and tackle modern slavery. e.g. the ability to identify and mitigate risks across our business functions, guide buying conversations and drive awareness with stakeholders.

4. Providing our customers with more information about modern slavery issues and the products that they buy to allow them to make more informed purchase decisions

As a trusted curator of brands, we recognise the power of our customers to drive positive change. Through our creative schemes we engage in dialogue with our customers on some of the most urgent issues facing our society and the environment. From our digital platform to our in-store experience, we make and tell the stories which provide our customers with the information to take positive action.



OUR PARTNERSHIPS

SEDEX

Early in 2014, we became members of SEDEX, the Supplier Ethical Data Exchange. We have worked with our buying teams to increase supply chain visibility across our suppliers and brand partners and have just under half as registered members.

"Since 2014 Selfridges have been working in partnership with SEDEX in order to have more visibility across their supply chain. Selfridges are always actively approaching their brands and developing new ways to ensure supplier engagement, from their Buying Better initiative to their reporting techniques."

Jonathan Ivelaw-Chapman, CEO SEDEX

UNSEEN

In 2016 we began working with Unseen, a charity who help to support, influence and equip businesses with the knowledge to help identify key issues surrounding slavery and exploitation as well as helping to find solutions. As part of this work, we have reviewed our processes and systems in place including auditing our concession partners across our UK stores, our policy for onboarding new concession partners and a review of suppliers providing services to us. This is to ensure that should issues arise in our concessions we are able to support the victims appropriately.

"We are clear through our engagement and collaboration that Selfridges is fully committed to tackling and strengthening its response to the risks of modern slavery in its supply chains and own organisation. Selfridges has displayed a desire to be leaders in their sector and have shown a solid understanding of the issues they are facing and how they can address them moving forward. We are confident that Selfridges can set the benchmark for others to follow by continuing their thoughtful and proactive work in this difficult and complex area."

Justine Currell, Executive Director, Unseen

POSITIVE LUXURY

In 2017 we will launch a partnership with Positive Luxury, who showcase luxury lifestyles brands that buy responsibly, champion sustainable supply chains and care for their employees. The Trust Mark is awarded to those brands that truly demonstrate the values consistent with Positive Luxury's ethos.

'The Butterfly Mark offers transparency with one click. As the first department store to showcase the Butterfly Mark, Selfridges will communicate their brand partners' commitment to buy better in a world where transparency is not an ambition, but an expectation for consumers'.

Diana Verde Nieto, Founder, Positive Luxury



We have a dedicated Ethics line called Speak Up, which is accessible 24 hours a day 365 days of the year.



OUR PEOPLE

Our team members are what make our business extraordinary; they are fundamental to the continued success of our business. Through our annual values survey, we make sure our team members' voices are heard, and that they feel that they can be as honest and open as possible. We use workshops, surveys, hotlines and working groups to understand the key topics raised by our team members, and then we use our influence to embed the solutions within our workplace.

We have a dedicated Ethics line called Speak Up, which is accessible 24 hours a day 365 days of the year.

TRAINING

In 2015, 100 of our team members in Buying and Merchandising completed training, delivered in partnership with The Centre for Sustainable Fashion. This training explored the impacts of fashion industry on people and the planet and how we manage our supplier relationships. In August 2016, we rolled out the Buying Better App to continue to build our buyers' knowledge on current ethical, social and environmental issues and to guide buying conversations with brands.

In 2017, we will identify our wider internal stakeholders including our leadership team and Retail Operations Management and deliver training on Modern Slavery in collaboration with an expert third party partner. Over the next year, we will prioritise higher risk business functions to map their risks and develop appropriate mitigation plans. Our ethical trade experts within our sustainability team provide ongoing support and direction.

In our next statement, we will give a further update on our progress and results of our team member training initiative.



INSPIRING CHANGE



OUR CUSTOMERS

For our customers, our Buying Better approach aims to promote best practice within our existing brand partners and champion new brands with a sustainable and commercial focus. We create conversations on the future of fashion through our creative schemes. In 2016, our Bright New Things campaign saw the launch of 9 new designers with sustainability at the heart of their practice from material use to responsible and ethical production. Our winning Bright New Thing went on to receive a bursary and mentoring to further develop the sustainability aspects of her brand including a social inclusion project and education programme.

Going forward we will be collaborating with our existing brands to bring our customers more information about the products that they buy so that they can be more informed and buy better.



ADDRESSING THE ISSUES: IN FOCUS

SUPPLIER 1 – In June 2015, evidence from a social compliance audit conducted with one of our homeware suppliers showed a number of critical noncompliance issues, one of which involved factory owners withholding payment from their employees. Our sustainability team reviewed the audit and made recommendations to the Buying Director on our course of action. Action was taken to temporarily suspend trade until all noncompliance issues were resolved within a fixed timeframe. In May 2016, the supplier provided a strong social compliance audit and demonstrated a more robust understanding and approach to labour rights and health and safety. We relaunched their product in Autumn 2016.

This case study demonstrates both the need for a multi faceted approach to supplier relationships which includes compliance with our Ethical Trade Requirements and audits. However, it also demonstrates the need to go beyond audits. The role of our buyers is key to ensuring that our suppliers share our values, can demonstrate commitment and most importantly, action in terms of ethical production practices.

SUPPLIER 2 – In the summer of 2016 we were contacted by individuals employed by a food concession (the concession business ran its own operation in Selfridges' stores, managing its own suppliers and its people). These individuals wished to bring to our attention complaints regarding their working hours and pay, as well as some more general complaints about how they had been treated by the concession. Due to the nature of the complaint, we were very concerned and after investigation we quickly moved to terminate the concession relationship. We drew on external expertise and asked Unseen to meet with these individuals. After interviewing them, Unseen made recommendations regarding the individuals' rights and options under the Modern Slavery Act, on the basis that their treatment could possibly amount to forced labour or exploitation. Unseen is also advising Selfridges on actions or next steps for the business. This matter is very recent and, whilst we have terminated our commercial relationship with this concession, other aspects of the dialogue is ongoing. In a future report, we hope to provide a follow up and highlight the learnings from this case and how they have contributed to our internal processes.

Over the next year we plan to formalise our risk reporting process in order to ensure that all suppliers are captured and compliant.

MANAGING, MONITORING AND AUDITING OUR SUPPLIERS – DIRECT SUPPLY CHAIN

| MULTI-YEAR OBJECTIVE | PROGRESS AGAINST OBJECTIVE TO DATE | NEXT STEPS |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Identify inherent risk and prioritise high risk areas across our direct supply chain |  <ul style="list-style-type: none"> Tier 1 suppliers' and manufacturers' country of origin mapped for inherent risk | <ul style="list-style-type: none"> Formalise process for inherent risk identification for '17/18 |
| 2 Conduct 3rd party audits for all Selfridges Selection suppliers |  <ul style="list-style-type: none"> Packaging suppliers now complete social compliance audit Trialling 2 companies for Selfridges Selection audit | <ul style="list-style-type: none"> Confirm 3rd party auditor by end '16/17 Begin Selfridges Selection audit process in '17/18 |
| 3 Maintain 100% of Selfridges Selection on SEDEX |  <ul style="list-style-type: none"> As of August 2016, this sits at 82% due to on-boarding of new suppliers | <ul style="list-style-type: none"> Review new suppliers and ensure they are on SEDEX by Dec 2016 |

Key:



MANAGING / AUDITING OUR SUPPLIERS – INDIRECT SUPPLY CHAIN

| MULTI-YEAR OBJECTIVE | PROGRESS AGAINST OBJECTIVE TO DATE | NEXT STEPS |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1 Increase visibility of supply chain risk in Food & Home brands - Targeting 60% of brands on SEDEX by end of FY 2016/17 |  <ul style="list-style-type: none"> • '16/17 target already exceeded with 67% of food and home brands on SEDEX | <ul style="list-style-type: none"> • Maintain existing brands • Review target for '17/18 |
| 2 Increase visibility of supply chain risk in Fashion & Beauty brands - Targeting 30% of brands on SEDEX by end of FY 2016/17 |  <ul style="list-style-type: none"> • On track to reach '16/17 target with 23% of fashion and beauty brands on board as of August 2016 | <ul style="list-style-type: none"> • Continue towards our 2016 target • Review target for '17/18 |
| 3 Increase visibility of brands' live sustainability agendas - Targeting 20% of fashion brands on the tracker FY 2016/17 |  <ul style="list-style-type: none"> • '16/17 target already reached - 20% of all our fashion brands on the tracker with live sustainability agendas | <ul style="list-style-type: none"> • Review targets for '17/18 |

Key:



BUILDING INTERNAL KNOWLEDGE, SKILLS AND COLLABORATION

| MULTI-YEAR OBJECTIVE | PROGRESS AGAINST OBJECTIVE TO DATE | NEXT STEPS |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Continue to build our internal networks, empowering team members to monitor and report labour issues | <ul style="list-style-type: none"> Set up the 'Buying Better Network' who meet fortnightly to focus on social, ethical and environmental issues | <ul style="list-style-type: none"> Deliver workshops, training and events that continue to build internal networks |
| 2 Expand range of 'Buying Better' Learning & Development initiatives for Fashion, Home and Beauty buying teams and the ethical trade team | <ul style="list-style-type: none"> 'Buying Better' app developed – providing buyers with information on environmental, social, material and process issues in the supply chain Ethical trade team attended Modern Slavery due diligence training | <ul style="list-style-type: none"> App accessible to brand partners and customers in 2017 Deliver regular updates and presentations to buying team |
| 3 Deliver training on modern slavery to wider business | <ul style="list-style-type: none"> All executive directors have been briefed on the subject of modern slavery | <ul style="list-style-type: none"> Identify key stakeholders and deliver relevant training – focusing on Retail Operations Managers in 2017 Incorporate modern slavery training into Selfridges induction for all team members from 2017 |
| 4 Partner with leading NGOs / industry networks who can help to drive Selfridges' Modern Slavery agenda | <ul style="list-style-type: none"> As of 2016, began working with Unseen to ensure our policies and procedures are best practice Maintained partnership with SEDEX | <ul style="list-style-type: none"> Work with Unseen to develop and embed improved processes and reporting for Modern Slavery in 2017 Launch interactive trust mark with Positive Luxury |

Key:



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