

# California Transparency in Supply Chains Act of 2010 (SB 657)

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At the Arcadia Group, we are committed to sourcing our products in an ethical, legal and responsible manner. We have a sustainability programme in place, “Fashion Footprint”, to monitor and manage the ethical/social and environmental impacts of our business. Arcadia’s Code of Conduct clearly communicates our expectations to our suppliers and our ethical trading programmes monitor and improve working conditions at the factories that manufacture products for us.

We are proud of the improvements to working conditions our ethical trading programme has achieved and more information on our sustainability programme can be found here - [www.arcadiagroup.co.uk/fashion-footprint](http://www.arcadiagroup.co.uk/fashion-footprint).

As a company affected by the California Transparency in Supply Chains Act of 2010 (SB 657) we are providing a summary of our programme and efforts to source our products responsibly. The purpose of the law is to provide customers with the information they need to make informed choices about the products they purchase. The information we have provided specifically describes how we are working to address any risk of human trafficking and slavery in our direct supply chain.

## Verification

We have a rigorous ethical trading programme to evaluate and address risks in our direct supply chain, including the risk of human trafficking and slavery. We have an Ethical Trading Team dedicated to responsible sourcing and we work together with independent accredited partners to support various aspects of our programme, including conducting factory inspections, verification of audits and remediation programmes.

All of our direct suppliers sign up to and agree to comply with our Conditions of Trading (which include our Code of Conduct). These conditions require factory details to be listed on every purchase order and suppliers may only use factories that have been declared to and accepted by us in advance. Orders can only be raised against factories which have completed and passed our comprehensive factory set-up procedure. We assess factory risk and determine our inspection strategy based on previous audits, unannounced visit reports, volume of orders placed and location. Our Code of Conduct applies to the supplier, manufacturer, and any other person or business involved in supplying products to us.

## Auditing

Our ethical trading programme requires suppliers to submit an independent, factory ethical audit no older than a year, to receive a grading for a new factory set-up and apply for permission to use that factory to manufacture Arcadia Group product. In order to help reduce audit fatigue we accept audit reports from a number of audit bodies on the condition that they are non-modifiable and were either unannounced or semi-announced. In addition

to this initial audit requirement, regular audits are conducted to monitor compliance with our Code of Conduct. We work closely with independent external auditing partners to conduct these factory audits, and our Ethical Trading Team also conduct further unannounced and semi-announced visits and inspections where necessary. At a minimum, all factories are independently audited at least annually and re-inspections are conducted more frequently when issues of non-compliance have been identified, to monitor and support remediation efforts and verify improvement.

We also work closely on an ad hoc basis with partners on proactive remediation projects to help improve more complex and systemic issues.

We believe in sustainable remediation and when issues of non-compliance are identified it is our practice to work together with suppliers until they comply with our Code of Conduct. We have a zero-tolerance policy for involuntary labour, human trafficking and child labour. If any of these findings are uncovered during an audit, we work with the factory to take immediate steps to resolve the issue and any new orders are immediately suspended until the factory has made the required improvements. Business relationships are only terminated as a last resort, when suppliers are unwilling to comply with our requirements despite our efforts to support them in addressing issues.

## Certification

The Arcadia Code of Conduct is the basis for our ethical trading programme at Arcadia and clearly sets out the requirements that are expected of our suppliers. All of Arcadia's suppliers must adhere to our Code of Conduct, which strictly prohibits forced labour. It is based on International Labour Organisation (ILO) conventions and recommendations, and can be found [here](#).

We include requirements of adherence to the Code of Conduct in our Conditions of Trading, and suppliers are also contractually required to comply with all of the country of manufacture's laws, which includes labour laws.

## Internal accountability

All Arcadia Group head office employees are contractually required to read and certify acceptance of our Legal Compliance Employee Handbook. The handbook sets forth expectations and requires that all employees adhere to our Code of Conduct when working with suppliers of Arcadia Group product. Among other expectations, employees are expected to act ethically and professionally and abide by all applicable laws where we do business. Any failure to comply with our Legal Compliance Employee Handbook or Code of Conduct could result in corrective action, up to and including dismissal.

Internally, the Arcadia Group employ a dedicated team of Ethical Trade professionals to make assessments and decisions regarding the social compliance status of new and existing factories, and suppliers proposed to produce goods for the Arcadia Group. The team is independent from employees who are involved in purchasing goods. Suppliers are contractually required to comply with our Conditions of Trading which include our Code of Conduct. Any failure to comply with these conditions or our Code of Conduct could lead to corrective action, up to and including termination of the business relationship.

## Training

All employees directly involved in supply chain management and sourcing Arcadia Group product are required to attend ethical trading training that has been specifically designed to provide relevant information to sourcing professionals. Among other topics, the training incorporates our Code of Conduct requirements and human trafficking and slavery, with a particular focus on identifying and mitigating those risks within the supply chain.