

# HARRODS

## MODERN SLAVERY STATEMENT

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### INTRODUCTION

1. As a leading luxury retail business, we understand that our stakeholders – employees, customers, community and investors – expect us to conduct our operations in a responsible, transparent and ethical manner. We do this through our Green & Gold programme, which aims to create a positive and long-lasting impact through our four Corporate Responsibility pillars of Workplace, Marketplace, Environment and Community.

2. This statement is made pursuant to section 54(l) of the Modern Slavery Act 2015 (the “MSA”) and demonstrates our commitment to eliminating the risk of forced, bonded, compulsory labour or human trafficking occurring within our own operations and supply chain.

3. This statement is made on behalf of Harrods Limited and its subsidiary Harrods International Limited (which operates our UK airport business). Harrods Limited and Harrods International Limited are private companies registered in England and Wales with registered company numbers 30209 (Harrods Limited) and 676533 (Harrods International Limited).

4. This statement has been approved by the board of directors of Harrods Group (Holding) Limited (registered company number 5990648) which is the UK parent company of both Harrods Limited and Harrods International Limited.

### OUR BUSINESS

5. We host a wide and eclectic range of products from around the world in our famous Knightsbridge store and our UK airport stores. Therefore, our supply chain is global and covers multiple sectors - from food to beauty products and from fashion to furniture. This requires us to work with a wide network of third parties at all stages in the supply process, from sourcing of raw materials all the way to packaging and trading the finished products in store.

6. As a leader in the global luxury retail marketplace, Harrods seeks to promote and protect the rights of individuals who work in our supply chains. Our suppliers consist of vendors providing Harrods’ own brand goods (“OB Partners”), other vendors, and concession partners (together, “Partners”).

7. Many of our Partners are established and prestigious businesses operating within the global luxury retail marketplace with their own detailed social and ethical

policies. Whilst we expect all Partners to maintain a supply chain that is free from slavery and human trafficking, an area of particular emphasis for us is the newer Partners or those Partners with whom we have a closer relationship to their supply chain (for instance, OB Partners). We have established processes in place to allow us to monitor and assess such Partners and their ethical trading practices as discussed in paragraphs 16 and 17 below.

### HARRODS CODE OF CONDUCT

8. Harrods’ Ethical Committee have prepared a Code of Conduct setting out our ethical trading standards (“Code”). This Code was developed by our internal team of certified social auditors and subject to a structured internal stakeholder review. The Code will be issued to existing Partners and included in future commercial agreements with new Partners.

9. In this Code we establish our ambition to uphold exemplary ethical standards within our supply chain and our expectation that our Partners will do the same. The Code details our expectation that our Partners will comply with the MSA, will monitor their own supply chains regularly for risks of modern slavery and draw our attention to any suspected non-compliance with the Code. In the event of suspected or known non-compliance, the Code provides us with the ability to take remedial action which, in the most severe circumstances, includes terminating the relationship with that Partner.

10. The Code (and any known non-compliance with the Code) will be reviewed at least quarterly by the Harrods Ethical Committee, ensuring director- level engagement and governance of the key principles of ethical trading across our business.

### SUPPLY CHAIN

#### Monitoring and Assessing

11. Despite many of our Partners being well-established businesses with their own ethical policies, we will issue them with and expect them to uphold the principles of, our Code.

12. Partner compliance with the Code will be monitored by way of the Supplier Appraisal Questionnaire (“SAQ”) which is issued to our Partners regularly, or, for certain OB Partners, during their annual audit. Where the results



of the SAQ or an annual audit (as applicable) are not satisfactory or in the event that any other factors come to our attention to indicate that an enhanced level of investigation is required for a specific Partner, this will be undertaken either in the form of a physical audit, or such other approach as we deem appropriate in the circumstances.

**13.** Given the closer relationship that we have to the supply chain of our OB Partners, in addition to the SAQ or annual audit (as applicable), we will continue to conduct regular risk assessments based on factors such as the OB Partner’s business size, product sector and geographic location to determine any potential concerns around ethical supply chain practices and any appropriate next steps. This enhanced due diligence framework for OB Partners is discussed more fully in paragraphs 16 and 17 below.

**14.** Whilst we would always seek to work with our Partners to address and remediate any concerns about their ethical practices, ultimately, if we are unable to satisfy ourselves that a Partner will be able to comply with our ethical trading standards as set out in our Code, we have the option to terminate the business relationship.

**Contractual Terms**

**15.** We include contractual terms in our commercial agreements with our Partners to require them to comply not only with applicable legislation, but also with specific provisions regarding the treatment of individuals. Since the introduction of the MSA, for any new Partners, these contractual terms also specifically reference the MSA. Our Code will be provided to existing Partners and included in our new commercial agreements with our Partners. A link to the most recent version of the Code will also be included each time a SAQ is sent to a Partner and prior to the annual audits of certain OB Partners.

**OB Partners**

**16.** We recognise that we have a closer relationship with the supply chain in respect of products purchased directly to be sold or supplied under the Harrods brand. On this basis, Harrods’ own brand sourcing process is structured around an elevated due diligence framework which is made possible by our (often long-term) relationship with these OB Partners. In addition to our standard monitoring and assessment strategy, the closer relationship to this supply chain means that our teams are able (where required) to pay frequent visits to the premises and production sites of these OB Partners to monitor compliance with our ethical trading standards

(as are now set out in our Code). As detailed above, we also conduct annual audits of certain OB Partners.

**17.** Furthermore, as part of the on-boarding process, new OB Partners are asked to sign bespoke trading terms and conditions which are specifically catered for this unique area of our business where we have a closer connection to the supply chain. These terms require compliance with all applicable legislation (with specific reference to the MSA) and also incorporate a recently-updated Ethical Policy which details the essential standards of business practice which we require and expect adherence to. During March 2016, we requested that our existing OB Partners signed these terms and conditions to ensure they were bound by these enhanced ethical obligations.

**TRAINING**

**18.** We have created a two-tier training programme to ensure that our staff uphold and promote exemplary ethical trading practices. The different tiers of this training programme are tailored to apply to specific job roles and/or responsibilities as follows:

**(A)** Social Auditor Training: this is the most detailed training and is provided to those personnel who visit factories, together with any other key stakeholders. This training covers auditing against standards such as the SA8000, ETI Base Code and SMETA which have a special focus on modern slavery, employee and human rights in the workplace. Since December 2016, all relevant personnel have completed this training, leading to a professional IRCA Social Auditor qualification.

**(B)** “Luxury Goods Ethics” and “Ethical Trading” Workshops - By March 2017, all relevant buying teams and concession staff had attended these workshops. These workshops cover MSA requirements, together with best practice in the luxury industry. These sessions will continue to run on a quarterly basis to capture any new joiners to the relevant business areas, together with those requiring a refresher session. The workshops will also be made available to the wider staff population.

**19.** The purpose of our training programme is to ensure that we are promoting a working environment whereby all individuals are equipped with the ability to identify ethical trading issues in their day-to-day practices.



### HARRODS STAFF

**20.** We are committed to creating a working environment that is inclusive, supportive, that is based on mutual respect and trust and where everyone feels valued. Our Equal Opportunities policy demonstrates our ambition for our staff to enjoy equal opportunity in an environment that is free from discrimination, harassment, bullying and victimisation.

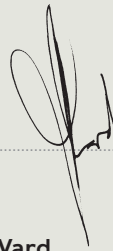
**21.** We have robust internal processes and policies in place to uphold and protect the rights and working conditions of our staff and to ensure that all Harrods employees are of working age and that we are complying with the provisions of the MSA. As well as our Equal Opportunities policy and policies covering matters such as recruitment and hours of work, we maintain and publicise a whistleblowing policy which, together with ethical trading training (as detailed above), allows staff to identify and report any potential concerns through the appropriate channels.

### CONCLUSION

**22.** This statement reflects the steps Harrods Limited and Harrods International Limited have taken during 2016-2017 Financial Year to ensure that slavery and human trafficking are not taking place in our business or our supply chain. This statement has been approved by the board of directors of Harrods Group (Holding) Limited, the UK parent company of Harrods Limited and Harrods International Limited.

**23.** We recognise that our ethical trading programme requires constant monitoring and improvement. During the 2017-2018 Financial Year we will continue to build on our risk management framework proactively to identify and manage the risks of modern slavery in our business and supply chain.

Signed by:



**Michael Ward**  
Director  
Harrods Group (Holding) Limited  
26th May 2017