

# **MODERN SLAVERY STATEMENT OF SCOTCH & SODA**

**FOR FINANCIAL YEAR ENDED 31 MAY 2020**

## **INTRODUCTION FROM THE CHIEF EXECUTIVE OFFICER FREDERICK LUKOFF**

One of our top priorities is to run our business with greater sensitivity to the world around us, and we strive to make issues surrounding the environment, animal welfare and safe working conditions a priority. Making fashion a fairer, more sustainable industry is a challenge we at Scotch & Soda fully embrace.

We at Scotch & Soda fully respect human rights in our operations and extended value chain and we conduct our business ethically and sustainably. We support human rights as defined by the Universal Declaration of Human Rights, which recognizes that “all human beings are born free and equal in dignity and rights.” Modern slavery (i.e. slavery, servitude, forced labor and human trafficking) goes against everything Scotch & Soda stands for and is fundamentally unacceptable within our business and supply chains. We are fully committed to combatting modern slavery and we are committed to improving our practices in this area.

This statement sets out our policies and practices in respect of our ethical business practices and ethos and the steps we have taken in the financial year ended 31 May 2020.

## **ORGANISATION'S STRUCTURE**

Scotch & Soda N.V. is the parent company of the Scotch & Soda group (collectively Scotch & Soda). Scotch & Soda has approximately 1,400 employees worldwide and operates worldwide. Scotch & Soda has its head office in the Netherlands.

Scotch & Soda implements its business strategies through the presence of subsidiary companies in the various countries in which it operates. This statement is made on behalf of Scotch & Soda N.V. and its subsidiaries to set out our global approach to tackling modern slavery.

## **OUR BUSINESS**

We are an Amsterdam-based lifestyle brand with an international view on the world. Over the past years, the brand has expanded globally, from a head office in the heart of Amsterdam to offices and showrooms across the world. Scotch & Soda was originally founded in 1985. To date, Scotch & Soda operates 164 stores worldwide, 64 franchises, 168 shop-in-shops and is available through our web store and app. Shipping to over 70 countries and through 4,000 clients worldwide, our collections are sold through a fully integrated omni-channel distribution model, consisting of retail, e-commerce, wholesale and franchise channels.

## Our supply chains

Making socially responsible fashion starts with a transparent production process. An eye for detail is not only paramount when designing our clothing, but also when selecting the factories we work with. We only work with suppliers and factories that have a strict environmental policy and that guarantee good working conditions. Scotch & Soda has many long-term relationships with suppliers and factories, some of which go back more than 20 years. A full list of the suppliers and the tier one and tier two factories we work with is published on our website which is available to see [here](https://www.scotch-soda.com/nl/en/discover-sustainable-ethical-supply-chains.html): <https://www.scotch-soda.com/nl/en/discover-sustainable-ethical-supply-chains.html>

## OUR POLICIES AND AGREEMENTS TO COMBAT SLAVERY AND HUMAN TRAFFICKING

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. Scotch & Soda operates a number of group wide policies and agreements that support this commitment. These policies and/or agreements set exacting standards that we expect manufacturers to comply with when we chose to work with their factories. We only work with suppliers who ensure good working conditions. We support the farmers of the Better Cotton Initiative (**BCI**) which aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity. BCI farmers, who use water efficiently, care for the health of natural habitats, reduce the use of harmful chemicals and respect the rights and wellbeing of workers.

You can find more information here:

<https://www.scotch-soda.com/nl/en/discover-better-materials.html>

<https://www.scotch-soda.com/nl/en/discover-our-cotton-commitment.html>

<https://www.scotch-soda.com/nl/en/discover-sustainable-ethical-supply-chains.html>

Since 2013, Scotch & Soda is a member of Amfori, the leading global business association for open and sustainable trade. Amfori is a business-driven initiative for companies committed to improving working conditions in the global supply chain. Their code aligns with international frameworks concerning human rights and labour standards, including the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights and OECD guidelines, as well as the conventions and recommendations of the International Labour Organization, which are relevant to improving working conditions in the supply chain. All of the factories that we use have signed up to the Amfori Code of Conduct (the **Code**).

The Code comprises core labour rights including, but not limited to:

- Fair remuneration and the right of workers to receive fair wages;
- Occupational health & safety standards, and healthy working and living conditions;
- No child labour and the commitment to not employ children below the age of 15;
- The right of workers to form unions and engage in collective bargaining;
- No bonded labour: no engagement in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour;
- Observing the laws regarding hours of work;
- Providing equal opportunities and not discriminating against workers;
- Zero tolerance of any acts of corruptions, extortion, embezzlement or bribery;
- Hiring workers on the basis of documented legal contracts.

Scotch & Soda fully endorses and lives by each of the values and principles set out in the Code. The factories we work with are regularly audited by independent and certified (SAAS) audit firms, in accordance with the Amfori BSCI requirements and for compliance with this code. If it becomes evident that a factory does not fully comply with the Amfori BSCI requirements, Scotch & Soda insists upon the implementation of an improvement plan, which includes (but is not limited to) more frequent audits. We monitor all factories on a yearly basis, improving – if necessary – working conditions in Scotch & Soda production factories. If the BSCI code is severely violated and the supplier is unwilling to implement improvements, the contract is terminated.

## **DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING**

As part of our initiative to identify and mitigate risk we regularly review and update our recruitment policies, contracts of employment and associated employment policies and handbooks to ensure these reflect the applicable laws.

In particular during the financial year ended 31 May 2020, we ensured we obtained more visibility on tier two factories. We implemented the requirement for all tier two factories to commit to and live up to the Code. In addition, all tier two factories are audited based on the Amfori BSCI requirements and are required to be compliant with these standards.

We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our policies we have in place a dedicated team, which consists of representatives from the Production and Buying department:

## **FURTHER STEPS**

We are committed to improving our practices to combat modern slavery and human trafficking and intend to continue to review and update our policies and practices, and to ensure that those working with us adhere to our values and commitment to conducting our business with integrity and fairness at all times.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for Scotch & Soda's commercial organisations which includes those which carry on business in the UK for the financial year ended 31 May 2020.

Approved and signed by the Board of Directors on April 6, 2021

Scotch & Soda. N.V.