

RESERVED

GRÖPP

HOUSE

MOHITO

sinsay



**LPP**

MODERN SLAVERY  
STATEMENT

2022

## INTRODUCTION

We tune in to the needs of the world around us and the challenges we all face today. Human rights and environment protection concern every single one of us. We cannot be and are not indifferent. It is our duty to limit the environmental impacts of our operations to a minimum.

- Marek Piechocki - Founder, CEO

This Statement has been published in accordance with the Section 54 of the UK Modern Slavery Act 2015. The statement concerns all companies belonging to the LPP Group, further referred to as LPP. It outlines the activities we take as a business to prevent slavery and human trafficking in our own operations and supply chain for the financial year 2022 (ended 31 January 2023).

We recognise that Modern Slavery is a growing global issue and we understand our responsibility to prevent, mitigate and remediate where necessary, the risks of human trafficking, forced, bonded and child labour and to respect human rights in our operations and our supply chain.

Openness, diversity, responsibility for our shared development and mutual respect create our company's unique culture. Yet, the most important foundation of our work is freedom. We fully, completely and unconditionally oppose any form of forced labour. This objection is made known along with the company's values and is an intrinsic part of our DNA. In this document, you will find information on actions we take to counteract modern slavery.

## ABOUT US

We are a **Polish family company** operating in the clothing industry which was set up 30 years ago in the region of Pomerania. Ever since its founding, LPP has been growing dynamically, increasing its presence in more and more foreign markets and effectively implementing Polish creative ideas wherever we sew and sell the collections of our **five diverse fashion brands: Reserved, Cropp, House, Mohito and Sinsay**. Today we operate as the LPP SA Capital Group consisting of 33 companies. LPP products are available to our customers in 39 markets. Learn more on: [www.lpp.com](http://www.lpp.com)

Yet, it is in Poland where we develop our brand concepts and make all the strategic decisions. Our main headquarters are located in Gdańsk and so are the design departments of Reserved, Cropp and Sinsay. Mohito and House collections are devised in LPP's offices in Cracow. We are a stable employer and a reliable business partner. We were one of the first clothing producers to make it on the Worker Rights Consortium (WRC) list of companies that meet their obligations towards suppliers.

We have:

- more than 30 years of experience in the industry.
- 29,930 employees worldwide, including 16,686 in Poland
- almost 430m items of clothing sold annually
- 1,962 stores with the combined space of 1 673 000 m<sup>2</sup> across 27 countries.

Since 2019, LPP has been a signatory of the United Nations Global Compact and we commit to respect and promote its ten universally recognized principles. These include the elimination of all forms of forced and compulsory labour and the effective abolition of child labour.

We also contribute to the achievement of selected goals of the 2030 Agenda for Sustainable Development adopted by the UN General Assembly in 2015. We identify areas of our impact and take actions that are consistent with our business activity and our approach to social involvement.

In April 2020 LPP became the founding member of the Union of Polish Retail and Services Employers (ZPPHiU), an industry organization set up in the face of the crisis caused by the COVID-19 pandemic and the (resultant) economic shutdown and reorganization of the operations of shopping centres. The primary goal of ZPPHiU's actions is to save jobs in the retail and services sector. The organization supports dialogue between tenants and property managers to work out solutions adapted to the new reality and adjust rents to the situation currently seen in shopping centres.

## **HUMAN RIGHTS AT LPP**

We believe that respecting human rights is the cornerstone of ethical and responsible business. That is why we work to ensure that all our employees, suppliers, clients and other stakeholders are treated with dignity. Our approach to human rights protection is detailed in the LPP More Sustainable Development Strategy for 2017–2019, which rested on the following pillars: practices involved in clothes design and production, friendly workplace and employee well-being, ethics and transparent norms of behaviour, as well as working for the benefit of local communities. In 2019 we adopted a new strategy for 2020 – 2025, For People For Our Planet, which focuses on reducing our environmental impact.

We respect human rights in all aspects of our business model and expect the same from our suppliers. We protect human rights through actions that regulate and promote fair treatment of our employees, vendors, customers and other stakeholders. For more information about human rights at LPP, please see our Sustainability Report for 2021/2022 available on [www.lpp.com](http://www.lpp.com) in Polish and English: <https://www.lpp.com/en/sustainable-development/sustainability-report>

LPP has a zero-tolerance policy on modern slavery. Child labour, illegal labour, slave labour, forced labour, forced labour of prisoners, involuntary labour to satisfy debts and all other forms of labour not undertaken of the employee's conscious choice and free will and human trafficking shall be prohibited.

## **HUMAN RIGHTS POLICY**

In January 2022 LPP developed its first Human Rights Policy approved by Management Board. The document sets forth the commitment and direction for the activities of LPP SA and companies belonging to the LPP Group as regards the respect for human rights, understood in line with the United Nations Guiding Principles on Business and Human Rights. It also reflects the importance that LPP Group attaches to respecting human rights in all its operations, for both ethical and business reasons.

This Policy reflects the commitment of LPP SA and the entire LPP Group towards respecting human rights. It applies to all employees and business partners of all Polish and foreign subsidiaries of the LPP Group. We expect business partners, including suppliers and subcontractors, to ensure respect for internationally recognised standards of human rights protection, paying particular attention to individuals and groups most at risk of being negatively affected by their activities, including women, migrant workers and children.

We are aware that in some countries, especially where we carry out manufacturing activities, there is a particularly high risk of a negative impact of our operations on respect for human rights. In order to increase the effectiveness of our activities fostering the respect for human rights, we cooperate with others in the framework of such initiatives as Accord, Zero Discharge of Hazardous Chemicals or Cotton Made in Africa.

The Policy complements, and is reinforced by other related documents applicable in the LPP Group, relating to the values that guide us: Code of ethics, Principles of cooperation with contractors, Code of conduct, Whistleblowing rules, Occupational health and safety and HR guidelines. The Policy is publicly available at [www.lpp.com](http://www.lpp.com) in Polish and English: <https://www.lppsa.com/wp-content/uploads/2018/02/LPP-Human-Rights-Policy-EN.pdf>.

## **THE LPP CODE OF CONDUCT**

The LPP Code of Conduct takes account of the provisions of the International Labour Organisation conventions and the Universal Declaration of Human Rights. The Code of Conduct drawn up by LPP defines the requirements that must be fulfilled unconditionally by all our suppliers, regardless of the country where they are based. Each of the producers must sign the document before the start of their collaboration with our company. The document focuses on conditions of employment incl. compensation policy and working hours, prohibition on forced/involuntary employment, workplace conditions, child labour, freedom of association and employee representation, diversity and inclusion, health, safety and hygiene, environmental awareness, transparency, as well as issues concerning code implementation and verification. According to the Code, any forms of forced and involuntary labour are prohibited, the employees shall not be urged to provide any deposits or personal identity documents to the supplier.

LPP's Code of Conduct is available in in 5 languages:

1. English: <https://www.lpp.com/wp-content/uploads/2018/02/Code-of-Conduct-2023-EN.pdf>



2. Chinese, Bengali, Turkish: <https://www.lpp.com/wp-content/uploads/2018/02/LPP-Code-of-Conduct-11-01-2021-CN-BD-TR.pdf>

3. Polish: <https://www.lpp-2f142840291186e9791b-endpoint.azureedge.net/blobwwwlpp62711ea95a/wp-content/uploads/2018/02/Polityka-Grupy-LPP-Dotycz%C4%85ca-Poszanowania-Praw-Cz%C5%82owieka-PL.pdf>

## **LPP RULES. MANUAL FOR EMPLOYEES**

Rules for employees and employees of retail stores is a document on ethics and business culture that applies to, and should be observed by, employees at all levels. It embraces the manual and practical advice, and is rooted in respect for Human rights and labour rights. LPP describes principles and values at work in the areas of mutual respect and trust, diversity and inclusion, equality of chances, prohibition of bribery and corruption, confidentiality, relations with business environment and clients, external communication and ethics in advertising.

Bringing attention to some fundamental rules which determine the type of company LPP is, the Rules facilitate daily operations and decision-making process. According to the document, we do not accept any form of discrimination, harassment or mobbing. In addition, all individuals who are promoted to leadership positions take part in the Management Academy – a series of management training sessions that include the company values and ethical principles. Also, our internal e-learning platform offers Ethics in Business training dedicated in particular to buyers, which allows them to refresh and consolidate the ethical principles applicable in cooperation with suppliers. We also remind store personnel about ethics in their daily work.

LPP Rules. Manual for employees is available at [www.lpp.com](http://www.lpp.com) in Polish and English:

- 1) LPP Rules for employees of retail stores: <https://www.lpp.com/wp-content/uploads/2018/02/LPP-Rules-For-Employees-Of-Retail-Stores-EN.pdf>
- 2) LPP Rules. Manual for employees: <https://www.lpp.com/wp-content/uploads/2018/02/LPP-Rules-Manual-For-Employees-EN.pdf>

## **HUMAN RIGHTS DUE DILIGENCE**

LPP Group implements a human and labour rights due diligence process in business relationships and across the value chain. The purpose of the process is to continuously identify the exerted impact, counteract and minimize the risks associated with it by implementing appropriate remedial and corrective actions. We monitor their effectiveness, stay in touch with stakeholders affected by the business activities of the LPP Group and provide a mechanism for reporting irregularities. In implementing the process, we rely on the involvement of our stakeholders. Our commitment to the implementation of the human and labour rights due diligence process is part of the adopted Human Rights Policy.

The implementation of the due diligence process is overseen by a dedicated team established in 2023 within the ESG Committee.

We base our activities on:

- The OECD Due Diligence Guidance for Multinational Enterprises for Responsible Supply Chains in the Garment and Footwear Sector,
- the provisions of the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work,
- other information, including reports of international NGOs and scientific report. As a result of the analysis carried out in 2021 in cooperation with the Polish Institute for Human Rights and Business and representatives of key areas of our activity, the Management Board of LPP, managers, employees of the head office, Polish companies and the Distribution Centre in Pruszcz Gdański, we identified the most significant risk areas on human and labour rights in the value chain. These are:
  - forced labour;
  - safe and healthy working conditions (including the right to rest);
  - health (right to health);
  - equal treatment and non-discrimination;
  - the right to family life (work-life balance);
  - child labour;
  - social insurance;
  - living wage.

The assessment of the risks related to these areas is updated every two years and presented at meetings organised by the Procurement and ESG department.

#### **THE REMEDIAL AND CORRECTIVE ACTIONS IMPLEMENTED IN 2022/2023 RELATED TO THE HUMAN RIGHTS AND LABOUR DUE DILIGENCE PROCESS**

- Updating the LPP's Code of Conduct – strengthening the protection of workers in the value chain in Poland and worldwide, increasing transparency.
- Conducting a survey for domestic manufacturers and suppliers on ethics and anti-corruption, whistleblowing mechanisms, environmental impact, human and labour rights, and level of local community support. The material collected will be used to map out further actions.
- Initiating the application of a clause for Polish producers and suppliers concerning, inter alia, respect for human rights and the principles laid down in the LPP's Code of Conduct.
- Continuing the activities conducted as part of international associations and initiatives, including International Accord for Health and Safety in the Textile and Garment Industry, Cotton made in Africa, Zero Discharge of Hazardous Chemicals:

— Since 2013, we have been an active member of the International Accord for Health and Safety in the Textile and Garment Industry, which works on behalf of the fashion industry to improve working conditions in Bangladesh. Through it, we monitor the safety level of the sewing room where our collections are produced. Inspections are carried out at suppliers, and corrective plans are developed and implemented if irregularities are found. We continuously monitor the effectiveness of the

actions taken. Factory workers receive training and have access to the whistleblowing mechanism for reporting OHS irregularities. The mechanism is in line with the UN Guiding Principles on Business and Human Rights. In 2023, we joined the signatories of the International Accord Pakistan agreement working to improve safety and working conditions in clothing manufacturing plants in Pakistan.

— As part of the supply chain, we care about ethical and sustainable sourcing of raw materials. An example of this is our partnership with Cotton made in Africa, which is the standard for sustainable cotton cultivation in Africa. Thanks to this, in addition to obtaining raw material, we can support local communities in Africa. The funds obtained from the paid use of licenses are used to finance training for farmers, improve working conditions and promote gender equality and respect for children's rights. The funds also finance social projects in the field of education, health and safety of children and support for women on the local labor market. In 2023, we extended the partnership for another 2 years.

- In addition to inspections conducted through International Accord, we regularly subject factories cooperating with us to social audits. For this purpose, we have been working with SGS since 2017, and in 2022 we started working with amfori BSCI, an international association working for more transparent and sustainable trade. Thanks to this, we monitor factories in social and environmental terms. The system supports us in eliminating entities from our supply chain that do not provide e.g. decent working conditions and remuneration.

- We want our suppliers to be aware of the rights of their employees, which they should strictly respect. This is why we have been organizing Awareness Day in Bangladesh since 2018, during which we educate suppliers on human rights, labour rights and health and safety rules.

- We carry out activities and social cooperation of the LPP Foundation

— The LPP Foundation's activities support in particular children and young people, as well as local communities in Pomerania – where the LPP headquarters and distribution centre are located, in Malopolska where the House and Mohito brands are based.

- The LPP Foundation also carried out assistance activities for people affected by the war in Ukraine.

## **TRAINING**

The implementation of the human and labour rights due diligence process is supported by communication activities, e.g. trainings conducted by trainers and available on the internal training platform of LPP Edukacja and EduStores.

Additionally, LPP employees are continuously trained in our policies (LPP Principles, Code of Conduct, Anti-Mobbing Procedure etc.) and company values, thanks to onboarding process and webinars. In 2022, we launched an e-learning training course "Counteracting harassment and discrimination in the workplace" for employees of all stores of each LPP brand in Poland, which supported preventive actions against negative and undesirable behaviour. It was compulsory for all employees.

In 2022/2023, we conducted a series of five webinars as part of the Diversity & Inclusion Academy. The activities accompanied the LPP Group Policy adopted in May 2022 on diversity management, equal treatment and building an inclusive culture. The Academy was attended by employees of the company's headquarters and foreign companies, including the management team.

## **AUDITS IN THE SUPPLY CHAIN**

We continue our efforts to improve the quality of our collaboration with the suppliers and ensure their compliance with our standards listed in the Code of Conduct. One of the mechanisms that are helpful in this regard are audits conducted along the supply chain by LPP's sustainable development department, our representative offices in Shanghai and Dhaka, and external auditors. If a supplier is found to be in infringement of our requirements, they receive a Corrective Action Plan with an implementation deadline.

If business partners cooperating with the LPP Group find gross misconduct or fail to cooperate in their elimination, we decide to gradually reduce the number of orders and resign from cooperation with such a supplier or to immediately resign from cooperation, if it is necessary due to the nature of the violations.

Audits are also helpful in identifying risks in each country in relation to the Code of Conduct and in creating projects that allow to face the challenges. In the reporting period, LPP auditors carried out **719 audits** on health and safety, working conditions and respect for human rights.

## **GRIEVANCE AND QUERIES MECHANISMS**

Any negative or undesirable behaviour that contradicts or potentially violates our values and principles may – and should – be reported. There are ethics officers at the headquarters and at LPP brand stores who receive whistleblowing reports and provide support. From 2021, LPP has a Whistleblowing Policy and a special electronic form on our corporate website. It allows employees, suppliers and subcontractors to report irregularities related to LPP Group activities. Each submission is assigned an automatic identification number and a password. This way, one may log in to the tool anonymously in order to follow the processing of the report and for further communication. We handle reported irregularities with confidentiality and do not pursue and strongly oppose any form of retaliation against whistleblowers.

The Whistleblowing Rules in the LPP Group define the procedures for reporting irregularities involving, among others, violations of the law, internal procedures and ethical standards in force in LPP by interested persons. The Rules shall apply to LPP and its subsidiaries, taking into account local laws regulating differently the issues covered by the Rules. The rules arising from this document do not violate or limit the obligations to report irregularities to the relevant authorities in the countries in which LPP operates. The document is available in Polish and English: <https://www.lpp.com/wp-content/uploads/2018/02/Rules-Of-Whistleblowing-EN.pdf>

## **LOOKING AHEAD**

We are committed to respecting internationally recognised human rights and prevent forced labour.



We are committed to respecting the human rights of people employed with LPP, people cooperating with LPP and all other people working for LPP directly or indirectly. We respect and promote human rights in our relationships with suppliers, subcontractors and other business partners. We expect our business partners to respect the human rights of those they employ and other rights holders within their value chains.

LPP is open to continuous improvement and will continue to develop policies and activities to ensure respect for human rights throughout its value chain. In 2023 we plan to educate our suppliers in terms of human rights.

#### **BOARD APPROVAL**

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 and constitutes LPP's slavery and human trafficking statement for the financial year ending in January 2023. It has been unanimously approved and signed by the Management Board of LPP SA on behalf of LPP SA and all members of the LPP Group on July 17th 2023.

PRZEMYSŁAW LUTKIEWICZ, VICE-PRESIDENT OF THE MANAGEMENT BOARD