

Modern Slavery Statement 2023.

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Banner Group¹

Financial Year
1st January – 31st December 2022

Banner is committed to improving the working conditions of those within our global supply chain. It is an absolute priority that we ensure we trade ethically, source our products responsibly and work to prevent human rights abuse in all its forms.

Banner does not tolerate any form of slavery, servitude, forced labour or human rights abuse against individuals within our own organisation or our supply chain overseas and in the UK. Banner fully supports the legislation of the Modern Slavery Act (2015) section 54 put in place for the prevention of modern slavery and human trafficking.

In this statement for our financial year ended 31st December 2022 we highlight key activities we have undertaken during the year, working in close collaboration with our suppliers to further strengthen our zero tolerance to any forms of modern slavery.

This statement has been approved by the Board of Banner Group¹.



Ian Webb
Banner Group CFO
June 2023

Our Company and Supply Chain.

Banner is the UK’s leading supplier of school uniform and sportswear for the schoolwear market. Our purpose is to give every child the chance to shine by creating school uniform and sportswear ranges that provide all children with an equal opportunity to develop, perform and feel good about themselves. We are proud to offer customers the biggest and broadest range of schoolwear in the market backed up by an industry leading service.

Banner Group¹ has both a UK wholesale and retail operation. Our Wholesale business operates from our Headquarters in Trowbridge, Wiltshire and our satellite office in Seaham, County Durham. Our retail business operates under the trading name of F.R. Monkhouse Ltd from our northern base in Altrincham, Cheshire.

Banner Ltd and associated Group Companies at a glance.

FINANCIAL	Annual Turnover 2022 c.£67.4 million
NUMBER OF UK EMPLOYEES	FTE 301.9
DISTRIBUTION	<p>Wholesale - Trowbridge – 2 warehouses, 110,000 square ft., holding 3 million units</p> <p>Four Regional Retail DCs (Tewkesbury, Stockport, Bredbury & Crawley) which can hold approx. 1.2 million units and a total of 53,000 square feet of warehouse space. 3PL Partner - Rhenus Logistics - Storage capacity up to 560,000 units</p>
PRODUCTS DISTRIBUTED VIA	<p>1,559 Wholesale Customers in 24 Countries (Traditional school uniform outfitters, E-commerce, online ordering for parents, In-school ‘pop-up’ shops & wholesale in-house school shops)</p> <p>36 Retail Stores/School Shops/ e-commerce operation to c.1201 schools.</p>
NO. OF GARMENTS SUPPLIED IN 2022	6.1 Million garments (The vast majority of these come from our wholesale supplier factories)

Our Company and Supply Chain.

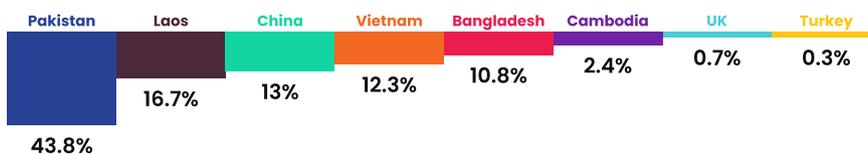
Supply Chain and Sourcing.

We work with 36 direct and indirect (sourced via agents) suppliers in 8 countries:



Banner Stocked Garment Production Per COO

(Expressed as a % of total volume)



We only work with suppliers that share our ethical values and sustainable vision for the future and who can demonstrate compliance with local health, safety and labour laws.

All wholesale overseas supplier factories that produce our brochure stock are Sedex members (Supplier Ethical Data Exchange). Banner requires all overseas suppliers of brochure stock to meet high standards of social, ethical and environmental compliance.

They are all required to complete 4-Pillar SMETA audits which includes extended business ethics and environment.

Retail Supply Base.

Our multi-channel retail supply base sources over 10,000 products (uniform, sportswear, equipment and accessories) from 81 suppliers (£1,000+ spend). Out of the 81 suppliers, 16 (20% of them) make some or all their garments in UK factories.

All our suppliers are required to adhere to high standards of ethical and responsible sourcing including that all UK factories are fully compliant with UK employment law, national minimum wage and health and safety.

Due Diligence and Policies.

We are committed to improving the working conditions of those within our global supply chain through a robust and high quality ethical and social audit process (SMETA 4-pillar). This is a vital due diligence tool, as it provides assurance that our Tier 1 suppliers understand their responsibility to comply with our strict ethical standards. Information on measurement criteria can be found here. <https://www.sedex.com/wp-content/uploads/2019/05/SMETA-6.1-Measurement-Criteria.pdf>

We also have clear policies and monitoring processes in place with strong supply chain management. The wholesale buying team has established long-term relationships with suppliers which is important in terms of continuity of supply, with some spanning over 30 years and the majority over 15 years. Strong supplier relations also helps us to improve transparency of our supply chain with the mutual goal of preventing and eradicating forced labour risk which is crucial. We have developed clear ethical approval and monitoring protocols managed by our buying and sustainability teams who work closely with our suppliers to monitor compliance on an ongoing basis.

Ethical Trading and Human Rights.

Since 2006, we have been a member of Sedex (**Supplier Ethical Data Exchange, sedex.com**), one of the world's leading ethical trade service providers, working to improve ethical standards in global supply chain. In 2019, we raised the bar in terms of our ethical sourcing standard within our global supply chain, setting SMETA 4-Pillar audits as the minimum standard for all suppliers that we work with to complete and comply with. Through this process we have disengaged with a small number of factories who are not able to comply with our supplier code and SMETA 4-Pillar requirements.

SMETA 4-pillar audit is the highest level set of protocols for high quality ethical, social and environmental audit. Sedex uses the ETI (Ethical Trading Initiative) base code and local laws as its monitoring standards in its audits. ETI is an internationally recognised code of labour practice covering areas such as working conditions, human rights, working hours, health and safety (see www.ethicaltrade.org/resources/eti-base-code) and aligns with the conventions of the International Labour Organisation (ILO) **Conventions and Recommendations (ilo.org)**. The audits are delivered by independent third party auditors.

Due Diligence and Policies.

We are working closely with our Tier 1 suppliers to ensure they comply with the strict ethical, social and environmental standards of SMETA 4-Pillar audits. Below is a summary overview of the progress we have made with our Tier 1 supplier, 4-Pillar audit status by factory in 2022:

Country of Origin	Number of Tier 1 Supplier Factories ¹	Sedex 2-Pillar	Sedex 4-Pillar OR Equivalent	Sedex 4-Pillar
Bangladesh	7	3	3	1
Cambodia	2		1	1
China	14	2	9	3
Laos	4		2	2
Pakistan	4	1	3	
Turkey	1		1	
UK	1		1	
Vietnam	3		1	2
Totals	36	6	21	9

Table 1 - Tier 1 Overseas Wholesale Suppliers for Banner brochure stock in 2022.

By the end of 2022, 75% of all suppliers had successfully completed both SMETA 2 & 4-pillar audits despite operating conditions continuing to be affected by Covid-19 lockdowns. Our goal is to work towards 100% of factories completing SMETA 4-pillar or equivalent audits by January 2024.

All audit reports are followed up via the Sedex platform and any areas that require improvements are highlighted within the SMETA corrective action plan report (CAPR). Our team follow up immediately with the supplier to ensure that they have implemented the required improvements within a set timeframe and ask them to provide evidence of the corrective action plan. Due to the pandemic and the impact on operating conditions up to end of 2022 we have not been able to complete any in person visits by directors and senior management. Factory visits are scheduled for Q1 2024 and will be timetabled annually. We plan to visit Vietnam, Laos, Cambodia and China. We have dedicated QC personnel at each of our factory sites who are entrusted to ensure that our high expectations of factory facilities are maintained as well as helping to ensure compliance with modern slavery, human trafficking and abuse of workers.

Our ethical trading statement is available at www.banner.co.uk

Due Diligence and Policies.

Whistleblowing.

We recognise the importance of giving workers in our supply chain a voice and as part of the SMETA audit process it is a requirement that systems are in place for workers to lodge complaints either anonymously via suggestion box or with employee representatives. Also, confidential interviews take place with groups of workers during the annual audit process to ensure suppliers comply. Banner Ltd and associated Group companies have a whistleblowing policy.

Cotton Sourcing Statement.

Banner acknowledges the serious concerns regarding human rights abuses and forced labour allegations in Xinjiang, China. As part of our commitment to ethical sourcing, we firmly reject any form of forced labour and human rights violations. As a business we can confirm that we do not source cotton from Xinjiang region of China.

In September 2021 Banner became members of Better Cotton, the largest cotton sustainability programme in the world. Better Cotton aims to transform cotton production globally and supports 2.4 million cotton farmers across 25 countries, training them in sustainable agricultural practices. Between 1st January 2022 and 31st December 2022, Banner achieved a 21.52% update of Better Cotton. We are aiming to source 50% of our cotton as Better Cotton by 2025. ([bettercotton.org](https://www.bettercotton.org))

Anti-Bribery and Anti-Corruption Policy.

At Banner we take a zero tolerance approach to bribery and corruption. We refuse to have any dealings with any company or individual that requires to make or receive any form of inducement in order to secure a commercial transaction and will terminate any ongoing relationships if evidence is found to demonstrate this. A copy of our anti-bribery and anti-corruption policy can be found at www.banner.co.uk

Due Diligence and Policies.

Supplier Code of Conduct.

Banner's Buying Director is responsible for supplier relationships and for suppliers' compliance with Banner's Supplier Code of Conduct which covers below areas:

- Employment conditions for workers involved with the production of our goods.
- Health & Safety standards
- Wages and working hours, including adherence to young person's working regulations.
- Human Rights.
- Disciplinary and employment records
- Risk Assessments
- Legal requirement
- Sewing and fabric quality standards
- Safety requirements
- Manufacturing requirements

Banner shares its Supplier Operations Manual to all suppliers. It sets out in detail the standards expected of our suppliers and compliance with all the requirements and standards in the document, form part of an Annual Trading Agreement Banner Ltd places with its suppliers. The 2023 version of this will be updated to incorporate a strengthened Modern Slavery section together with Supplier Code of Conduct. We are currently working on a set of higher supplier standards that go above and beyond SMETA 4-pillar that we are currently working on.

Monitoring Progress.

We are tracking progress through the following mechanisms:

- Sedex online platform – review supplier SMETA audits and SAQs as they are uploaded and notified and ensure any corrective action plan reports (CAPR) are completed within set timescales.
- Monthly SER (Social, Environmental Responsibility) Governance team meetings – update on all activities and progress shared in relation to all areas of supply chain management.
- Weekly Executive meetings with Directors and key Functional and Area Heads – update on any issues and supply chain risks.
- Regular meetings and communications with suppliers including bi-weekly Covid impact update meetings.

Actions and Progress 2022/2023.

Actions	In Progress	Ongoing	Completed
All overseas Tier 1 suppliers (wholesale) are required to complete Sedex (SMETA) 4-Pillar audits or equivalent and upload them to the Sedex platform.	✓	✓	75% completed by Q1 2023. Remaining 25% to complete by H12024
Agree wholesale supplier standards beyond Sedex 4-pillar to further strengthen Banner's zero tolerance to modern slavery, human trafficking and abuse of workers.	✓	✓	Due to be completed by Q1 2024 ready for implementation in Q2 2024
Complete a wholesale supply chain resilience review Q3 2023	✓	✓	Review completed in June 2023 and presented to Banner Board during July 2023 Board meeting.
Work with our retail supply chain to ensure the same level of accountability and transparency of business ethics, social and environment standards as we do for our wholesale supply chain. We have started to audit suppliers that supply into our retail operations and aim to complete this process in the next 6 months.	✓	✓	Aiming to complete this by end of Q4 2023.

Next Steps.

Over the coming year we will be focussing on the below activity:

- Ensuring 100% of overseas suppliers have completed SMETA 4-Pillar Audits.
- We completed a review a supply chain resilience review for our wholesale supply chain in June 2023.
- Complete an audit of remaining retail UK manufacturing sites by end of Q4 2023.
- We aim to materially improve the sustainability performance of our overseas supply chain and we are working closely with our overseas supply chain partners to develop a set of supplier standards and accreditations that go beyond 'audit due diligence' of SMETA 4-Pillar audits. We are setting stretching targets focussing on business ethics, positive social impacts including community projects and environment standards by end of Q1 2024 ready for implementation from Q2 2024 onwards.
- Use all the tools available to us as a Supplier/Buyer member of Sedex that can be accessed from the Sedex collaborative platform to help us monitor and mitigate risk eg:
 - *Forced Labour Indicator Reports*
 - *Risk Assessment and Impact Assessments tools*
- Explore opportunities to invest in tools to support traceability and mapping of our supply chain (Tiers 1 and 2)
- Review all policies and update our Supplier Operations Manual in 2023 to further strengthen Banner's zero tolerance to modern slavery, human trafficking and abuse of workers and we have included a section on our social and ethical responsible trading detailing our mandatory minimum requirements in relation to social and ethical compliance audits.
- Set up a quarterly Risk and Compliance meeting with our SER Governance team.

Training on Modern Slavery.

Key members of the buying and sustainability teams build their knowledge through external training, virtual conferences and webinars. They will undertake comprehensive training in Modern Slavery and Effective Due Diligence and regular training on all the relevant tools on the new Sedex online collaborative platform to ensure robust supply chain management.

While we have been an ethical business since 2006, we know that we have lots more to do in relation to Modern Slavery Governance and in relation to achieving greater transparency and traceability of our supply chain. Banner's third sustainability report for the financial year 1st January to 31st December 2022 goes some way towards this and is available to [view here](#).

We look forward to sharing our continued progress on this journey in our next statement.



■ **banner**[®]