

MARGARET
HOWELL
HUMAN
RIGHTS
REPORT
2023

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COMMITMENT

At Margaret Howell, we are committed to respecting and safeguarding the human rights of those who are directly or indirectly impacted by working with us. We adopt the [Ethical Trading Initiative's \(ETI\) Base Code](#), which is founded on the conventions of the [International Labour Organisation \(ILO\)](#) and [The UN Guiding Principles on Business and Human Rights](#).

THE ETI BASE CODE

1. EMPLOYMENT IS FREELY CHOSEN

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

4. CHILD LABOUR SHALL NOT BE USED

5. LIVING WAGES ARE PAID

6. WORKING HOURS ARE NOT EXCESSIVE

7. NO DISCRIMINATION IS PRACTISED

8. REGULAR EMPLOYMENT IS PROVIDED

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

Our portfolio of supply chain related policies are informed by the [OECD's¹ Guidelines](#) and the conventions of the ILO. We recognise that it is our responsibility to address human rights risks in our supply chain and we commit to work collaboratively to raise standards and improve working conditions.

This report applies to Margaret Howell Ltd and Margaret Howell SARL (hereafter referred to as Margaret Howell) and sets out our Company approach to due diligence, our partnership approach to working with suppliers and our responsible sourcing commitment. The report details our position as of December 2023.

GOVERNANCE STRUCTURE

Margaret Howell is an apparel design company operating through wholly owned retail shops, e-commerce site, and international wholesale accounts. The Company also operates a London based shirt manufacturing unit, producing a selection of individually made mens and womens shirts.

The Company employs a governance and accountability structure to support our strategy and manage and mitigate potential risk to human rights throughout our supply chain.

MANAGING DIRECTOR

Overall responsibility for good management of our supply chain lies with our Managing Director.

SENIOR MANAGEMENT TEAM

Supervises the implementation of the human rights due diligence roadmap and the attainment of social compliance goals. Approves internal and external reports prior to these being published.

SUSTAINABILITY DEPARTMENT

Responsible for the day-to-day operations relating to labour rights in the supply chain. Manages risk assessment and due diligence programmes. Creates internal and external reporting.

RISK MANAGEMENT COMMITTEE

Meets monthly and includes members from the Senior Management Team and the Sustainability Department. Reviews new suppliers, supplier visit checklists and self-assessment questionnaires. Responsible for issuing and reviewing non-compliance notices to suppliers, and reviewing country / sector risks.

ETHICAL TRADE WORKING GROUP

Training and implementation. Reviewing internal policies and supplier performance. The group is composed of team members from production, buying and merchandising, and sustainability.

¹The Organisation for Economic Co-operation and Development

SUPPLY CHAINS

TIER I APPAREL SUPPLIERS

We currently work with 42 Tier I apparel suppliers whose details can be accessed via the [Open Supply Hub](#)².



UNITED KINGDOM	15
PORTUGAL	12
ITALY	13
JAPAN	1 (1 TRADER, 8 PRODUCTION FACILITIES)
LITHUANIA	1

HOMEWARE SUPPLIERS

A small portion of our product portfolio is homeware, and at present, we maintain relationships with 30³ suppliers to source these items.



UNITED KINGDOM	25
IRELAND	1
JAPAN	1
SWEDEN	1
HONG KONG	1
NETHERLANDS	1

²The OSH does not include suppliers operating from home addresses. Homeware product suppliers will be added in 2024.

³This number excludes vintage products and books.

RISK ASSESSMENT AND MITIGATION

We acknowledge that past relationships and behaviours need to be shifted into modern context and a deeper and more risk based, and equitable approach is needed.

OUR APPROACH TO IDENTIFYING RISKS

It is critical to identify the salient human rights risk that may be found across our supplier base.

We must discern how our activities and business relationships may be associated with the most severe kinds of harm to people. It is the first stage of human rights due diligence, enabling us to address and remedy any issues found.

Methods we use to identify risk in our supply chain:

SELF-ASSESSMENT QUESTIONNAIRES

We employ self-assessment questionnaires via the [Sedex platform](#) to support our supplier risk assessments, requesting completion from our Tier 1 suppliers with more than 5 employees – and kept up to date.

COUNTRY AND SECTOR-BASED RISK ASSESSMENTS

We utilise the [Sedex Radar tool](#) to risk assess new suppliers by country and sector; review supplier self-assessment questionnaires, and regularly evaluate sourcing region risks.

SUPPLIER VISITS

Visiting our Tier 1 suppliers gives us first-hand insights and strengthens relationships with our supply chain partners. Our European suppliers account for 95%⁴ of our supply chain and are visited regularly by our production team.

STAFF TRAINING

Our Ethical Trade Working Group convenes regular cross departmental training sessions covering all aspects of the base code. This equips our staff with the necessary knowledge and skills to effectively identify potential issues.

In 2023, all Margaret Howell team members who interact with and visit suppliers⁵, completed modern slavery training conducted by [Stronger Together](#). This training has provided the team with the skills to identify potential forms of modern slavery at supplier sites.

OUR APPROACH TO PRIORITISING RISK

The following factors are considered when prioritising our salient issues:

SCALE

The gravity of the human rights impact.

SCOPE

The number of people affected.

REMEDIAL ACTION

Whether we have the leverage and influence to affect change.

AREAS OF HIGHEST RISK

Among our supplier base - Italy and Portugal emerged as the highest risk sourcing countries. With 59% of our Tier 1 suppliers located in these countries, we can maximise our potential impact and engagement opportunities by focusing on these two countries.

We have further identified potential specific risks and are assessing these as a priority, based on their significance to our operations and potential impact. Establishing key objectives, we have developed actionable strategies to address each potential risk as follows.

⁴The percentage is determined based on the number of suppliers rather than the scale of business.

⁵20 members of staff

SALIENT ISSUES

We have identified and prioritised the following 6 key risks in order of saliency within our business, and where we believe we can have the most substantial impact.

1.

LIVING WAGES NOT BEING PAID TO WORKERS IN OUR TIER 1 FACILITIES, WITH PARTICULAR FOCUS ON ITALIAN AND PORTUGUESE SUPPLIERS.

Credible studies identified that workers in garment manufacturing units in Italy and Portugal are at a medium risk of not being paid a living wage. In Italy, there is no unified legal standard on pay, and agreements vary by sector, region, and local cost of living. Due to this, we are initially focusing our efforts on Tier 1 Italian suppliers, before moving to Tier 2 (fabric mills).

MITIGATION

We are gathering wage data from Tier 1 suppliers to compare with credible living wage information for Italy. We will then be in a position to share this back with our partners.

2.

EXCESSIVE WORKING HOURS AND OVERTIME, FOCUSING ON PORTUGAL INITIALLY.

We recognise that seasonal peaks and customer deadlines often require overtime, which can affect workers' health and disrupt their personal and professional lives due to prolonged hours and limited breaks. Although all countries we operate in have working hour laws, occasional violations may happen. We have identified Portugal and Japan as medium-risk sourcing countries for working hours at garment manufacturing sites and are prioritising efforts on Portuguese suppliers due to our high volume of direct relationships there.

MITIGATION

We have been tracking working hours at supplier facilities via self-assessment questionnaires and supplier visits, comparing them to the legal standard.

In April 2023, we surveyed Tier 1 suppliers to better understand how our purchasing practices might affect their business and consequently impact working hours. We are leveraging these survey results to consider potential changes to our operations.

3.

CLIMATE-RELATED RISKS IN ALL SUPPLY CHAIN REGIONS AND THE POTENTIAL FOR WORKER DISPLACEMENT DUE TO THESE FACTORS.

In November 2023, potential climate risk impacts and the displacement of workers was added to our most pressing salient issues. Recent natural disasters, including floods in our Italian fabric suppliers' mills and destruction in regions where our products originate, highlight the urgency.

MITIGATION

We plan to conduct comprehensive assessments to identify climate-related risks specific to each supply chain region, and work with our suppliers to understand their vulnerabilities and capabilities in addressing climate risks.

4.

HIDDEN PROBLEMS IN OUR SUPPLY CHAIN DUE TO LACK OF TRANSPARENCY, AND THE COMPLEXITY OF ACHIEVING FULL SUPPLY CHAIN TRACEABILITY.

Tracing our supply chain remains pivotal in comprehending these risks. Since 2022, we have been mapping fabric supply chains back to raw material. We still have work to do in ensuring we have the information for all fabrics, and our aim to have the locations of all sites, including subcontractors.

MITIGATION

The data obtained through mapping our supply chain serves as a pivotal tool in mitigating human rights risks. This data can help to foster supplier accountability, compliance, and stakeholder trust. Having visibility of our whole supply chain enables us to pinpoint areas requiring due diligence, effectively identifying, and addressing potential vulnerabilities.

SALIENT ISSUES

THE FOLLOWING RISKS WILL BE ADDRESSED IN THE MIDTERM.

5.

WORKERS NOT HAVING ACCESS TO FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING, PARTICULARLY IN THE UK, ITALY AND PORTUGAL.

We acknowledge that trade union rights, such as freedom of association and collective bargaining, are fundamental for workers, and understand the barriers that can hinder these rights. Reliable research has identified the UK as a high-risk garment manufacturing region, where workers may lack these rights.

6.

UNSAFE AND UNHYGIENIC WORKING CONDITIONS IN ITALIAN TIER 2 SUPPLIERS.

Approximately 50% of our Tier 2 suppliers are in Italy, yet the supply chain linked to these mills is complex and fragmented. Various stages involve subcontracting, particularly in wet or chemical processing. These processes pose a high health and safety risk to workers. To address this, we plan to consolidate our due diligence efforts across these tiers to effectively assess and mitigate associated risks.

FURTHER RISK MITIGATION ACTIONS

Beyond the actions specified above, we have also been engaged in the following due diligence and mitigation efforts.

SETTING CLEAR STANDARDS AND EXPECTATIONS FOR ALL SUPPLIERS

Our Supplier Code of Conduct promotes fair working practices, protection of human rights and labour rights, ethical business standards and responsible management of environmental issues across the whole of our supply chain. It has been signed by all Tier 1 suppliers who we work with directly, or through an agent. Our Supplier Code of Conduct includes all principles laid out in the ETI Base Code.

PURCHASING PRACTICES

Our Purchasing Policy aims to document existing ways of working and promote best practices within our Company. It outlines the responsible purchasing actions expected during supplier negotiation, order placement, and delivery planning to minimise supply chain risk. The policy acknowledges the substantial impact our purchasing behaviours can have on our suppliers' operations and the workforce pressures they may face.

At the end of 2022 we began participating in the Learning and Implementation Community (LIC) organised by the MSI Working Group on Responsible Purchasing Practices, which uses the Common Framework for Responsible Purchasing Practices as a reference point. The LIC consists of approximately 35 clothing brands, together with supply chain partners, meeting regularly, with the aim of implementing practical changes to purchasing practices, to give scope for improved supply chain working conditions.

The outcomes of these meetings help us to pinpoint areas for improvement in our operations, aiming to alleviate potential pressure on our suppliers, which may in turn, have a negative impact on workers.

SUPPLIER RISK ASSESSMENT

We conduct an annual comprehensive risk analysis of our suppliers, evaluating their strengths, weaknesses, opportunities, and threats. This assessment encompasses operational aspects such as quality inspections and extends to examining potential human rights risks. We address any non-compliances from the previous year and assess the impact of our purchasing practices on the supplier through surveys and feedback and assigning a risk score. This analysis informs the creation of specific objectives for each supplier in the subsequent year.

POLICY

During 2022 we consolidated our approach and policies for supplier risk assessment and management into an overarching Supplier Management Framework. This informs how we assess supplier risk, monitor supplier compliance with our Supplier Code of Conduct, and address any issues that may arise.

We recognise that there is more to do to better understand human rights risk and measure impact, to ensure our due diligence and action is truly addressing the root cause of salient issues.

WORKER VOICE

Margaret Howell respects the right of both our own employees and workers in our supply chain to access their right to freedom of association and collective bargaining in compliance with national laws and international standards. When signing the Supplier Code of Conduct, suppliers are committing to the following points from the ETI Base Code:

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

We acknowledge that worker dialogue mechanisms are essential for good working conditions, preventing disputes and reducing inequality. Freedom of association allows employees to join or form trade unions without interference. Collective bargaining enables these unions to negotiate terms and conditions of employment with employers on behalf of workers.

We understand the barriers that can hinder these rights, such as legal restrictions, weak enforcement, anti-union practices, workers not being aware of their rights or benefits of union membership, and supply chain complexities, making it difficult to ensure that union rights are respected and upheld consistently across all levels.

We are in the process of collating information on trade union representation among our supplier sites. This data will help us to identify where we may need to provide further support to suppliers where there are no active trade unions.

The goal of Margaret Howell is to promote these rights in our supply chains through education, awareness, collaboration with suppliers and stakeholders, and robust supply chain monitoring. However, we recognise there is much more to be done.

GOING FORWARD

Margaret Howell remains committed to collaborating with supply chain partners and multi stakeholder initiatives to enhance working conditions across our global network. We are dedicated to regularly reviewing monitoring and mitigation measures to ensure their effectiveness. We recognise that continuous improvement, in partnership with our supply chain, is integral to our success.

