

Global Compact

Communication on Progress 2018





Global Compact Communication on Progress 2018 for N Brown Group

CEO Statement of support.

N Brown is pleased to reaffirm its commitment and participation in the Global Compact. Continuing to measure the impacts we make as business by incorporating the Compact's Ten Principles and reporting on these annually. This is our fourth annual Communication on Progress report. The twelve months covered in this report saw a significant improvement and we describe our actions to continually move forward and imbed the principles into our strategy, culture and operations. This has placed us in a stronger position to manage, measure and deliver the targets we have set on People, Planet and Product. Allow me to welcome you to read on and assure you that my team and I are available to answer any questions. Your ideas and feedback are always welcome.

A handwritten signature in black ink, appearing to read 'S. Johnson'.

Steve Johnson
Chief Executive – N Brown Group

UN Global Compact's Ten Principles.

Human Rights.

Principle One:

Businesses should support and respect the protection of internationally proclaimed Human Rights.

Principle Two:

Make sure that they not complicit in human rights abuses.

Labour.

Principle Three:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle Four:

The elimination of all forms of forced and compulsory labour.

Principle Five:

The effective abolition of child labour.

Principle Six:

The elimination of discrimination in respect of employment and occupation.

Environment.

Principle Seven:

Businesses should support a precautionary approach to environmental challenges.

Principle Eight:

Undertake initiatives to promote greater environmental responsibility.

Principle Nine:

Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption.

Principle Ten:

Businesses should work against all forms of corruption, including extortion and bribery.

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Three pillars, one passion

Corporate Social Responsibility

Our strategy is designed to embrace the three CSR pillars: 'All People', 'One Planet' and 'Every Product'.

It aims to fully align our ethical policies with our commercial activities, achieving tangible results and benefits for all our stakeholders.

To find out more:

www.nbrown.co.uk/sustainability



Section One: Human Rights & Labour

Responsible Sourcing

UN global Compact Principles: 1,2,3,4,5 & 6.



Since the last report, we have continued to focus our responsible sourcing strategy to become more effective with our resources and align more closely with our corporate strategy. We have continued to include changes to external stakeholder commitments, developing commitment with our membership of the Ethical Trade Initiative and continue to strengthen our commitment with the Association of Suppliers to the British Clothing Industry (ASBCI).

We will continue this review on an annual basis to ensure that we maintain the optimal mix of stakeholder commitments that best reflect our goals as a business.

Membership of the Ethical Trading Initiative remains the core driver for much of N Brown's commitment to responsible sourcing. For example, we only work with factory partners that have been independently audited for compliance to the Ethical Trading Initiative (ETI) Base Code, whilst supporting and coaching suppliers through the process, including capacity building to develop long-term relationships.

Working with the ETI as an active and engaged member continues. With a constantly evolving supply chain, membership has proved invaluable especially in regard to collaborative involvement in the source country working groups. The revised reporting format was published by the ETI in 2018 and was greatly welcomed especially as it aligns more closely with the Sustainable Development Goals.

In the period covered by this report, there were no known breaches of the ETI Base Code in relation to child labour or forced labour in the N Brown supply chain.

In consideration of the Modern Slavery Act 2015, we have been working with our partners (including ETI members) to better understand the issues that contribute to forced labour and to risk assess our tier one supply chain. We continue believe that it is likely that there may be issues in relation to the retention of the passport and identity documents of workers in Malaysia. We aim to address these concerns through collaborative work with other retailers and brands as well as institutions including government.

Our commitment to the Bangladesh Accord on Fire & Building Safety continues as part of the binding agreement we made alongside other responsible retailers in 2013 and this continued having signed the Transitional Accord agreement in May 2018. Being part of the Accord means we help maintain our industry's focus on the importance of fire and building safety in Bangladesh. It also demonstrates our continued commitment to sourcing from Bangladesh despite the remaining challenges in this country. Even more so while the transition from the Accord to the RCC. Performance will continue to be evidenced through regular safety inspections of all our factory partners by the Accord's/ RCC in-house team. To assist with necessary remediation work (and to compliment the work of the in-house team).

Action, Collaboration, Transformation (ACT) is a group of retailers and brands that work with a leading trade union (IndustriALL) towards achieving living wages and framework collective bargaining agreements for the global ready-made garment (RMG) sector. Members

(including N Brown) have worked together to launch ACT's commitments and goals in 2018 identifying and strengthening their effort in Turkey and Cambodia.

N Brown has strict policies on animal welfare. We do not and will not sell products made using real fur, Ivory or endangered species.

<https://www.nbrown.co.uk/~media/Files/N/N-Brown/documents/animal-welfare-policy-1.pdf>

Our updated Modern Slavery Statement in line with the Modern Slavery Act 2015 has been published and can be found at:

<https://www.nbrown.co.uk/~media/Files/N/N-Brown/documents/n-brown-group-modern-slavery-statement-oct-2018.pdf>

Training in relation to Modern Slavery has been developed for all direct employees and have collated data from our indirect suppliers to assess and share training & resources in a more targeted way in 2018.

Human Resources

N Brown is proud of its Manchester heritage and our investment in jobs in the north where we aim to foster talent continually. We nurture and support all 2600 colleagues across the group. We commit to creating career opportunities for all. Successfully developing our range of apprenticeship programmes and student placement this year, we focussed on equipping our emerging talent with the tools and skills needed to grow with N Brown.

Always learning continues to be one of our corporate behaviours, with every colleague encouraged to embrace each opportunity. Living the GUSTO values is intrinsic in everything we do and this year embedding our N Brown 'behaviours', we have unlocked a culture where opportunities are seized upon and ideas spring into life. The key to N Brown's culture is openness and transparency. Engaging and communicating is extremely high on our agenda.

Embracing opportunities and living our values and the great work every day of leaders throughout the business. Without our people and their relentless enthusiasm and passion we couldn't do what we do. We are proud to report that engagement this year 2018 is at an all-time high.

We continue to work with leading local educational facilities, establishing, maintaining and developing our relationships, including Manchester Metropolitan University.

We also reach out to our communities with our 'Make a Difference' day volunteering programme, as well as continuing to support a range of charities.

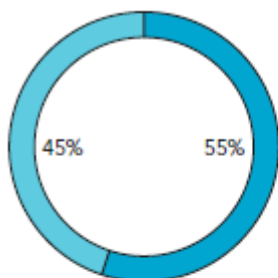
Diversity

The board recognises the importance of diversity, including gender, at all levels of the company as well as on the Board. As a company we are committed to equal opportunities and increasing diversity across all operations in terms of relevant skills, experience, ethnicity and gender.

We currently have thirty three percent female representation at Board level. This means we have already met our 2020 target set by the Davies report.

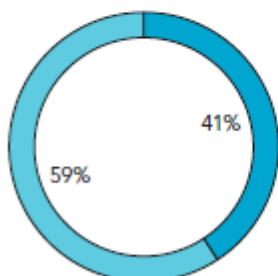
Strengthening our executive pipeline remains a priority to us and we continue to open up new opportunities for women. We are members of 'Women on Board' Our aim is to promote the development of female Board directors. We also developed 'Women like us' which is open to all colleagues. The initiative was created to encourage the development of women in our executive pipeline.

SENIOR MANAGEMENT (%)



- Male 31
- Female 25

EMPLOYEE DIVERSITY (%)



- Male 1,009
- Female 1,455

Employee data as at 3 March 2018.

Section Two: Environment

Recycle, Reuse, Respect, there is so much more to do.

UN global Compact Principles: 7,8 & 9.



Environment

N Brown recognise that we have a responsibility to minimise the impact that our operations have on the environment. We are committed to manage and minimise this impact through delivery of our 'Recycle, Reuse and Respect', strategy. For several years, we have been working alongside our environmental partners: Envantage Limited and Viridor Limited to both ensure full compliance with all relevant legislation and continuously improve our environmental performance, quantification and disclosure.

In 2017, we set five-year long environmental targets, focusing on our buildings and haulage emissions, and waste disposal. Due to various changes within the business and external factors impacting this year's performance against targets, we are currently beating most of the targets set. Therefore, the targets are being reviewed and realigned to ensure they are stretching, and that N Brown is focused on continuing to drive down both its GHG emissions and impact on the planet.

The Group continue to quantify our direct business emissions and some indirect emissions (including water, waste, and employee commuting). We are delighted to have reduced our total Group GHG emissions by a substantial 8% (from 15,183 tCO₂e to 13,996 tCO₂e) compared to the previous reporting period (2016/17). Our GHG emissions relating to our direct emissions sources have decreased considerably in terms of our relative performance against both turnover and items dispatched.

The group have an ongoing target of zero waste to landfill across our head office and distribution sites, which we have achieved for several years.

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We remain committed to purchasing electricity generated from 100 % renewable sources as well as generating our own solar electricity at two of our distribution centres. During the previous reporting period the proportion of electricity from our directly controlled sites was generated from zero carbon and renewable sources increased from the previous report year to 98 %.

We have a range of environmental initiatives both planned and underway, including a project to replace lighting across various sites with LED fittings and improve lighting controls. We are looking forward to developing these initiatives and feel positive about taking the next step to expand the scope of our environmental reporting and targeting.

Further details can be found in our annual report pages 46 -51

<http://ar2018.nbrown.co.uk/assets/pdf/nbrown-annual-report-accounts-2018.pdf>

Section Three: Anti-Corruption

Zero-Tolerance Approach

UN global Compact Principles: 10.



N Brown Group operates a zero-tolerance approach to all forms of bribery and corruption. We have policies and activities in place to ensure full compliance to the Bribery Act 2010 with clear and strict guidelines issued in relation to gifts and entertainment, and conflicts of interest which (alongside training for colleagues involved in commercial negotiations) seek to ensure best practice. Although we consider this approach to be business as usual, we seek to ensure at induction and with refresher training that all staff are fully aware of our policies and procedures. We also operate a whistleblowing helpline which is monitored and managed by our security team. No cases of bribery and corruption or of conflicts of interest were reported in the last year to the security team.

We communicate with both merchandise and non-merchandise suppliers to ensure that all our suppliers understand our zero-tolerance approach. We have trained/plan on rolling our training out in the supply chain to ensure this message is continually reinforced.

We seek to learn and adapt to a changing market place and adapt to new threats as they emerge with regards to the risk landscape. Our audit and security teams conduct internal audit, risk assessments and investigative procedures in accordance with protocol that is industry leading. Our policies ensure that abuses are considered gross misconduct and we are in a position to work with the appropriate authorities including local police if necessary. We are committed to continuous improvement and engage in industry networking and engagement to ensure maintenance of best practice.

Section Four: Additional

UN global Compact Principles: 6.



Body Confidence

Inspiring our customers to feel good about themselves and body confidence is an important part of who we are as a business. We always ensure that we use a diverse range of models from different ethnic and body types and all must be symbolic of a happy and healthy lifestyle.

As an inclusive retailer, it's our mission to encourage diversity in the retail industry across all ages, body shapes and ethnicities. We carefully select models who portray health and vitality, celebrating positive body image for their height and build and never seek to mislead with inappropriate or misleading sizing.



Is an online department store targeting 45 plus customers and their families, with ranges that focus on shape and fit that flatters, creating unique silhouettes. We design our product to fit- a unique and age appropriate point to view to empower women to feel their best.

simply be.

Has empowered women for over decade to express their true selves through perfect-fitting styles, whatever their shape, whatever their size.



A modern challenger brand. Jacamo wants men of all shapes and sizes to look good and to enjoy fashion to express their own style.

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Our PR and brand campaigns promote - and campaign for - inclusivity in the fashion industry and we actively look for diverse models to promote our clothing and brands including areas that are underserved by mainstream fashion retailers such as bringing fashion to a wider range of sizes across all our brands. We offer sizes from 10-32 for womenswear and S to 5XL for menswear.

Responsible Lending

The provision of a leading range of financial services is an important part of our customer proposition, allowing customers the option of trying our products before they commit to buy and also allowing customers to spread the cost of their purchases should they wish to. Maintaining a balanced approach to creditworthiness and affordability assessment is essential and an area we have years of expertise in.

Our communications to customers are always simple, clear and never misleading. Our priority is transparency to explain how our products and services work and to actively help our customers assess affordability enabling them to make informed decisions when they choose to borrow. Our customer's financial welfare and ability to pay is key in all the decisions we make regarding lending.

In circumstances where customers get into financial difficulties we are very proactive and collaborative in our approach, working with the customer to develop a personalised repayment plan, which typically involves ceasing interest charges for a period of time. In recent years we have invested heavily in new systems around Risk and Fraud Prevention. This means we have enhanced our assessment of affordability in our lending decisions and reduced the threat of financial crime. We have a full, unconditional licence from the Financial Conduct Authority in the UK who assess firms against their standards of fair customer treatment.

We take data security extremely seriously including the maintenance of strict protocols around customer data. We have taken steps to combat the increasing threat of identity fraud. We ensure that we are fully transparent with customers in terms of how their data will be used or shared.

Regarding the professional partnerships we maintain with other financial services providers, we expect the highest standards which must be equal to our own and we monitor our partners to ensure this.

Charities & Our Community

Continuing to ask our customers and colleagues which charities meant the most to them has helped form the foundations of our current approach and to understand how we should

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shape our charities strategy. Our three Power Brands continue to work with their aligned charities, with Jacamo supporting Prostate Cancer UK, Simply Be supporting Breast Cancer Now and JD Williams supporting The Silver Line.

This year, our colleagues have also chosen to support their local Maggie's centres (Maggie's Manchester and Maggie's Oldham) as the N Brown Charity of the Year for a 12-month period. Through a variety of business led and colleague led fundraising and volunteering activities, colleagues can get behind one common charity to make a bigger difference within the local area. Maggie's also support our colleagues through a variety of activities and workshops including the recent Relaxation session and Maggie's At Work session which were delivered at our Head Office.

Our charity strategy also allows colleagues to support individual charities which are close to their hearts, either through fundraising or volunteering in our Make a Difference (MAD) day volunteering scheme. The MAD scheme allows colleagues, either in teams or individually, to take a day out of the office to volunteer with a charity of their choice. Examples of charities supported last year include Seashell Trust, Broughton House and Dogs Trust Manchester, with almost 1000 hours volunteered.

Gender Equality – achieve gender equality and empower all women and girls

A women's network called 'Women like Us' was launched by Ann Steer, N Brown Marketing Director in 2017. This initially targeted women in the N Brown senior leadership team and after a successful pilot with this audience, has now been extended to include the entire female management population.

It is an opportunity for women within the organisation to get together and talk about relevant business topics such as leadership, change and business in the future. It provides a safe environment to offer support, exchange ideas and empower each other to develop skills and achieve their ambitions.

The group has featured a number of external speakers who are successful women in all types of roles sharing their experiences, successes and challenges. This has given rise to

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excellent debate and conversation and helps us to understand how and why the business should support gender equality.

This continues to be an extremely successful forum with excellent feedback from the attendees and there is a development plan for this network going forward.

Sustainable Development Goals

The business has started on a new and positive journey to ensure we map all our activities and outputs according to the Sustainable Development Goals (SDG's). In order to do this, we have made a basic assessment of the SDG's and our current business activities. It is our understanding that the way in which we manage our business has a wide-ranging effect on almost all the goals indirectly. In terms of direct and measurable impact, we believe we can positively contribute to the achievement of the following goals:

1, 3, 4, 5, 7, 8, 10, 11, 12, 13, 16, 17

In 2018, we will appoint an SDG's champion from our senior management team to improve awareness and understanding of the SDG's for all our colleagues and other important stakeholders.

We will also seek the approval of the N Brown Board of Directors in making each director responsible for sponsoring leadership activities in support of a particular SDG or a range of SDG's. We aim to ensure that under the direct sponsorship and leadership of the Directors, we can deliver meaningful improvements and progress. We will report on this progress in our next COP.

SUSTAINABLE DEVELOPMENT GOALS

