



Doing the Right Thing

Our Responsible Retail Programme
Third edition, June 2014

George.

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Still doing the right thing...



Andrew Moore
Chief Merchandising Officer
George at Asda



"In 1990, we launched George, the first supermarket clothing brand in Britain. Ever since then, we've been selling stylish, quality clothes that are also great value for money. But style, price and quality are not enough without also making sure we're doing the right thing as a business – ensuring the people who actually make our products are treated fairly, whilst also reducing our environmental impact where we can.

As a responsible business, one of George's founding principles is the importance of doing business the right way – ensuring you can buy our products safe in the knowledge that they haven't been produced at an unacceptable cost to the people that make them.

We also think it's important to share our journey and insights publicly, ensuring we are operating in a transparent manner and encouraging better practices across the wider fashion industry. This is why, in May 2011, we published our first *Doing the Right Thing* report, outlining George's beliefs as a business, the steps we're taking to deliver against these values, and how we are measuring our progress towards these goals. A second instalment followed in Autumn 2012, updating on milestones including the opening of our second HOPE school and expansion of the LEAN programme.

With this third edition of *Doing the Right Thing*, we are changing our approach slightly. One of the areas I'm most proud to report on this year is the launch the new 'Sourced by George' content on our George.com website, which provides an exciting new platform both for customers to understand more about where their clothes come from and for our supply chain partners to explore how we do business in more depth. 'Sourced by George' will also be where the majority of our responsible business content will be available to see, including details of the various charity partnerships we have implemented to improve the lives of the people who make our clothes, with a particular emphasis on women's empowerment. So, our annual *Doing the Right Thing* report will now focus more on key progress milestones.

We hope that taking this approach will help more people than ever before to understand the ethical considerations that go into the production of every George product. In my introduction to the very first *Doing the Right Thing* report, I talked about sustainability as a journey and my view hasn't changed. We may have made significant progress along the road but there is plenty still to do and we look forward to sharing the journey with you."

Respect for our workers





Working with Walmart and the Alliance for Bangladesh Worker Safety

24th April 2014 marked the first anniversary of the collapse of the Rana Plaza garment factory in Dhaka, Bangladesh.

Whilst George, Asda and our parent company Walmart had no production at Rana Plaza, we are actively involved, both directly and through Walmart, in working to bring about significant and sustainable reforms of the ready-made garment industry in Bangladesh.



To date, Walmart has committed over \$15 million and spent \$13 million, to improve the safety of factories in Bangladesh and empower workers through safety training initiatives.

SectionOne






Leading the way

Walmart has led the industry in publicly disclosing the results of enhanced safety audits covering every direct supplier factory in Bangladesh. We believe that transparency is key to improving the current situation. Remediation efforts have so far seen a 48 per cent improvement in electrical safety and an average 30 per cent improvement in building safety. Walmart and Asda continue to prioritise the improvement of health and safety standards across our supplier factories, including the garment manufacturing sites that supply George.

Alongside Walmart, we are also collaborating with industry stakeholders through the Alliance for Bangladesh Worker Safety ('the Alliance'), which was established in July 2013 to promote industry collaboration and improve conditions for factory employees in the country. Members collectively contribute towards a worker safety fund that already stands at \$50 million, as well as enabling access to more than \$100 million in low-cost capital to finance factory improvements. We are committed, both directly and through Walmart, to working for a safer industry and hope that initiatives including the Alliance will help to ensure that such tragedies no longer happen in future.



Progress to date:

-  Committing \$5million to inspecting all factories directly supplying Walmart and its subsidiaries in Bangladesh. \$3.4 million has been spent to date.
-  Contributing \$5 million to be part of the Alliance for Bangladesh Worker Safety.
-  Contributing \$3 million to a Bangladesh humanitarian relief fund led by BRAC, one of the world's largest development organisations. The fund will be used to support training and rehabilitation through BRAC* and support relief efforts for the Rana Plaza tragedy.
-  Contributing \$1.6 million to the newly created Environmental, Health and Safety Academy for improved safety training.
-  The Alliance is creating a dedicated, 24/7 hotline where factory workers can anonymously report any health and safety concerns.

* Bangladesh Rural Advancement Committee



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Walmart

Zero Tolerance Policy



Zero Tolerance approach on Safety Audits

In January 2013 Walmart announced that its global suppliers would risk being permanently delisted from the company's supply chain if they were found to be subcontracting work to unauthorised factories. As part of this zero tolerance approach to safety, George is committed to investing resources in proactive programmes that will address safety in the garment and textile industry in Bangladesh and prevent fires before they happen.

George uses just over 600 primary, and over 500 tier two sites. This latter category includes print, embroidery, washing facilities and packaging that are presently going through the ethical audit programme. In addition, we have ensured that all suppliers have an in-country resource to support execution of orders and transparency of all production sites being used. All tier two sites also now go through the ethical audits to ensure they meet minimum legal requirements.

As well as our focus on social and environmental improvements, George through parent company Walmart has engaged the standards and inspection firm Bureau Veritas to conduct safety assessments at garment factories in Bangladesh that supply our clothes. Beginning in April 2013, Bureau Veritas conducted building, electrical and fire safety audits of Bangladeshi factories. Following the inspections, the results were shared with each factory and its management and any necessary improvements were requested. Many of the suppliers have made their improvements before another round of audits.

The most up-to-date list of factory audits can be found at: www.bangladeshworkersafety.org

Transparency with our customers





Central to George's philosophy as a **responsible** retailer is the **importance** of doing business the right way – ensuring customers can buy our products **safe in the knowledge** that they haven't been produced in unacceptable conditions to the **people** who make them.



Sourced by George

This year, George is taking its commitment to transparent sourcing to the next stage with the launch of **Sourced by George** information on our George.com website.

This portal will make it easier than ever before for customers and stakeholders to explore the steps we're taking to ensure that workers across our supply chain are respected. Sourced by George provides more detail on the people who work in our supplier factories – especially in Bangladesh – as well as additional information on how our clothes are produced and the environments where George products start their life.

Also included is further detail on the steps we're taking to ensure the suppliers we work with operate safe factories, and don't expect their employees to work unreasonable hours, alongside those programmes and partnerships we've established to help improve access to education, health and childcare for factory workers and their families.



www.george.com/sourcedbygeorge



George.

About Sourced by George



Polo shirt



Sweatshirt



Trouser



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Our factory list

at www.george.com/sourcedbygeorge

We are proud of the working relationships we have built with suppliers and factories throughout our global supply chain. To further underpin our commitment to trust, transparency and consumer confidence, through our Doing the Right Thing approach, we are publishing a list of factories that manufacture products for George.

The list includes all active primary, first tier factories that are owned or used by our suppliers. These factories represent around 95 per cent of the order volume for George. The remaining 5 per cent is mainly produced in factories that have worked for George for less than a year and that are currently under evaluation

and have the potential to become a long-term business partner. This also includes factories that are currently in a phase out transition, following our policy for ending relations responsibly if they do not adhere to our standards.





Countries we source from:

- Albania
- Bangladesh
- Cambodia
- China
- Egypt
- Georgia
- India
- Indonesia
- Italy
- Lithuania
- Laos
- Mauritius
- Moldova
- Morocco
- Pakistan
- Romania
- Sri Lanka
- Taiwan
- Thailand
- Turkey
- United Arab Emirates
- United Kingdom
- Vietnam

See the factory list at: www.george.com/sourcedbygeorge

George is a participant in the Sustainable Clothing Action Plan (SCAP), the ambition of which is to improve the sustainability of clothing throughout its lifecycle by helping to reduce the impacts of carbon, water and waste across the fashion sector.

George.

Helping you to recycle

We accept any unwanted clothing & shoes

BUY...



WEAR..



RECYCLE!



 **YOUR CLOTHES**

loveyourclothes.org.uk

tickled pink



Asda and George's breast cancer campaign, Tickled Pink, is now entering its 18th year. To date, it has raised over £38 million for two charities: Breast Cancer Campaign and Breast Cancer Care.

In 2013, Tickled Pink supported Breast Cancer Care's HeadStrong service and Breast Cancer Campaign's Tissue Bank, as well as a Scientific Fellowship and a number of other research projects across the UK. Funding from Tickled Pink has enabled the HeadStrong campaign to expand by 50 per cent, with eight new support centres opening in local communities including Aintree, Glasgow, Edinburgh, Lanarkshire and Newcastle. Customers can donate unwanted garments for reuse, resale or recycling via bright pink Salvation Army clothing banks in Asda store car parks.

Our colleagues have so far raised a combined £10.7 million through in-store fundraising campaigns and a selection of specially-branded Asda/George products are also sold each year, with a percentage of proceeds going to Tickled Pink.



your.asda.com/tickled-pink



Newlife Foundation

Our sustainability strategy promises that no clothing waste from George stores is thrown away to landfill. As part of this commitment, we donate customer returns and damaged stock to Newlife Foundation, a charity that cares for disabled and terminally ill children. Newlife can then reuse, sell or recycle the garments in order to raise money to fund specialist medical equipment for terminally ill and disabled children in the UK.

One of the children who has benefited from Newlife's support is Joshua, who was diagnosed with a brain tumour in 2009 and is unable to move around without support. Local services provided him with a wheelchair for long-distance mobility but, says mum Lisa Humphreys, *"There was no money available to fund a specialist walker to help Joshua make the most of his abilities."*

Newlife Foundation stepped in to provide the equipment, at a cost of £1,750. *"It has given him a massive new lease of life,"* explains Lisa. *"For the first time in his life, he has been able to walk to school carrying his own book bag, play bat and ball games with his friends and take a more active part in PE lessons."*

www.newlifecharity.co.uk



Bag2School



Every year, UK households send an estimated 350,000 tonnes of unwanted clothing to landfill.*

George has partnered with Bag2School to help children recycle clothing, shoes, soft toys, bedding and curtains whilst also raising money for their schools. Each school registers with Bag2School, which provides dedicated collection bags for parents and children to donate unwanted items. These are then weighed and the schools are given 50p per kilogram or £500 per tonne. Any textiles donated are either sent for re-use or recycled into fibre. The Bag2School initiative enables schools to raise money for key projects and new equipment whilst also promoting parents' and child awareness of the need to reduce clothing waste. Any school can register for the scheme via: www.bag2school.com



*source: WRAP Valuing our Clothes Report
www.wrap.org.uk/clothing

Reduction and recycling in packaging and transportation



We ship 300 million items of clothing from across the world to the UK. Reducing packaging whilst still ensuring garments arrive in perfect condition remains a priority.



Progress to date includes reducing the amount of individual polyurethane by 90 per cent, which in 2013 reduced the number of bags we used by 33 million.



We've also introduced a guide for suppliers on how to fill our containers to their maximum, which in 2013 resulted in the equivalent of an 11 per cent reduction in the containers we ship globally.



**In 2013
we recycled
48 million
hangers**

Tracking our progress

Lean update

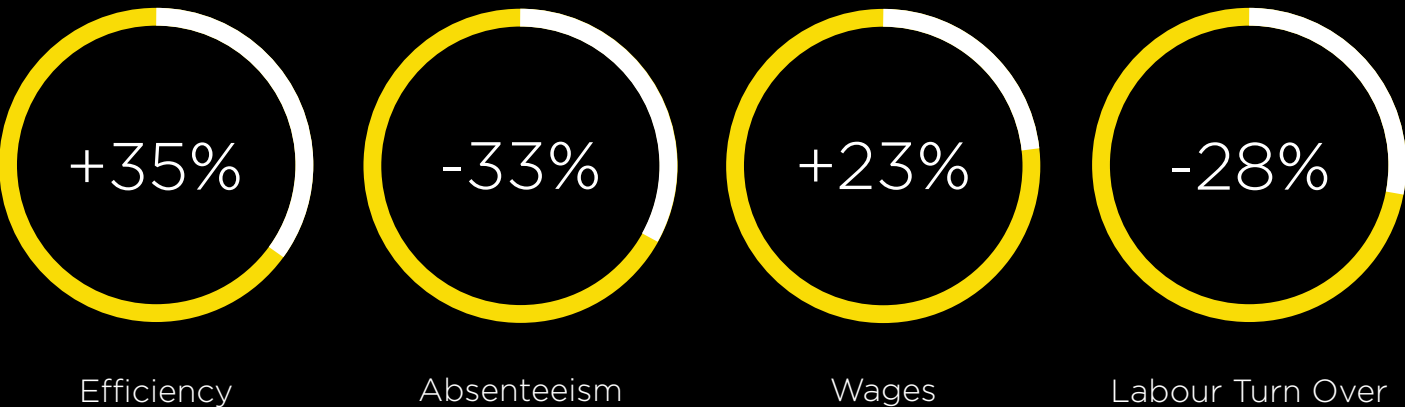
George is continuing to pioneer the use of Lean manufacturing processes in the factories we use to make many of our clothes.

Lean was first used by carmaker Toyota and is designed to benefit the factories, the factory workers and George. The adoption of Lean manufacturing principals also ultimately leads to better quality and value for our customers. Lean is all about the right process – getting the right things in the right place at the right time, working as a close-knit team and getting rid of things that waste everyone’s time and energy. By giving factory workers training, education and developing skills, Lean

increases earning potential, meaning they can enter higher skilled pay-band levels. The programme helps our suppliers to develop their business plans, which ensures a sustainable future for our supply chain.

We have so far implemented Lean in 31 factories in Bangladesh and Sri Lanka. We will be looking to expand our Lean coverage into new countries, benefiting thousands more factory workers.

Average performance for Bangladesh factories using Lean manufacturing





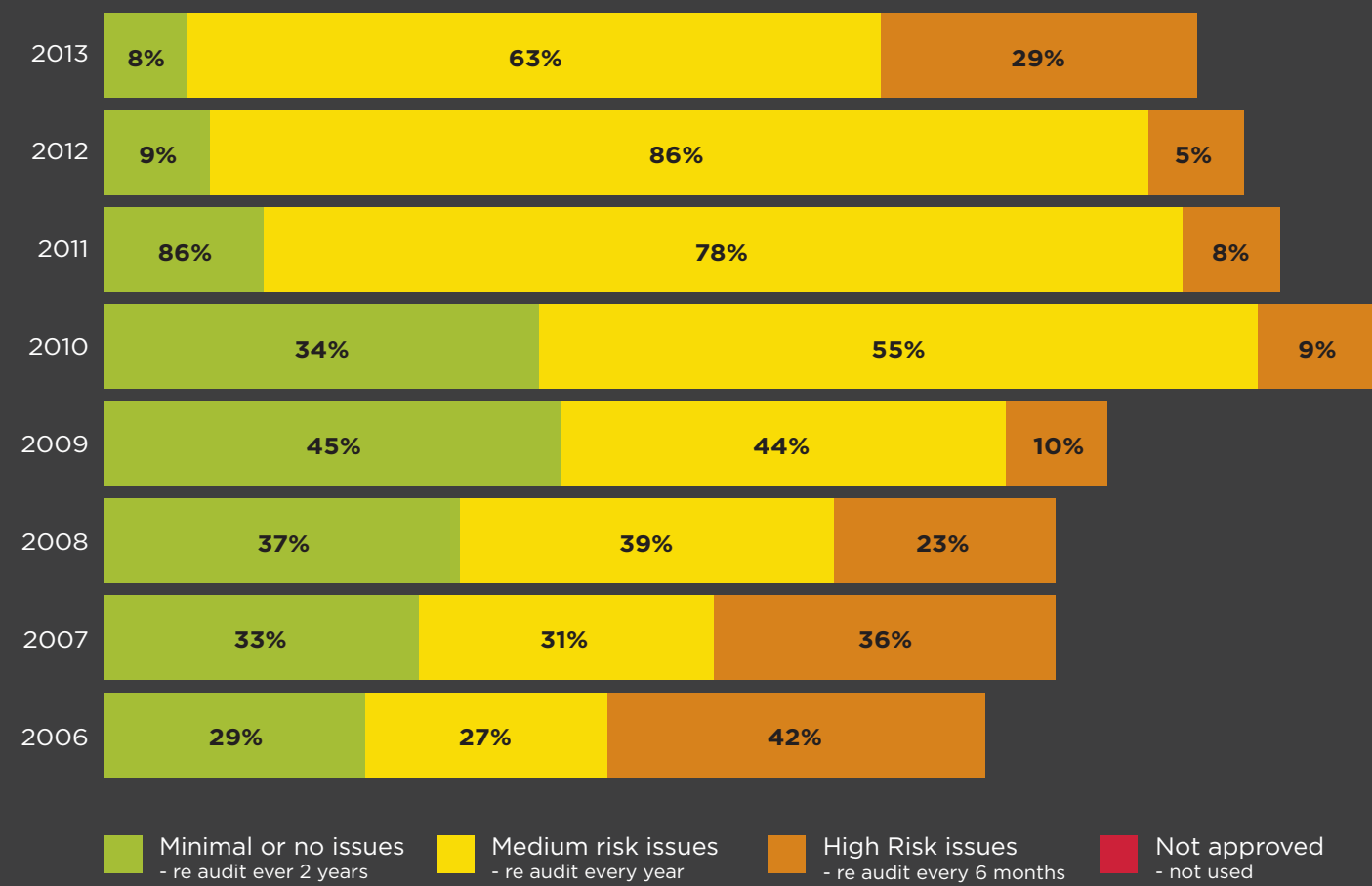
Fire safety

Fire safety has been the key focus of our audit programme in 2013 and the findings from our enhanced audits have driven the increased number of factories classified as orange status.

Manufacturing sites classified as 'green' have minimal or no issues; 'yellow' means that medium risk issues have been identified, remedial action is recommended and another audit in one year should be undertaken; 'orange' means that the factory has high risk issues that must be addressed and it will be re-audited in six months. 'Red' means the factory has been disapproved - in other words, we won't use it. Increasing the standards criteria of the audit programme means that a higher proportion of sites are currently classified as orange than was the case previously (see below chart) but close monitoring and follow-up with the factories involved is enabling us to work with suppliers to ensure the implementation of Corrective Action Plans (CAPs).

The data below shows only primary sites whilst we are working through all the second tier factories to provide further transparency across the supply chain. Our ambition is to quickly get the orange issues closed off with all the support given through the training and awareness programmes

YOY Overall ethical status





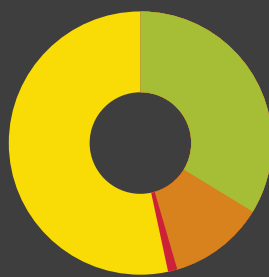
All factories now undergo between three and four audits - whilst we recognise that these audits alone do not guarantee that every issue is addressed, we are also implementing an intensive training programme combined with close monitoring at factory level.

- ☒ Ethical audits
- ☒ Technical audits
- ☒ Security audits
- ☒ Bangladesh has an additional electrical and building safety audit - EBSA - to raise industry standards.
To see the results go to www.bangladeshworkersafety.org

Ethical, technical and security audits



Total ethical status
for all countries:
April 2014 = 590



Total technical
factories status:
April 2014 = 590



Security
April 2014
98% compliant

- Minimal or no issues
- Medium risk issues
- High Risk issues
- Not approved
- not used

Buyer training

Working with the Ethical Trading Initiative (ETI), George has so far delivered training on ethical buying to more than 300 colleagues. ETI's training team developed this tailored course and will also deliver it as compulsory training for all our buyers and traders. The training, run by ETI specialist Muriel Johnson, has generated excellent feedback to date. Sessions combine the fresh perspectives and real-life case studies of an external expert alongside key messages about George's commitment to safeguarding the working conditions of people in our supply chains.



Ethical Trading Initiative
Respect for workers worldwide

Following these training sessions, colleagues have a better understanding of the full impact of their buying decisions, understanding their ethical responsibilities in more depth alongside the robust processes that are in place to support them. Buyers and traders also leave the training class with a deeper empathy for garment workers, understanding more than ever why it is important to do the right thing and the power they as individual colleagues have to drive positive change by championing the more progressive suppliers and factories.

Your Voice Supplier Survey

83% Pride

+

79% Respect

+

71% Opportunity

+

71% Fairness

=

Trust

At the end of last year, we sent out our first Your Voice Supplier Survey. This survey was designed around our existing internal Your Voice Survey, which is used annually to measure our colleagues' engagement within the business.

As a company, we want our suppliers to feel part of our team too and for us to be able to measure their levels of engagement in the same way we do with our own colleagues. The survey was emailed out to one person per company and was completely anonymous, with joint feedback from all colleagues across their businesses. Our aim of this survey was to receive collective feedback from the suppliers allowing us to genuinely understand and measure our performance as a customer and partner.

This first survey generated a 53 per cent response rate, which we considered good for the first-ever study. 90 per cent of respondents claim to be 'very satisfied' working for George, using terms including 'trust', 'honest' and 'partnership' to describe the relationship. George also performs well across all pledges – Pride (83 per cent), Respect (79 per cent), Opportunity (71 per cent) and Fairness (71 per cent).

As a next step, we have established a cross-functional Supplier Engagement stakeholder group to help carry this work forward. We have conducted four workshops in China, Sri Lanka, Turkey and the UK, and the team are now pulling together an action plan for the wider business. The team will provide regular progress updates designed to ensure this work progresses through 2014.

We are committed to our suppliers for the long term and measuring the strength of these relationships on an annual basis through the Supplier Survey will help us track our progress more effectively.





George Supplier Academy

The George Supplier Academy is a unique training programme that was launched in 2012 to deliver tailored training to factory workers in the George supply base. It demonstrates our commitment to up-skill factory workers and colleagues around the world to a level and quality that is accredited by City & Guilds. We are proud to be working in partnership with City & Guilds – a world leader in vocational training – to deliver bespoke training programmes to factory employees, which help their promotion prospects.

This initiative helps factory workers develop their skills, ensuring they are able to produce garments to the highest quality standards, making the most of their time and keeping material waste to a minimum. To date, over 500 workers have attended our Assured Quality Level course, a four-day course that accredits factory employees to inspect product to George requirements. The George Supplier Academy currently runs across several countries including Bangladesh, China, India, Italy, Sri Lanka and Turkey.

In addition to the Assured Quality Level Accreditation, we also provide training across a number of other pathways that aim to reduce cost for our suppliers and deliver great quality and value to our customers. Fabric inspection accreditation was launched earlier this year and will be shortly followed by consumer product safety. All of our courses have been developed to include a series of written and practical activities and assessments.

City & Guilds
Accredited

George.