

SEASALT

CORNWALL

SUPPLY CHAIN TRANSPARENCY AND RESPONSIBLE SOURCING REPORT 2023

Welcome to our new annual report on supply chain transparency and responsible sourcing. We are delighted to share with you our commitment to sourcing Seasalt Cornwall product responsibly. We hope to give clarity on the work we are doing to increase transparency and ensure that all workers' rights are upheld in our global supply chain, as outlined in our latest [Sustainability Report](#).

ABOUT SEASALT

Seasalt is a clothing brand and retailer based in Cornwall in the UK. From the opening of our first shop in 1981, selling traditional workwear, Seasalt has grown into a global brand with 73 stores in the UK and Ireland, 360 wholesale and partners in the UK, Ireland, the Channel Islands, Europe, USA, Australia, and New Zealand as well as an online store that sells our products all over the world. But we have never forgotten what matters. From pioneering the use of organic cotton in fashion, protecting workers' rights in our supply chains to setting ambitious climate targets, Seasalt has been pushing the sustainability agenda from day one.

Seasalt's design ethos is to create beautiful and useful clothing that our customers can enjoy wearing season after season. It's our attention to detail and exceptional quality that have won us such a loyal following.

From our family roots, we have grown to be one of Cornwall's largest employers. We have over 1300 employees in our Head Office, Distribution Centres and stores.

Our head office is in Falmouth, Cornwall, where our creative teams design and develop Seasalt's distinctive products. It is also home to our Sourcing, Compliance and Ethics, Sustainability, Buying, Merchandising, Marketing, Communications, Finance, Property, Administration and Development teams. Seasalt's Central Distribution Centre and Customer Services Team are in Redruth, Cornwall.



GOVERNANCE

A Dedicated Compliance and Ethics Team responsible for human rights in our supply chain

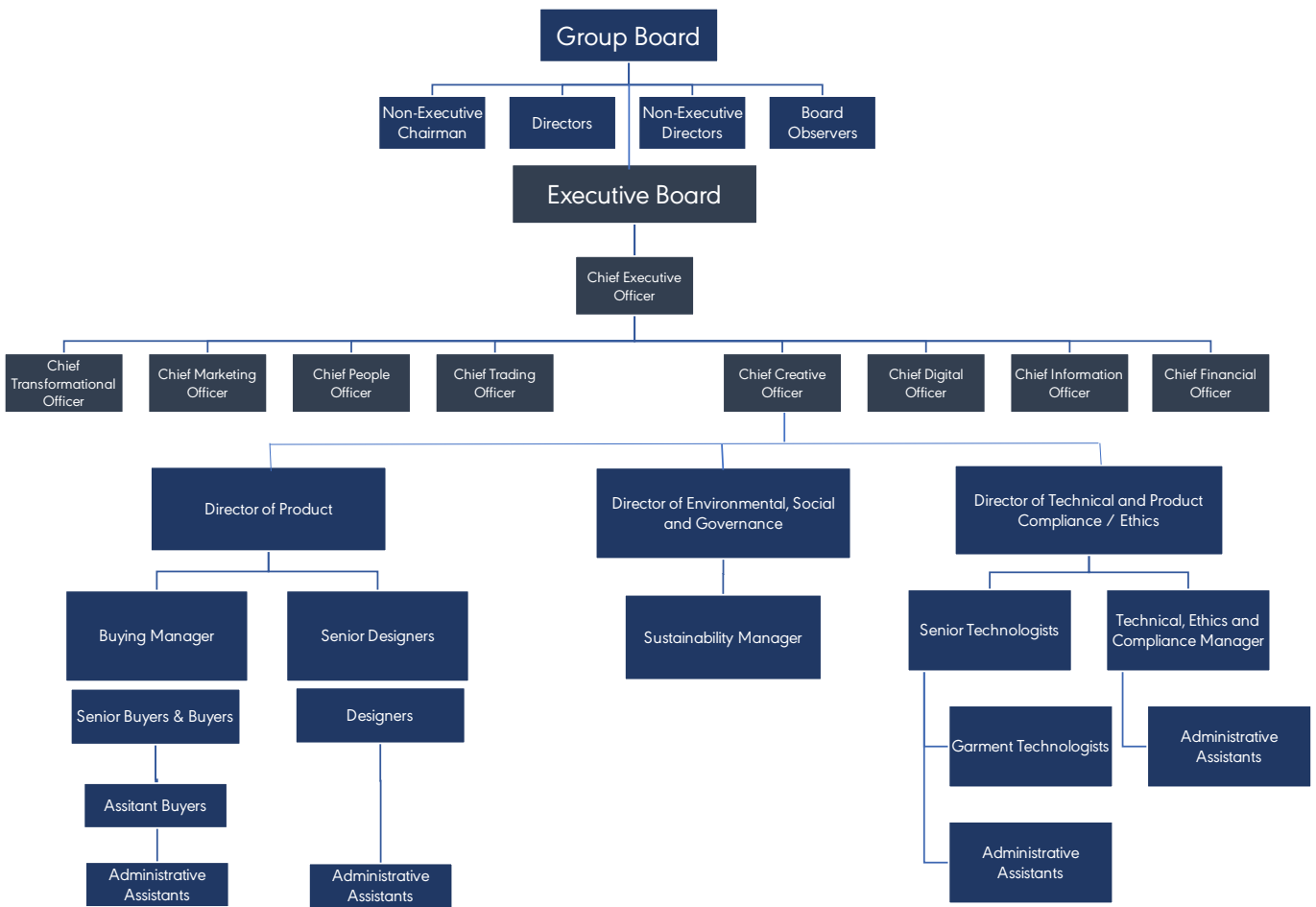
Our in-house Compliance and Ethics team reviews all supplier audits and self-assessments, and analyses and supports both our existing supply chain and new suppliers. This includes Seasalt's extended supply chain as supplier tiers are mapped.

The Compliance and Ethics team provides support and ETI guidance for our suppliers. The team supports suppliers to resolve any challenges they face when implementing best practice through the supply chain. The team receives training and valuable learnings from the ETI, which they cascade to our suppliers, the wider head office, including our Board of Directors. This ensures all areas of our business that work with our supply chain have the necessary resource to manage best practice.

The Compliance & Ethics Team report directly to our Director of Technical & Product Compliance and Ethics, who in turn reports to our Chief Creative Officer. The Compliance and Ethics team create a monthly report for the Executive Board on supply chain risks. This is used to populate our business risk register where the risk is considered appropriate and plan supportive resolution plans if needed.

Our Executive Board's key purpose is to develop and recommend the Company's strategy, secure Group Board's approval, and implement the strategy to deliver our vision and overall goals. The Executive Board, represented by our CEO, ultimately reports to the Group Board.

The Group Board's key purpose is to ensure the company's security and prosperity by collectively overseeing the company's affairs, while meeting the appropriate interests of its shareholders and stakeholders. The Group Board is ultimately responsible for approving the company's vision and strategy and ensuring that it is shared by all stakeholders; ensuring the Company's Organisation is efficient and effective; and preserving the Seasalt culture and values. This includes setting high standards of corporate governance, corporate social responsibility and corporate ethics, while ensuring that the customer experience and innovation continue to be at the heart of everything we do.



KEY PARTNERS

Global industry challenges require collective action because they cannot be solved individually. Our commitment includes working with credible experts to understand and mitigate the risks faced by people in our value chain.

We recognise that labour and human rights risks are systemic. We actively participate in multi-stakeholder initiatives, and work with other brands and organisations to raise standards and drive change in the industry. Through these efforts, we address employment practices and promote transparency and accountability in supply chains.



**Ethical
Trading
Initiative**

Member

The Ethical Trading Initiative (ETI), a leading alliance of trade unions, Non-Government Organisations (NGOs) and businesses, working together to advance human rights in global supply chains.

Seasalt is proud to have been a member of the ETI since 2018. In 2021, we moved to full membership, reflecting our commitment to ensuring the highest standards of ethics and respect for workers' rights throughout our supply chain, while also increasing our visibility and involvement in the ETI. Through membership, Seasalt is placed at the forefront of best practice for managing our supply chain, allowing us to become aware of potential issues as soon as they arise. We are supported with investigating, challenging and remedying any risks we may find in our supply chain.

Sedex² | Member

The Supplier Ethical Data Exchange (Sedex), is a not-for-profit membership organisation that is dedicated to improving responsible and ethical business practices in global supply chains. It has over 75,000 members in 180 countries.

Sedex Membership provides us with a dedicated account manager and access to supplier audits, self-assessments, reporting tools, analytics and platform dashboards, which enable us to quickly assess key areas of risk in our supply base.

End Uyghur Forced Labour

The Coalition to End Forced Labour in the Uyghur Region includes civil society organisations and trade unions, united to end state-sponsored forced labour and egregious human rights abuses against people from the Uyghur Region in China

In June 2021, Seasalt was the first small to medium-sized enterprise (SME) to sign the call to action on human rights abuses in the Xinjiang Uyghur Autonomous Region, to take actionable and accountable steps to ensure no Uyghur forced labour is used in our cotton supply chain. This is further enforced by our compliance to the USA's Uyghur Forced Labour Prevention Act.



Anti-Slavery International works to end slavery so that everyone can live free from exploitation. Through a long history, they've built the expertise, partnerships and knowledge needed to help prevent slavery in its many forms.

Anti-Slavery International, as a member of The Coalition to End Forced Labour in the Uyghur Region, was key to supporting our interest and signature on the call-to-action on human rights abuses in the Xinjiang Uyghur Autonomous Region. In addition, they supported our due diligence, risk assessment and best practice within our global supply chain.



The British Retail Consortium (BRC) is the trade association for UK retail businesses, whose purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future.

Through its membership with the BRC, the CSR Community provides a platform for Seasalt to work collaboratively with other retailers to champion sustainability and lead the drive for positive change. This is done through sharing insights, providing a horizon scan of the most pressing legislative and policy priorities and facilitating engagement with the government and regulators. Seasalt is a signatory of the BRC Climate Action Roadmap, which commits the business to reaching net zero emissions by 2040 while supporting the retail industry in doing the same.



UKFT brings together brands, designers, manufacturers, suppliers, educators and retailers to promote their businesses and the fashion & textile industry, in the UK and globally.

Through our membership with UKFT, the UK's Fashion and Textiles network, we contribute to the growth of the industry in the UK and have a centralised view within the UKFT community to access industry-specific advice and support. This could be in relation to global regulations, legislation, and international trade exports and imports. Membership also offers the opportunity for employee training and collaboration with peers in the industry.

SOURCING COMMITMENT

- Promoting good environmental and labour standards to our suppliers.
- Giving preference to suppliers who share our commitment to ethical and legally compliant trading.
- Working with suppliers to implement ethical and legally compliant purchasing policies, adhering to our standards.
- Communicating our policies clearly to customers and suppliers.

OUR PRODUCT COMMITMENTS

- 100% of the cotton used in our collections to be fully traceable and certified as organic by the end of 2024.
- 100% of our leather to be sourced from gold and silver rated Leather Working Group tanneries by the end of 2024.
- 100% of the wool used in our collections to be certified by the Responsible Wool Standard by the end of 2024.
- 100% of the viscose used in our collections to be from responsibly managed plant sources and made using closed loop systems by the end of 2024.

OUR ENVIRONMENT COMMITMENTS

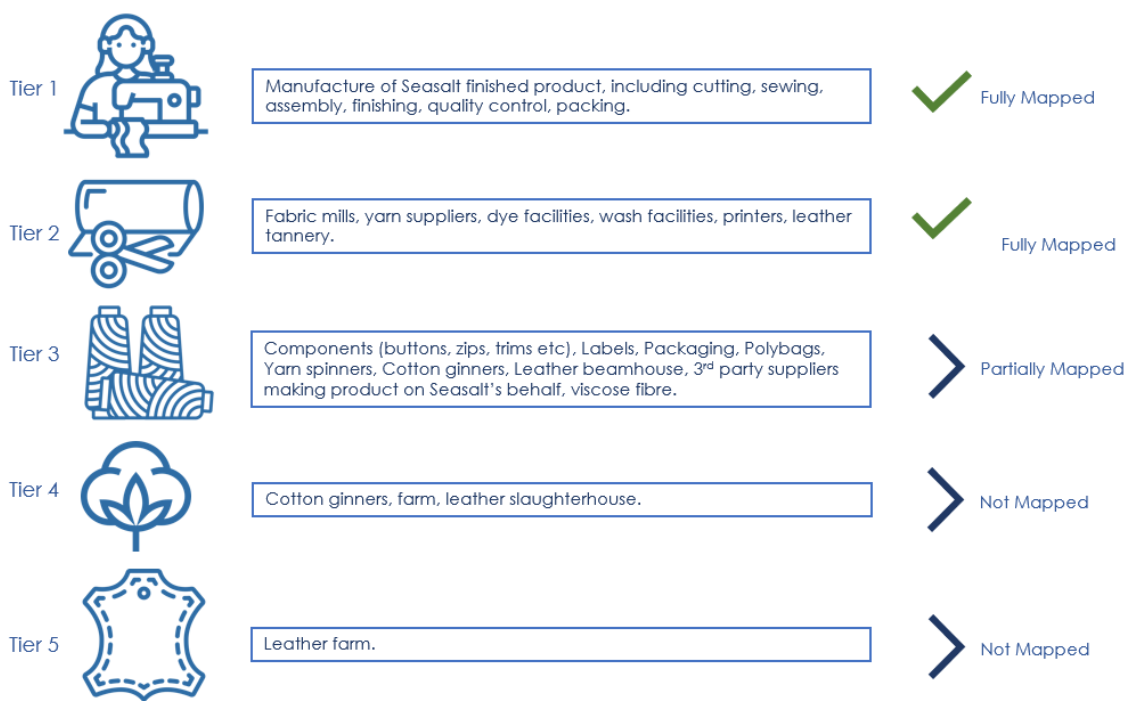
- Carbon Net Zero business by 2040 in line with the British Retail Consortium (BRC)'s Climate Action Roadmap.
- Zero waste to landfill where Seasalt directly manages waste by end of 2023.
- Seasalt is dedicated to a responsible and ethical approach to environmental sustainability. By adhering to the BRC Road Map, Seasalt has committed to collaborate with stakeholders and partners to achieve net zero greenhouse gas emissions by 2040. Using the SBTi framework and partnering with the Carbon Trust, Seasalt has measured and calculated its carbon footprint across all 3 emission scopes, setting a goal for net zero by 2040.

ABOUT OUR SUPPLY CHAIN

We do not own any factories that manufacture Seasalt products. All suppliers are carefully selected and go through a rigorous onboarding process. They work with the Sourcing, Compliance and Ethics, Sustainability and Product teams at our Head Office to deliver high-quality product, to align with our ethical values and to meet our sourcing, product and environmental commitments. We view our suppliers as partners to our business, and the teams continuously work closely with all supplier partners to create strong and close long-term relationships.

SEASALT SUPPLY CHAIN TIER DEFINITION

We define our supply chain tiers as below:



Our Tier 1 suppliers, who make our finished product are in the following countries: India, China, Pakistan, Bangladesh, Vietnam, Spain, Italy, Morocco, Turkey, Bulgaria, Sri Lanka, and Slovakia.

Number of Factories by Product Type and Country													
	India	China	Bangladesh	Bulgaria	Italy	Morocco	Pakistan	Slovakia	Spain	Sri Lanka	Turkey	Vietnam	
Clothing	9	19	10	0	0	2	5	0	0	2	2	2	
Footwear	5	3	0	0	0	0	0	0	2	0	0	1	
Accessories	10	9	0	1	1	0	0	1	0	0	1	0	
TOTAL NUMBER OF FACTORIES	24	31	10	1	1	2	5	1	2	2	3	3	85



24,234 WORKERS

Across global supply chain*

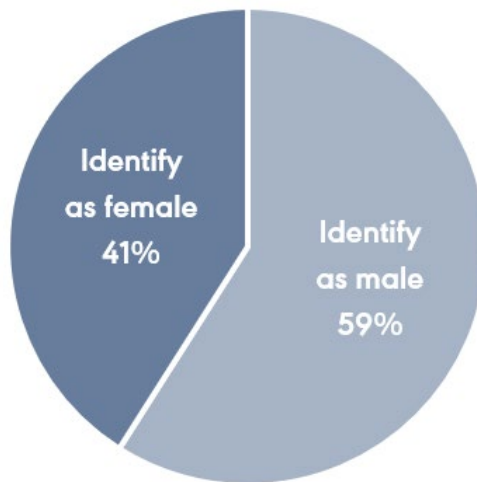


Suppliers located in

12 COUNTRIES

*Total number of workers at Tier 1 factories where Seasalt product is manufactured. Not all workers are involved in the manufacture of Seasalt product, as factories have multiple customer brands.

Supply Chain Gender



We also work with the following other supplier types:

- Packaging suppliers
- Labelling suppliers
- Suppliers of Goods Not For Re-sale (GNFR), for example stationery and store fittings
- Service providers, for example logistics and energy

SUPPLY CHAIN TRANSPARENCY

Our Tier 1 supplier list is publicly available on the [Open Supply Hub](#) and is updated regularly.

The Open Supply Hub (OS Hub) is a collaborative supply chain mapping platform, used and populated by stakeholders across sectors including many members of the ETI. It is a neutral, non-profit organisation registered in the USA. The OS Hub maps garment facilities worldwide and allocates a unique ID to each. This allows Seasalt to facilitate better collaborative action and will increase our leverage to address any risks in our supply chain.

Since 2019, the OS Hub has mapped over 90,000 facilities.

LONG-TERM RELATIONSHIPS

We have been working with 13% of our Tier 1 supplier partners for more than 10 years, 35% for 5+ years, 37% for 3+ years and are proud to have on-boarded 14 new suppliers in 2023 (15% of Tier 1), with whom we will work closely to develop a strong relationship for the long term.

We are proud of the long-term relationships we have with our suppliers. Seasalt has worked with several of our manufacturers from the very beginning and have grown together for many years. This approach secures us the best quality product, an invaluable level of trust and in-depth knowledge of the supplier and the factory environment. This enables us to grow our businesses together and develop a mutual respect. Furthermore, if any improvements need to be addressed (regarding the product or the supplier's style of business) they can be resolved together, with a mutually beneficial outcome. Long-term business security, product quality, traceability and supply chain integrity are all important considerations for us.

When the Covid-19 crisis started to impact our supply chain, it was our immediate priority to put the wellbeing of all our people first, including the workers at our global supplier partners. The teams at Seasalt engaged with all suppliers to share knowledge and best practise during those unprecedented times. We supported our suppliers through that difficult time in many ways, including full payment for finished goods, the adjustment of order timelines and product details to avoid order cancellations, we remained flexible with delivery times, and we did not demand discounts or request deferred payments.

SUPPLIER MANAGEMENT

ONBOARDING NEW SUPPLIERS

We have a stringent vetting process for all new suppliers. We consider our internal sourcing strategy, product type, the alignment of our values of ethical trade, country mix and country risk. Prospective supplier company profiles, business practice, as well as environmental, ethical, and legal compliance issues are all assessed before they are approved to become one of our supplier partners. Once a supplier is approved, we ensure their continued commitment to ethical trading and compliant business practice, with the support of our policies and procedures.

SEASALT SUPPLIER REQUIREMENTS

All supplier partners are required to:

- Share all company details, including parent group information and disclose any sub-contracted facilities or homeworkers.
- Agree to and sign our Terms & Conditions as part of the onboarding process. Variations to our standard T&Cs may be negotiated on a case-by-case basis to facilitate reasonable requests.
- Sign a formal Statement of Commitment to Ethical Trading and legally compliant business practices.
- Agree to Seasalt's supporting policies including, but not limited to: Purchasing Policy, Responsible Cotton Sourcing Policy, Human Rights Policy, Homeworkers' Policy and Anti-Bribery and Corruption Policy.
- Join Sedex and link with Seasalt through the Sedex digital platform.
- Share independent third-party verified audit reports at least every two years.
- All suppliers to grant full and open access to all facilities for Seasalt staff, any third-party representative working on our behalf and to auditors who are conducting Sedex Members Ethical Trade Audit (SMETA) or other social compliance audits.
- To purchase goods, services and manufacture Seasalt own brand products that comply with our labour rights and environmental standards, supplier manual, supporting policies and sustainable product targets. The Supplier Manual provides detailed content in reference to ethical trade standards, compliance to ETI Base Code, Sedex, and all production standards. Suppliers are required to share the manual with their own stakeholders.
- Require our Seasalt brand suppliers to share ethical trading and environmental reporting information upon request.

- Be fully transparent and cooperative in our supply chain mapping initiative.
- To cooperate with Seasalt on our environmental initiative to measure our carbon footprint and reduce scope 3 GHG emissions from purchased goods and services by 55% per unit of value added by 2030 from a 2019 base year.

SUB-CONTRACTORS

Sub-contractors are businesses who work closely with our Tier 1 suppliers. They may provide a product or service, such as quality control inspections or packaging of finished goods. We do not allow any manufacturing processes to be sub-contracted except by prior agreement. All facilities involved in the production of Seasalt product must be approved, having passed our strict onboarding process.

CERTIFICATION

We are committed to 100% of the cotton used in our collections to be fully traceable and certified organic and all our wool being certified to the Responsible Wool Standard (RWS). This provides us with assurance that products containing these materials have been independently audited through the entire supply chain to ensure they meet strict animal welfare, environmental and social criteria.

We are committed to increasing our fully certified product through the supply chain to support mitigation of salient risks, through independently verified certification standards.



GOTS evaluates the textile value chain for mandatory social and environmental criteria, from assessing chemical inputs to the ethical treatment of workers, using professional third-party certification audit bodies at each stage of the supply chain. The GOTS Standard covers the processing, manufacturing, packaging, labelling, trading, and distribution of all textiles made from at least 70% certified organic fibres, with full chain of custody.

Seasalt Limited License Number DK16784



The Soil Association is one of the founding members of the Global Organic Textile Standard (GOTS) and Seasalt's Certified Body to ensure our compliance with the GOTS Standard. Seasalt Ltd became the first fashion company to achieve Soil Association GOTS certification back in 2005. For more information visit [Organic Cotton Pioneers](#)

Seasalt Limited License Number DK16784

GLOBAL ORGANIC TEXTILE STANDARDS (GOTS) ENVIRONMENTAL CRITERIA

- Separation from conventional fibre products and identification of organic fibre products.
- Use of GOTS-approved colourants and auxiliaries in wet-processing only.
- Processing units must demonstrate environment management, including wastewater treatment.
- Technical quality parameters for colour fastness and shrinkage for finished goods required.
- Restrictions on accessories.
- Restrictions on additional fibre materials.
- Environmentally hazardous substances prohibited in chemical inputs.
- Evaluation of toxicity and biodegradability for chemical inputs.

GOTS SOCIAL CRITERIA

Based on the key norms of the International Labour Organisation (ILO), United Nations Guiding Principles on Business & Human Rights (UNGPR) and Organization for Economic Cooperation and Development (OECD), the social criteria must be met by all processors, manufacturers and traders. The social criteria includes (but is not limited to) the following, and is closely aligned with the internationally recognised ETI Base Code:

- Employment is freely chosen
- Freedom of association and collective bargaining
- Child labour shall not be used
- No discrimination is practised
- Gender equality
- Occupational health and safety (OHS)
- No harassment and violence
- Remuneration and assessment of living wage gap
- Working time
- No precarious employment is provided
- Equality in treatment of migrant workers, homeworkers and other vulnerable at-risk persons



The responsible Wool Standard (RWS) is an international, voluntary standard that addresses animal welfare in sheep farms and chain of custody of wool from certified farms to the final product. Individual sites are certified by independent third-party certification bodies using annual audits. Material is tracked from the farm to the final product using transaction certificates, following the requirements of Textile Exchange's Content.

Seasalt became RWS certified in 2022. RWS certification gives us assurance of responsible wool from “sheep to store” and includes:

- Animal welfare protection based on the Five Freedoms of the Animal Welfare Act.
- Land health preservation: protecting soil health, biodiversity and native species.
- Social welfare protection: the social welfare, working conditions and health and safety of workers are addressed.
- Chain of custody and certification ensure the identity of the RWS wool is maintained from farm to finished product.
- Only products that meet all criteria bear the RWS logo.
- Stakeholder engagement: the RWS is owned by the Textile Exchange and is managed with the input of farmers, animal welfare experts, land conservation experts, brands and retailers across the globe.

WORKERS' RIGHTS IN THE GLOBAL SUPPLY CHAIN

We are committed to respect all human and labour rights in our supply chain activities, in line with international labour Laws, ILO Core labour Standards, the internationally recognised ETI Base Code and the Universal Declaration of Human Rights (UDHR).

HUMAN RIGHTS

The Universal Declaration of Human Rights, proclaimed by the United Nations General Assembly in 1948, sets out fundamental human rights to be universally protected.

Human Rights cover a broad spectrum of issues as summarised in the table. As part of our constant due diligence process, our dedicated Compliance and Ethics team is constantly monitoring for human rights risk and abuse in our supply chain in compliance with all labour rights within the ETI Base Code.

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

1. Born free and equal in dignity and with rights	2. No Discrimination	3. Life, liberty and security of person	4. No slavery or servitude	5. No torture or cruel, inhuman or degrading treatment
6. Treated as a person in the eyes of the law	7. Equality before the law	8. Remedy by a competent tribunal	9. No arbitrary arrest, detention or exile	10. Fair Public Hearing
11. Innocent until proven guilty	12. No interference with privacy, family or home	13. Freedom of movement within and across countries	14. Seek asylum from persecution	15. Have a nationality
16. Marriage and to raise a family	17. Own property	18. Freedom of belief and religion	19. Freedom of opinion and expression	20. Freedom of peaceful assembly and association
21. Take part in government of your country	22. Social security	23. Desirable work, equal pay and join trade unions	24. Rest and leisure	25. Adequate standard of living
26. Education	27. Participate in cultural life of community	28. Social and international order	29. Protect others' rights and freedoms	30. Freedom from interference in these rights

Reproduced with permission from the ETI: Human Rights Essential Course training resource: [Universal Declaration of Human Rights](#)

In May 2023, the Compliance and Ethics team attended the ETI's Human Rights course. This enabled us to understand the origins of human rights and their evolution into the business sphere, assist us to recognise how human rights apply to our organisation, develop our knowledge of important legislation and frameworks, understand what makes people vulnerable to not being able to realise their human rights, confirm the importance of supply chain visibility to uncover any issues and identify root causes, and the assessment of human rights risk.

We will continue the course in 2024, building a greater understanding of how to mitigate and manage human rights risk and remediation if a human rights abuse is identified.

Our Global Supply Chain Human Rights Policy forms part of the contract with suppliers, who are required to agree to the policy alongside our terms and conditions and supplier manual. The policy is available on our [website](#).

HOW WE LOOK AFTER OUR SUPPLY CHAIN

Violation of human rights is an ever-present risk in the garment manufacturing industry. Issues such as forced labour, poor working conditions, child labour and discrimination continue to affect factories in the global supply chain.

Our wish is that any person involved in making Seasalt products has their human rights respected. Through our own work, ETI and Sedex membership, we commit to fair pay, a safe environment, the right of all workers to not be discriminated against and our supplier partners to be in full compliance with the ETI Base Code.

ETI BASE CODE

The ETI Base Code is an internationally recognised code of labour practice designed to protect workers' rights, founded on the conventions of the International Labour Organisation (ILO). The ETI Base Code is viewed as a global reference standard and is widely used as a benchmark for social audits and to develop ethical trade action plans. The code covers issues including forced labour, access to freedom of association, safe working conditions, living wages, child labour and discrimination.

The Base Code is integral to our business and forms part of our Terms and Conditions with suppliers. The provisions of the code constitute minimum standards. Seasalt suppliers applying this code are expected to comply with national and other applicable laws. Where the law and the Base Code address the same subject, companies are expected to apply the provision that affords the greater protection to workers.

As a responsible business and ETI member, we commit to the ETI Base Code and are supported by the ETI to continuously improve our approach to tackling human rights issues in our supply chains, taking collective action on systemic issues, and creating an enabling environment for workers.

ETI Base Code



The ETI Base Code is an internationally recognised set of labour standards based on ILO conventions. It is used by ETI members and others to drive improvements in working conditions around the world.

www.ethicaltrade.org



Employment is freely chosen



Freedom of association and the right to collective bargaining are respected



Working conditions are safe and hygienic



Child labour shall not be used



Living wages are paid



Working hours are not excessive



No discrimination is practised



Regular employment is provided



No harsh or inhumane treatment is allowed

For human rights, for better business

Image Source [here](#).

HUMAN RIGHTS DUE DILIGENCE

We carry out extensive human rights due diligence, including third-party verified social audit checks of our suppliers. The results of these investigations directly influence our supplier and sourcing strategy each season and are key to ensuring that we make the best products in the most responsible way possible.

Created in 2016, the [ETI Human Rights Due Diligence Framework](#) serves as a guide to support our Human Rights Due Diligence, and manage and mitigate labour rights risks. The framework was developed through a collaborative approach with the ETI tripartite membership group of businesses, NGOs and Trade Unions and is closely aligned with the ETI Base Code, the ETI membership progression framework, the UN Guiding Principles, the OECD Guidelines for Multinational Enterprises, UNGP Reporting framework and other relevant human rights standards and guidelines.

COUNTRY AND SECTOR RISK

As part of our sourcing strategy, we risk assess potential territories by country and by industry sector. We reference the annual [ITUC Global Rights Index](#), the annual [US Department of State Country Reports on Human Rights Practices](#), [Business and Human Rights Resource Centre](#), [ETI](#) and NGO information, and through our Sedex membership. We also pursue our own independent research.

The ITUC Global Rights Index, published annually, rates 139 countries on a scale from 1-5 based on the degree of respect for workers' rights.

The US Department of State Country Reports on Human Rights Practices, published annually, cover internationally recognised individual, civil, political and workers' rights as set forth in the [Universal Declaration of Human Rights](#) and other international agreements.

Sedex works with global risk analytics experts and has a database that references hundreds of indices, from human rights violations to political risk factors, to flag country and industry risk factors. Their reporting tool provides a score against all labour rights and environmental issues. We collect data for all sourcing countries to allow us to benchmark and to risk assess existing and new sourcing countries.

We have identified regions where we prohibit cotton origin and all manufacturing of any stage of Seasalt product. These regions have been chosen due to publicly documented human rights abuses, forced labour and child labour. This could be due to local governance, breakdown of rule of law or where local circumstances make it impossible to conduct effective due diligence.

THIRD PARTY VERIFIED AUDITS

All Tier 1 suppliers are required to share a semi-announced or unannounced independent audit to enable us to review practices within our suppliers' facilities at least every two years. Seasalt does not accept announced audits.

Our audit preference is SMETA (Sedex Members Ethical Trade Audit) which is based on the ETI Base Code and so encompasses all labour rights, local law and the UN Guiding Principles. Other audits (for example, Amfori BSCI and WRAP) are considered on a case-by-case basis.

A SMETA 2-Pillar audit is comprised of Labour Standards and Health and Safety, which are mandatory modules for a SMETA audit. It also contains the additional elements of Management Systems (including Land Rights), Universal Rights covering UNGP, Responsible Recruitment Practices, Entitlement to Work, Subcontracting and Homeworking and a shortened Environment Assessment. A SMETA 4-Pillar audit includes all the above elements plus the additional pillars of an extended Environment assessment and Business Ethics.

The Compliance and Ethics team maintains a consistent audit follow-up process to ensure that all suppliers have been audited in the last two years and to address any non-compliance issues identified by auditors, focusing on resolving the most critical issues first. In addition to using the Sedex platform, we have a bespoke custom-built risk assessment digital platform to flag and monitor these issues. This allows us to follow up and address all issues quickly and effectively.

Following a careful review of the audits, we have adopted a systematic approach:

- To meticulously review and categorise the non-compliances raised by the auditor while simultaneously assessing other risk factors and identifying areas for improvement in accordance with the ETI Base Code.
- After conducting a comprehensive audit review, we carefully examine the Corrective Action Plan Report (CAPR), created by the auditor during the audit process, and later signed in agreement by the supplier. This report plays a pivotal role in our process, allowing us to address the risk points identified. Subsequently, we request that the supplier adhere to these action plans and rectify any non-compliance within the given timescale. All information is published on the Sedex platform, enabling us to track progress effectively.
- Once this process is complete, we proactively engage with suppliers, sharing the review results and the action plan to address identified points. Throughout this collaborative process, our team provides essential support and expertise, ensuring thorough adherence to corrective measures and facilitating effective resolution of any issues. Our long-term relationship with our suppliers allows for constructive and open dialogue to ensure compliance and to share best practice.
- A summary of any critical non-compliance issues and resolutions is shared quarterly with our Executive Board. All efforts are made by the team to remediate the non-compliance issues to reach a positive outcome for all parties concerned.

SEDEX SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

Independently verified audits are our preference, as they provide an independent and verified source of data; however, we also collect information via the Sedex Self-Assessment Questionnaire (SAQ) to complement the audit data. The self-assessment includes questions relating to labour standards, health and safety, environment and business ethics, to enable suppliers to self-diagnose areas of concern to be addressed proactively prior to the audit. The data is used by us in addition to other tools, certification, documents and resources to assist in full risk assessment of our global supply chain.

SUPPLIER VISITS

Supplier visits in country, regular online Zoom and Microsoft Teams meetings and supplier visits at our Head Offices in Falmouth provide the opportunity to strengthen relationships and to work closely together across a broad range of issues from product and social compliance to product development and bulk order management.

We visited suppliers regularly prior to the travel disruptions of 2020. Supplier visits provide an opportunity to discuss all aspects of production and product development, and to review and assess factories and working conditions. Any issues can then be addressed directly with the suppliers. Supplier visits have since resumed, and we hope to get back to our pre-pandemic approach.

SUPPLIER APPRAISALS

We conduct annual appraisals of our Tier 1 suppliers. Most Head Office teams are involved with the process, including Compliance and Ethics, Product Compliance, Buying, Design, Print Design, Branding, Technologists, Product Development, Merchandising, Quality Control, Sourcing, Sustainability and Finance teams. Suppliers are provided with an overall score with recommendations for improvement from over 50 key performance indicators (KPIs). All low scores are followed up by our Director of Sourcing to establish the root causes and work closely with suppliers to address any concerns.

Suppliers are encouraged to share feedback on their annual appraisal score, and at any time on any aspect of our working relationship.

SALIENT RISK ASSESSMENT

Seasalt recognises that the key territories we source from have risks associated with them. The work we do to aid transparency through our supply chain enables us to correctly risk assess, prioritise and deliver proactive, inclusive resolution.

We prioritise issues that we feel we can have a direct impact on, and work closely with our suppliers to reach resolution.

We use a variety of methods to identify and prioritise risk:

COUNTRY REVIEW

- Annual ITUC Global Rights Index
- US Department of State Country Reports
- 5x5 Risk Assessment Matrix by likelihood and impact of known and potential emerging risks

COUNTRY & SECTOR REVIEW

- ETI community hub and across tripartite member discussions
- Informal industry-based peer groups
- By worker type – looking at those workers who are more vulnerable, for example migrant and female workers
- Desktop research, e.g. NGOs, Business and Human Rights Resource Centre
- Sedex RADAR pre-screen country risk tool

OUR SUPPLY CHAIN

- Supply chain mapping
- Risk score using internal 5x5 Risk Assessment Matrix
- Independent audit data using external and internal digital platform reporting tools
- Supplier visits
- BSR Gender Data Impact Tool
- Strong supplier relationships allowing transparency and open dialogue
- Internal knowledge and expertise

Through our work with the ETI, we recognise the limited ability of the audit process to identify more “hidden” salient issues, such as discrimination and gender issues. We welcome the opportunity, through our membership, to collaborate with the ETI tripartite membership and other brands on salient risk factors and global crises affecting the apparel and textile industry. To support the identified salient risk of gender inequality, we are planning to work in partnership with Women Win in 2024.

SUPPLY CHAIN MAPPING

Supply chain transparency plays a vital role in our commitment to responsible sourcing. Understanding the complex supply chain from raw materials to finished product is essential for managing risks effectively.

Through our supply chain mapping program, a collaborative effort with our suppliers has yielded significant success in mapping and assessing risks across our Tier 1, subcontractor, and Tier 2 levels. Our mapping objective extends beyond mere listings of names and addresses. We strive to delve deeper into the business ethics and worker support systems, enabling us to address highlighted risks and uphold workers' rights.

CERTIFICATION TRANSPARENCY

As part of the initiative to enhance transparency within our entire supply chain, we leverage textile certifications such as GOTS and RWS. The certification process provides unique chain of custody through Transaction Certificates that are issued at each stage of the supply chain. We use the certificates to gain a view of suppliers' details, locations and the origins of fibres. Our supply chain mapping and transparency is deepened via certified body digital certificate tracking systems.

This chain of custody allows us to understand both the business's ethics and how workers are supported, which enables us to work with our suppliers on identified salient risks and workers' rights.

SUPPLY CHAIN MAPPING PROGRESS

TIER 1

We have a clear, fully mapped, view of our Tier 1 supplier partners who we work with directly and who make the finished products we sell. All Tier 1 supplier details are regularly maintained and updated in an internal database system to which the Head Office teams have access. As part of our journey towards greater transparency, we are committed to publishing Tier 1 information including factory name, address and country of origin in the [Open Supply Hub](#) and to update the list on a quarterly basis.

Our transparency on the Open Supply Hub encourages collaboration with other brands in the same facility, allowing us to pool resources and expertise. This collective effort enables us to effectively address any issues related to our supply chain origins, challenges and risk mitigation measures.

TIER 2

The strong relationships we have with our Tier 1 factories enables us to work in close partnership to engage, support, identify and map our Tier 2 suppliers (those who supply our Tier 1 supply chain partners). It also allows us to all pro-actively address any identified risk.

For our supply chain mapping initiative, the first priority for Seasalt was identifying if there was risk of slavery and human trafficking in our Tier 2 suppliers in China. This formed phase 1 of our Tier 2 supply chain mapping and was informed by concerning reports of bonded or forced labour in the Xinjiang area of China, and the persecution of the Uyghur and other ethnic minorities.

Phase 2 involved identifying and mapping Tier 2 suppliers for the rest of the world.

To initially identify and map Tier 2, we collected data on company names, addresses and country of origin for all Tier 2 suppliers involved in the supply of a product or service for Seasalt finished product in our 2021 and 2022 production seasons.

In addition to this data collection, we created a self-assessment questionnaire (SAQ) informed by the ETI Base Code. The SAQ requests Tier 2 suppliers to provide details about their company, along with worker information such as gender split, working conditions and health and safety practices. Key questions are asked in relation to wages, working hours, access to freedom of association and migrant worker origins.

To date, we are able to risk assess 78% of our Tier 2 suppliers either through certification, or by the completion of our SAQ. Work continues to achieve above 90% full risk assessment.

From our mapping work, we identified that we have no manufacturers in our global Tier 1 and Tier 2 supply chains in those areas of China identified as high risk.

Tier 2 mapping is conducted continuously and reported on quarterly to ensure all details are up-to-date, due to the fluidity and complexity of the supply chain caused by factors such as product requirements, cost comparison and business relationships.

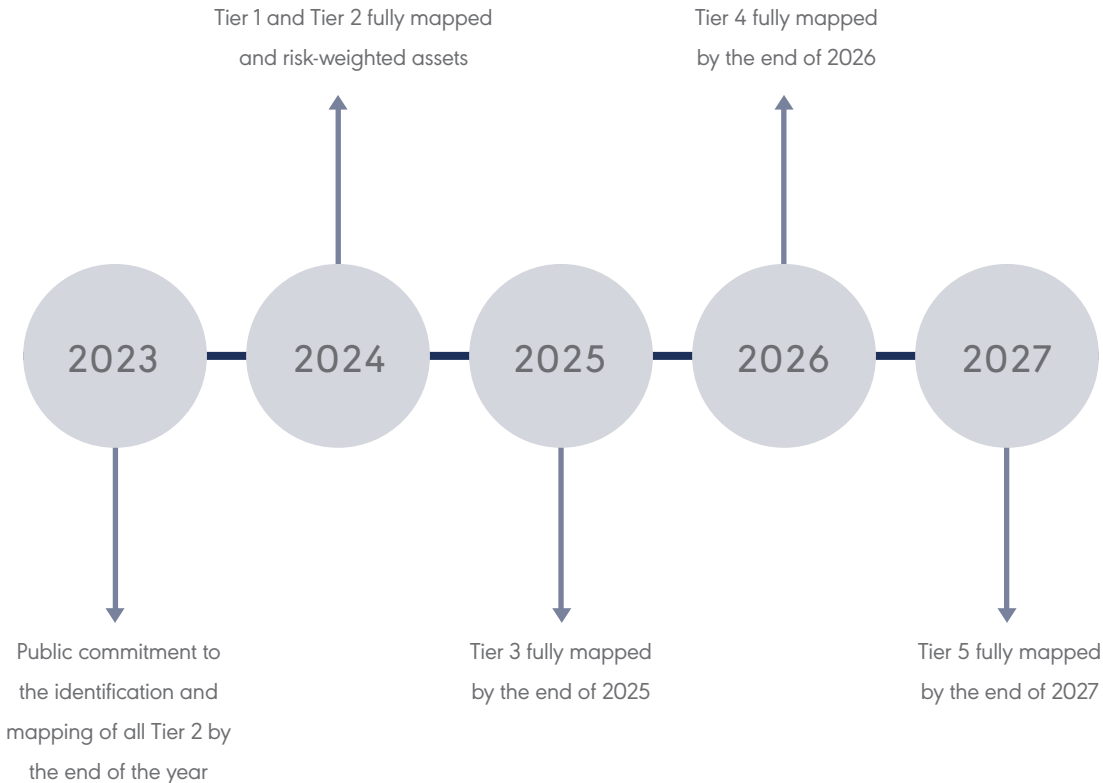
The 2023 production season has been fully mapped. We made a public pledge to identify and map our Tier 2 supply chain by the end of 2023 and have achieved this. We can report we have identified 276 Tier 2 suppliers.

Work begins on updating our Tier 2 data for the 2024 production season in April 2024.

NEXT STEPS: MAPPING TIERS 3-5

Our strategic focus for the upcoming years reflects an unwavering commitment to further map the deeper tiers of our supply chain. Specifically, we plan to initiate the mapping process from 2024 through to the end of 2027.

SUPPLY CHAIN MAPPING STRATEGY (TIMELINE)



SALIENT RISK ASSESSMENT TABLE

To provide focus and to work effectively, we have identified the following areas of salient risk where we believe we can take actionable steps to improve.

Salient Risk	Country	Background	Likelihood	Impact	Actions taken/planned
Forced labour and Harsh or inhumane treatment	All sourcing countries Seasalt focus: China	The forced labour of ethnic and religious minorities in the Xinjiang Uyghur Autonomous Region (XUAR) is a significant and growing concern that requires the attention of governments and private actors around the world, as part of a broader pattern of serious human rights violations. Products entering the United States, Europe and other democracies are at risk of being affected by these practices that often occur several steps away from global brands in supply chains.	Likely	Extremely High	<ul style="list-style-type: none"> • First SME signatory of the call to action on human rights abuses in the Xinjiang Uyghur Autonomous Region. • Open communication with our suppliers. Strong relationships and collaborative working are key when we are reviewing topics like this, as are our suppliers' own business ethics. • Thorough review of independent audits that detail if there are any migrant workers or a large percentage of ethnic minorities in any of the facilities we work with. • To continuously investigate all publicly named companies associated with State Imposed Forced Labour (SIFL) to ensure there are no links to our supply chain. • Creation and regular updates to our "banned supplier list" populated by data from publicly named companies, which is shared with all Tier 1 suppliers. • Annual Modern Slavery Statement.

Salient Risk	Country	Background	Likelihood	Impact	Actions taken/planned
Discrimination (gender inequality)	All sourcing countries Seasalt focus: India	The textile and garment industry provides jobs and opportunities for millions of women. However, gender inequality is widespread in the sector, according to a study by the International Labour Organisation (ILO) . Women are paid less than men for similar work and have fewer opportunities for promotion and training. They are at risk of violence, harassment and discrimination in the workplace. They are also responsible for caring for their families and children. This adds to their burden and can affect their potential employment opportunities.	Highly Likely	High	<ul style="list-style-type: none"> Gender data collection for Tier 1 supply base against BSR's Gender Data and Impact Tool Active participation in the ETI Gender consultation group this year. To support the ETI thematic objective that will enable Apparel & Textile ETI members to work collaboratively to adopt a gender-responsive approach to Human Rights Due Diligence and gender-based violence in garment supply chains, in line with ILO Convention C190. In 2024, we are planning to partner with Women Win and a local NGO in India, who work to advance girls and women's rights to improve gender inequality and women's economic empowerment. We will publish our findings following this project's completion.
Excessive working hours	All sourcing countries Seasalt focus: China	In the global garment industry, it is reported workers often endure excessively long and unrealistic working hours enforced by factory managers, with overtime demanded frequently, especially nearing deadlines. Resistance to overtime can jeopardise job security. These extended hours, coupled with insufficient breaks, lead to reduced productivity, lower quality and increased risks of accidents and health issues. Many workers rely on overtime pay to supplement low wages, but some	Extremely Likely	High	<ul style="list-style-type: none"> Through internal knowledge, independent audit data, reporting tools and desktop research, we have identified excessive overtime as a country and sector risk. Review of independent audits that record working hours based on factory attendance systems. We work closely with our suppliers to endeavour to reduce overtime. We aim to ensure that overtime does not exceed 60 hours per week for all Tier 1 and Tier 2 suppliers. All overtime must be paid at a premium of at least 125% and must always be voluntary. Ensuring that the working hours of all our employees comply with national laws or benchmark industry standards or relevant international standards. This includes making sure everyone has appropriate rest breaks and time off work.

Salient Risk	Country	Background	Likelihood	Impact	Actions taken/planned
		factories exploit them by avoiding overtime payments through unrealistic targets or time manipulation. The ETI Base Code , except in rare cases, mandates that working hours should not exceed 60 hours per week, with at least one day off every seven days or two days off every 14 days, as per national laws.			
Lack of access to freedom of association	All sourcing countries Seasalt Focus: China and Vietnam	In China and Vietnam, workers' ability to form and join independent trade unions is restricted by local government. Freedom of association (FOA) is the right of workers to join and form trade unions or other organisations of their own choosing and to bargain collectively. FOA is integral to the ETI Base Code and is covered by two core ILO conventions. When FOA and Collective Bargaining are in place, workers are able to voice their concerns and disputes and grievances are effectively managed. Brands are expected to respect these rights and to ensure that they are respected in their value chains. International guidelines, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, have been established to monitor and safeguard these processes.	China: Extremely likely Vietnam: Extremely likely	China: Extremely high Vietnam: High	<ul style="list-style-type: none"> China and Vietnam identified as having highest likelihood and highest impact of lack of FOA. To build our understanding of FOA, we review the annual ITUC Global Rights Index with particular focus on our sourcing countries. Seasalt expects all Tier 1 suppliers to have some form of worker representation. In 2024, the Compliance and Ethics team will formally analyse worker representation across all Tier 1 and Tier 2 suppliers. To enable this initiative, we will use our own custom-built digital platform that supports supply chain mapping, to deliver consolidated information across our suppliers and provide critical views of worker representation across our supply chain. This will enable us to work closely with our suppliers to ensure that all workers have access to representation. We will report on findings in the next submission of this report (due January 2025).

Salient Risk	Country	Background	Likelihood	Impact	Actions taken/planned
		Not all forms of representation are effective and robust to enable the worker to voice their concerns, feel heard and see actions taken and to receive feedback. A strong worker-management dialogue is essential. Where workers cannot effectively organise, there is increased risk of salient human rights issues, vulnerability and exploitation.			
Non-organic cotton Health & safety, genetically modified seeds,	All sourcing countries	<p>The use of pesticides in regular cotton is damaging to the health of cotton farmers and their pickers. Long-term exposure to chemical pesticides can create acute toxicity, causing respiratory problems, skin and eye irritation, seizures and can even be fatal.</p> <p>Financial hardship is another risk as farmers, under corporate control, accrue high levels of debt from investing in high-cost fertilisers to regenerate depleted soil, and the purchases of mechanised equipment and genetically modified (GM) seeds.</p>	Highly Likely	Extremely High	<ul style="list-style-type: none"> To eliminate this risk, we have made a public commitment to convert all cotton to be organic and fully traceable by the end of 2024. Our Responsible Cotton Sourcing Policy clearly states our position on the sourcing of cotton, including cotton fibre, yarn, fabric and finished product. We prohibit cotton from the following countries due to widely reported claims of forced and child labour and human trafficking: <ul style="list-style-type: none"> Turkmenistan Uzbekistan Azerbaijan Tajikistan Xinjiang province and Xinjiang Uyghur Autonomous Region (XUAR), China Our Compliance teams constantly monitor GOTS Transaction Certificates, either manually or through a GOTS Certified Body Transaction Certificate digital tracking system to check all cotton fibre origin. We have a robust escalation and remediation policy in place, should cotton from a prohibited region be discovered. This has been informed by Anti-Slavery International, working with the Coalition to End Forced Labour in the Uyghur Region.

Salient Risk	Country	Background	Likelihood	Impact	Actions taken/planned
					<ul style="list-style-type: none"> Our Responsible Cotton Sourcing Policy and Remediation Framework are available to view on our website.
Homeworkers	All sourcing countries Seasalt focus: India	<p>Homeworkers are reported to be among the most vulnerable and marginalised workers in the supply chain, often having no legal status, no job security, no access to social security, low pay, irregular work and working in unsafe conditions. Homeworkers are present in many textile and apparel manufacturing countries globally, mainly in Southeast Asia, the Middle East and North Africa. It is estimated that there are 5 million homeworkers in India alone.</p> <p>Typical tasks for a homemaker within a supply chain might be embroidery or embellishment, none of which feature on Seasalt product. However, homeworkers can be tasked with other duties within the supply chain, such as assembly, stitching, finishing, trim attachment or packaging.</p>	Likely	High	<ul style="list-style-type: none"> We acknowledge the potential existence of homeworkers in our supply chain, and we are working with our Tier 1 suppliers to review production processes of our product to assess if any functions might include homeworkers. To identify who is involved in the production process and checking product for any hand finishing. Since 2019, we have had an internal Homeworkers Policy that clearly states our position. It was informed by external stakeholders including Home Workers Worldwide and the ETI. All Seasalt suppliers are required to agree with the policy and share with key stakeholders. Our Home Worker Policy is available to view on our website. As we map our supply chain and increase visibility, we will be able to identify processes that are likely to involve homeworkers and we can take steps to investigate by working closely with our suppliers, through open dialogue, audits and factory visits.

On many country and sector-wide issues, we know that we cannot resolve them alone, and we acknowledge they require a collaborative approach. We are committed to working openly with our peers to add leverage and work to drive improvements. There is a lot to do, and identified salient risks will steer the commitment in future projects to improve resolution and minimise risk in key areas.

We are proud of the work we have achieved so far. The commitment of Seasalt’s Executive Board, our employees and suppliers in improving lives in our supply chain is unwavering. We look forward to continuing working with our global supplier partners to deliver beautiful product made in the most responsible way possible and we will provide an update on our progress in our next annual Supply Chain Transparency and Responsible Sourcing Report 2024.

Signed by:



Paul Hayes
Chief Executive Officer

Signed: 19th April 2024
Review date: January 2025