

# Modern Slavery Report 2022

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# Modern Slavery Report 2022

## Modern Slavery Statement

This document has been prepared in accordance with Section 54 of the UK Modern Slavery Act (2015). It sets out the steps taken by Mango to control business operations along the supply chain which shows the commitment to tackling modern slavery, to minimize risks and to promote positive impacts.

This Statement constitutes Mango Group Modern Slavery Statement for the Financial Year 2021 and refers to both Mango MNG Holding S.A.U and its subsidiaries.

## Organizational structure and business

Mango MNG Holding, S.A.U. is the parent company of a group of companies whose principal business purpose is the design, manufacture, distribution and marketing of clothing and accessories, as well as other categories such as decoration and homewear.

Mango was founded by Isak Andic in 1984, who opened his first store in Barcelona at Paseo de Gracia, before beginning the international expansion of the company. Today, Isak Andic continues as Non-executive Chairman of Mango, which has become Spain's most international fashion company in terms of number of countries in which it operates and one of the leading European groups in the sector. Although Mango started its business activity focus-

ing on the female target market, over the years it has diversified its activity. In 2008, the company entered the male fashion market with the launch of Mango Man; in 2013 it entered the children's fashion market with Mango Kids and in 2020 launched a line for adolescents, Teen. In 2021, adapting to the new consumption habits caused by the Covid-19 pandemic, the company strengthened with a line of homewear items and extended its product portfolio with cosmetics and perfumery.

Mango is a family business whose top executive body is the Steering Committee, made up of eleven members who represent key areas of the company and manage and coordinate the day-to-day activity. In 2021 the Sustainability Committee was established, made up of various members of the Steering Committee and other key decision-making areas in the sustainability strategy.

Mango sells its products through company stores, franchises, and its online channel. The franchise system is operated in countries where the cultural and administrative characteristics are different to our own and for this reason it is more convenient for the management to be carried out in the same country.

## Our supply chain structure

Every year we advance in the construction of both a structure and a solid vision in terms of corporate social responsibility (CSR), viewing this concern as an intrinsic.

As part of the organization, that will lead to a solid commitment in terms of sustainable development.

This business perception extends through out our value chain, and it takes shape in a responsible management model that is based on the search for shared value with our stakeholders.

There are two different production systems: one, where Mango designs the product, orders its manufacture and purchases the finished garment. In this case, the supplier is responsible for purchasing all the raw materials for production. In the other case, all the raw materials used in the garment are purchased by Mango and later sent to the suppliers for manufacturing.

Suppliers characteristics are exactly the same in both production systems. Using one or the other depends, mainly, on geographical (proximity) and technical (specialization on the manufacturing) factors.

Suppliers can work with more than one factory for the manufacturing of our collections. Some of them may be used discontinuously depending on the cha-

acteristics of the product required.

In terms of production volume, the principal supply market remains Asia, mainly China, followed by Bangladesh, Turkey, Pakistan, and Morocco, as the main African country. This country is fundamental to Mango, given that we have worked with suppliers in this country for many years and they have been the most stable over the years.

## Due diligence process

At Mango we believe that it is essential to promote the sustainable development of our supply chain. For this reason, we strive to establish responsible management of suppliers that considers environmental and social issues.

The so-called Ruggie Framework to protect, respect and remedy has been the fundamental basis for companies to include human rights aspects within their internal management. To a large extent, they helped raise awareness of the need to develop tools to measure and evaluate the application of human rights in all spheres of activity, both internal and external.

As part of our commitment to work towards defending and respecting universal human rights, in 2014 we joined the Business and Human Rights group of the Spanish Network of the Global Compact.

One of our responsibilities at Mango is to guarantee respect for the protection of human rights within our area of influence. This is the basis for the accordance with the United Nations Guiding Principles on Business and Human Rights and Principle 1 of the Global Compact.

**Mango Code of Conduct**

Within Mango, Sourcing departments work together with CSR and Quality departments for prior verification of the production centers proposed by suppliers and for valuation before any order confirmation. This ensures that Mango requirements are met in all areas.

All CSR policies are focused to promote good practices (employment, social and environmental) along the supply chain and the respect of workers' human rights in the production sites. We need the suppliers to become our strategic partners who commit with these goals.

We prioritize consolidating the relationships of trust with suppliers at long term basis.

For this purpose, all suppliers are required to comply with Mango Code of Conduct (CoC) which is part of the commercial agreement they sign with Mango. Our CoC is based on the principles and philosophy of the United Nations Global Compact, the Universal Declaration of Human Rights, and the United Na-

tions Convention on the Rights of the Child. It also includes all the applicable conventions and recommendations of the International Labour Organization (ILO). Mango joined Amfori in 2017 so that, BSCI Code of Conduct can be considered as a reference code for all Mango business partners.

**Auditing process**

We are conscious of the rises within the textile sector and therefore, in our supply chain and recognizes that it can be challenging to achieve full compliance with the requirements of the CoC, but we believe it is critical.

We use external social audits as the control basis for the implementation of Mango Code of Conduct. The external audits carried out in the production centers are undertaken by different first level auditing companies. On certain occasions, the internal CSR audit team may also participate in the audits or perform the follow-up of a specific aspect of the Code of Conduct.

Audits are always non-announced.

Besides, representatives of the International Industrial Division of the CC.OO trade union, affiliated with Industrial and Global Union (international trade union federation), make joint visits to some factories in Asia. These visits are under the framework of the bilateral cooperation agreement with trade unions

signed with CCOO Spanish trade union in 2018. The main aim of this agreement is to improve conditions along Mango supply chain as well also learn at first-hand about the role of the trade union representation in the same.

Disclosure of the results of the audits can be found in the annual sustainability reports of the company.

**Modern slavery training & capacity building**

During the last years we have developed additional procedures to prevent and/or minimize the risks of Modern Slavery and human trafficking, among others rises detected a long our industry. For that purpose, we have developed a training plan focused in improving the capacity building along the supply chain. All the suppliers and factory managers (Tier 1) of our main production countries are invited. These workshops have been successfully help in India (Delhi and Bangalore), in China (Shang'ai and Guangzhou), in Turkey (Istanbul) and Bangladesh (Dacca) and in Sha in and Portugal so far. The goal is to continue in the same direction and go deeper into the most common issues detected as main non conformities during the audits as an approach to mitigate modern slavery risks.

On the other hand, new suppliers visit the Mango headquarters where they receive training from the all the departments involved in the manufacturing process of collections. The CSR department offers

direct training on the implantation and monitoring of the Code.

Due to covid-19 situation and the limitations to travel, trainings to new suppliers were done through the new Mango Hub e-learning platform and also during two days online workshop where all suppliers were invited to join. In 2022 it is planned to come back to on-site trainings courses.

Training the supply chain helps to promote due diligence and reduce the number of breaches during social audits, this reinforcing our commitment to improve conditions in production centres.

In line with its commitment, Mango helps in late 2021 the second Vendors Day, an online event to inform all its suppliers about the ongoing internal projects. This meeting also helps them to understand the role each one will play in those projects and discuss several compliance subject, among other Modern Slavery.

Besides, we inform our suppliers about Zero Tolerance non conformities and highlight the importance of the follow-up and corrective actions plans for continuous improvement.

We recognize the extreme complexity of Modern Slavery management in the industry: that is the reason why we involve suppliers as partners to work together in the detection and prevention of

any modern slavery rise also along their own supply chain (cascade effect).

At present, we continue improving our grievance mechanisms to enforce awareness in case of modern slavery situations.

# Zero tolerance Level

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Child labour

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Any form of forced or obligatory labour

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Serious risk to employee health and safety

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Refugee exploitation

**Risk assessment and management**

We work on the management of impacts, risks and opportunities. Guaranteeing ethical and responsible conduct within the organisation is a key issue for Mango. With this aim, the various management bodies continually evaluate the rises derived from the various aspects of sustainability with an impact on the activity of Mango, adopting all the necessary measures for their monitoring and control, directly and in permanent dialogue with the other departments of the company.

The Internal Control and Compliance departments and management bodies also analyse the possible risks of corruption, taking the necessary measures to ensure that such situations of rise do not arise.

In the event of any situation that involves conduct that is not ethical or in breach of the Mango Code of Ethics, there is a communication channel for the correct management of any potential reports, queries or comments that may arise.

**Map of risks to the value chain**

The Mango CSR Chain (ESC I- UPF) has drawn up a map of social and environmental rises to classify manufacturing countries according to their level of risk from the perspective of responsible management of the supply chain. This information is very useful to evaluate the risk of suppliers located in different

countries, support due diligence procedures and provide guidance on the need for conducting social audits in supplier factories, and now often.

The overall classification of the social and environmental rise of countries is produced by estimating the level of rise in nine areas that correspond to the sections of the Mango Code of Conduct. For each section an indicator has been selected which expresses the specific conditions of the country that could put at risk its compliance toward the requirements of the code of conduct.

The standards of reference used were, among others, statistics and studies of the International Labour Organisation (ILO), Children’s Rights & Business Atlas, World Risc Poll and the Global Gender GaD Index.

The map is available on Mango website.

**How do we measure our performance**

In order to ensure that Mango complies with the highest ethical and sustainability standards, Sustainability department presents a monthly report to the Sustainability Committee. Our strategic plan is reviewed continuously, internally, and externally through third parties auditing bodies. Mango performance on environment and on human rights is reported in the Sustainability Report. Apart from the internal audits by Compliance department, Mango uses tools such as the Higg Brand

& Retail Module (Higg BRM) to identify strengths and opportunities for improvement through out our value chain.

Mango is a member of the SAC since 2020 and is subject to its yearly evaluation. The results are published in the Sustainability Report 2021, available on Mango website.

Furthermore, Mango obtained a high rating in its good governance and environmental and social systems (95.5% and 88.9% respectively), which reflects the good integration of responsible business practices in internal policies and procedures.

**Further steps to address modern slavery**

**Global partnership**

The Covid-19 pandemic has reinforced the evidence that work and collective action are more important than ever. To support and achieve the Global Agenda 2030, we promote the creation of alliances with key organizations in order to ensure an efficient and responsible management of our supply chain. Through these connections we intend to align our company and policies with those Sustainable Development Goals we identify the most (SDG8 & SDG12).

Details about the partnerships can be found in the annual sustainability reports released in the corporate website.

**Commitment for future**

Mango is aware of emerging risks in the garment industry. We need to be alert to the impacts of our operations in sourcing regions and communities. We will therefore continue to develop and extend our approach to modern slavery along Mango supply chain and, to go on working in collaboration with industry partners and stakeholders to embed respect for human rights across the business.

This statement was prepared by Mango and was approved by the Board of Directors as of June 29, 2022.

**SUSTAINABLE DEVELOPMENT GOALS**



\*More details and information about economic performance indicators, key figures, expansion, and CSR performance of the company can be found in the Sustainability Report 2021 released on the website.

**MANGO**