

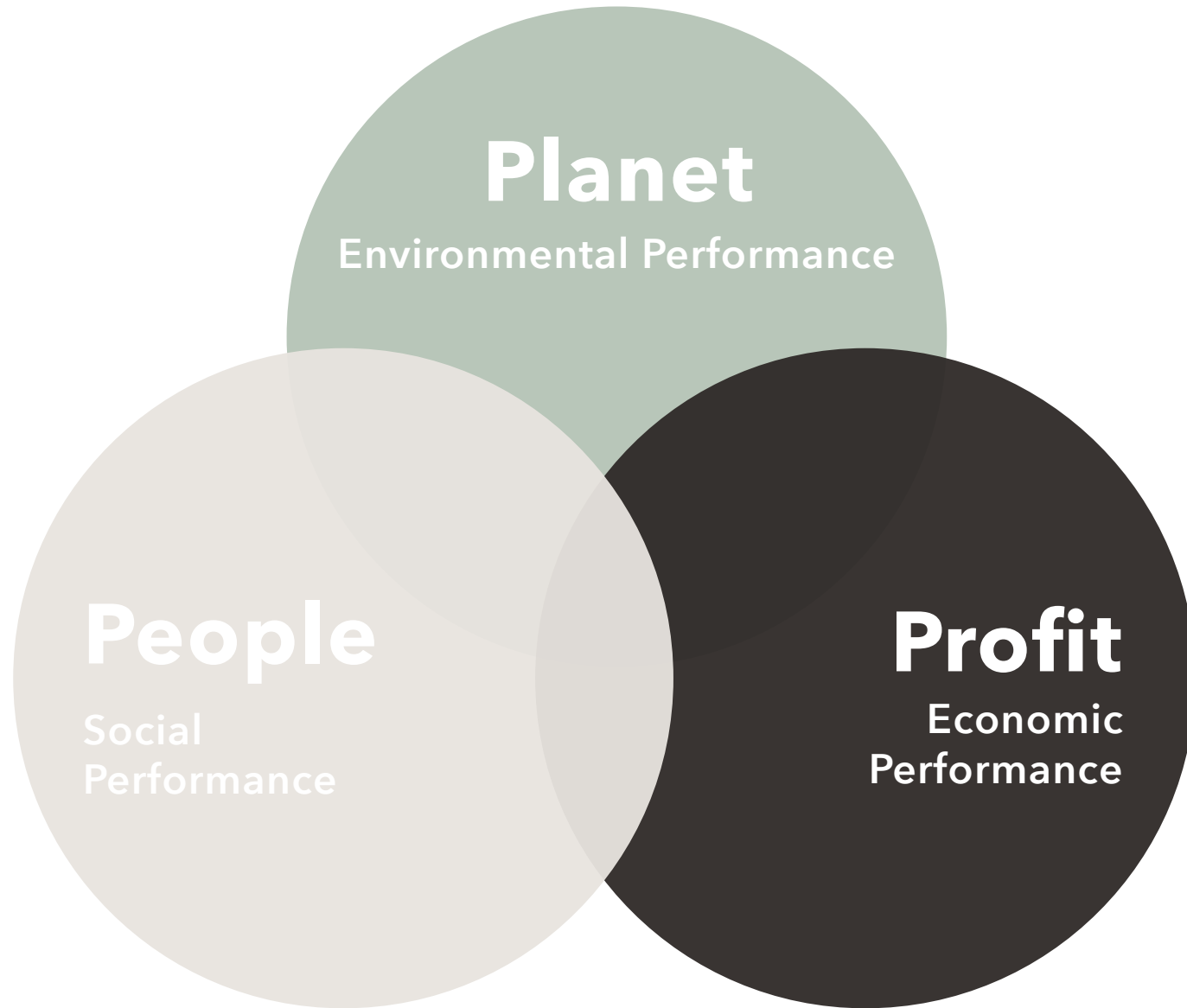
Corporate Responsibility Statement

2025

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Our Commitment



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Our People

Anyone affected by our business and products: employees, customers, suppliers, the general public – we're looking after you.



Key areas for Our People;

Our Employees - We promote diversity and equal opportunities, and implement retention and engagement strategies, including more reactive benefits: flexible working, learning and development opportunities.

Our Community - We aim to give back by supporting local/regional charities with fundraising initiatives, sponsorship, and investment in local public projects.

Our Globe - We work closely with our supply chains to ensure safe and fair working environments and compliance with best working practices. We are members of the Ethical Trade Initiative and are committed to following the 'agreed ways of working' detailed in the Member Charter.

Our Ways of Working - Policies support anti-corruption, human rights, equal opportunities, diversity and health & safety. We regularly audit factories we work with and engage with NGOs to improve working standards.

Our Values

At Smallworld Accessories, we are dedicated to upholding excellence in design and manufacturing, ensuring that our products are of the highest quality. We actively promote fairness, respect, and equality throughout our supply chain practices.

We prioritise building positive and long-lasting relationships with our raw material suppliers, manufacturers, retail partners, and consumers. Recognising our responsibility to respect human rights, we are proud members of the Ethical Trading Initiative since 2018. This membership allows us to collaborate with other retailers, manufacturers, trade unions, and NGOs to establish best practices and enhance working conditions. We have adopted the ETI Base Code as our standard across our supply chain.

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Many of the workers involved in producing our products are employed by our tier 1 manufacturers. Our Smallworld Accessories Supplier Contract and Conditions of Purchase outline a shared responsibility with our tier 1 manufacturers to adhere to the principles outlined in the Smallworld Accessories Ethical Sourcing Policy. We are committed to complying with the International Labour Organisation's (ILO) standards, which prohibits the use of forced labour and modern slavery. Additionally, we ensure compliance with local and national legislation regarding working hours, working conditions, health and safety, wages, and terms of employment, while also observing minimum age requirements.

Our supply chains are complex and multi-tiered. All tier 1 manufacturers working with Smallworld Accessories are members of SEDEX and are required to complete the SAQ (Self-Assessment Questionnaire) to 100% and have it published alongside the annual third-party SMETA Ethical Audit. This platform serves as a crucial tool for managing ethical auditing and risk management within our supply chain. Conducting a detailed yearly audit provides valuable insights into our suppliers' working practices and helps identify potential risks to the workers in our supply chain.

To ensure the adherence to our Ethical Sourcing Policy, our Sourcing and Compliance team conducts yearly visits to each of our factories outside of the audit window. During these visits, we assess the performance of our factories and collaborate with NGOs and third-party consultants to implement remediation plans when non-compliance's are identified. We prioritise the well-being of at-risk workers and collaborate with our suppliers to develop and implement these plans. Additionally, we are committed to providing training opportunities that enable our suppliers to improve and protect workers' well-being, continuously striving for betterment within our supply chain.

We acknowledge that the risk of human rights violations, including forced labour and modern slavery, increases further down the supply chain. Our Subcontracting Policy assists suppliers in effectively communicating, monitoring, and maintaining our standards when subcontractors are involved. Our objective is to continually assess and map our tier 1 supply chain and, in the future, include tier 2 factories to identify the most vulnerable workers and areas of greatest risk.

We are also aware that our internal buying practices can impact workers' well-being. In 2025, we will be publishing our buying practices policy and actively seeking feedback from our suppliers to ensure alignment with ethical standards.

Our supplier contract and Ethical Sourcing Policy are translated into the relevant languages of the countries where we manufacture.

Our ETI Principles

As full members of the Ethical Trading Initiative, we partner with our suppliers to adhere to the ETI Base Code, an internationally recognised code of good labour practice.

We are committed to responsible sourcing and transparent manufacturing practices that respect the rights of workers.

Our factories are audited annually by accredited third-parties.

We build long-lasting, meaningful relationships with factory owners, worker representatives, and NGOs to ensure continuous improvement in our UK operation and within our supply chain.



Above all we care about:

- Products that deliver profit for all.
- People that have a safe, fair working environment.
- Practices that help protect our planet.

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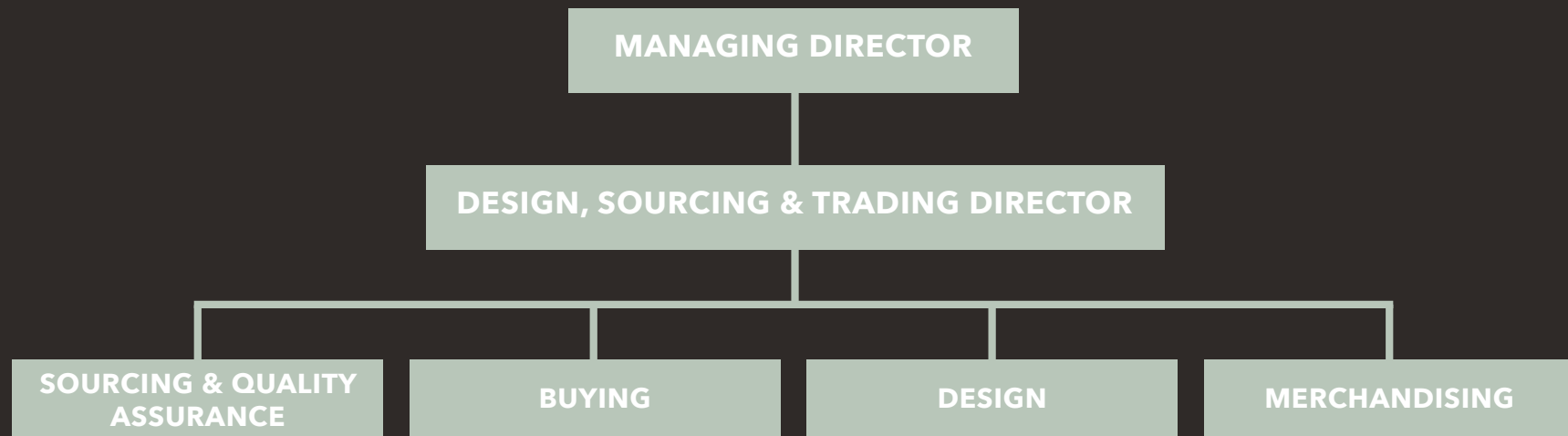
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Supply chain governance and accountability

As a team we are well aware of the impact the decisions we make have on all our suppliers and the workers who make our products.

We adhere to good design and buying practises and advocate profit for all. Our open and honest way of working ensures we manage and reduce risk within our supply chain. We are committed and accountable for -

- Improving compliance by better understanding of the drivers of non-compliances
- Build more resilient supply chains, consolidating production to protect supplier turnover
- Working within a 'best buying practice' framework to ensure responsible procurement process.
- Save time and expense by co-creating new product with our suppliers and monitoring hit rate
- Protect workforce stability through annual forecasting for each of our suppliers



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Managing Director Responsibilities

- Sets overall direction for human rights strategy, including supply chain expectations.
- Oversees human rights risk across Tier 1-Tier 4 supply chains (final assembly, cut and sew, fabric mills and raw materials).
- Approves the Supplier Code of Conduct, and annual Modern Slavery Statement.
- Reviews high-risk issues, systemic risks, and remediation outcomes identified through due diligence.

Governance Mechanisms

- Quarterly reporting from design, sourcing and trading teams.

Design, Sourcing and Trading Director Responsibilities

- Approves resourcing for due diligence activities, investigations, and remediation.
- Ensures human rights considerations are integrated into procurement planning, and risk management.
- buying timelines (to avoid last-minute pressures leading to excessive overtime)
- capacity planning and order management
- Integrates human rights requirements into the brand's sourcing strategy and buying calendar.
- Allocates budget for audits, remediation programs, worker voice tools, and training for suppliers.

Governance Mechanisms

- Monthly risk reviews, including updates on critical suppliers or incident escalations.

Sourcing and Quality Assurance Responsibilities

- Maintains the Responsible Sourcing Program covering all tiers.
- Conducts human rights due diligence across manufacturing countries, focusing on:
 - forced labour
 - overtime and wage compliance
 - fire & building safety
- Conducts ongoing risk assessments, mapping high-risk countries, sectors, and suppliers.
- Develops policies, training materials, and guidance for buyers.
- Leads supplier engagement on improvement programs and capacity building.
- Conducts annual supplier reviews and ongoing performance monitoring.
- Ensure suppliers complete required assessments (e.g., SAQ, SMETA audits, GRS certifications).
- Track and enforce corrective action plans.

Governance Mechanisms

- Weekly coordination meetings with buyers
- Quarterly updates to the Trading director and managing director.

Buyers, Design and Merchandising Responsibilities

- Integrate human rights criteria into factory selection, order placement, and pricing negotiations.
- Ensure ethical lead times, consistent order flows, and stable forecasting to prevent excessive overtime or subcontracting.
- Verify that only approved factories receive purchase orders.
- Monitor production on factory visits.

Governance Mechanisms

- Monthly production reviews with in country teams.
- Supplier onboarding review with sourcing.

Supply Chain

We embrace a collaborative approach with a select group of suppliers who share our values and demonstrate an unwavering commitment to sustainability and ethical manufacturing. By setting clear objectives, providing training and guidance, and implementing corrective actions when necessary, we foster strong and long-lasting relationships with our suppliers. We require all our suppliers to comply with our Ethical & Sourcing policy and adhere to the Ethical Trade Initiative (ETI) Base Code at all times. Transparency and openness are fundamental to our working relationship.

Our suppliers are carefully chosen based on their design and manufacturing capabilities, as well as their dedication to meeting our high-quality and ethical requirements.

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China serves as our primary sourcing country, accounting for over 80% of our manufacturing. Currently we work with 13 Tier 1 factories, mostly in China, 1 in India. We conduct yearly reviews and risk assessments for each factory, either in person or through video conferences, to mitigate modern slavery risks.

All cutting, sewing, final assembly, and packing operations are carried out at tier 1 factories. We are actively collaborating with our suppliers to identify key tier 2 process manufacturing sites required for printing, plating, and machine embroidery. As a first step towards increasing scrutiny of our supply chain, we are conducting a sub-contractor mapping project. Currently, we are working with our suppliers and four of their sub-contractors. Our Tier 1 suppliers work closely with Smallworld to ensure sustainable, ethical, and responsible sourcing principles are upheld at every stage of our supply chain.

While historically most of our raw materials, fabrics, and components have been purchased at open markets due to their low fabric consumption, we are committed to using more recycled materials and increasing transparency in our supply chain. As a result, 70% of our materials are now sourced and traced from a GRS (Global Recycled Standard) certified fabric mill.

To ensure the integration of new suppliers aligns with our ethical standards, we have implemented a robust new supplier integration policy. Before partnering with a new supplier, we conduct site visits and review third-party audits to assess their compliance with our requirements. All factories are then supplied with our Ethical Sourcing Policy which details the ETI base code with respect to labour rights and freedom of association. Smallworld require that all factories respect the right to collective bargaining and freedom of association:

- Worker's representatives have access to carry out their representative functions in the workplace.
- Workers have the right to join or form trade unions
- The factory owner facilitates an open attitude towards the activities of trade unions.
- Where freedom of association and collective bargaining is restricted by law, the factory owners allow workers participate in independent means of collective bargaining

FOA Approach in Practice

Embedding FOA and collective bargaining in Supplier Standards

Our Ethical sourcing policy requires respect for:

- freedom of association
- the right to form or join trade unions or worker organisations

These requirements are embedded in supplier onboarding, contracts, and purchase order terms.

Conducting supply chain due diligence

We assess trade union rights during risk mapping, audits, and continuous monitoring:

- Country-level mapping of FOA restrictions

Supplier risk scoring:

- union presence and recognition
- functioning worker committees

Social audit assessments include checks on:

- existence of democratically elected worker representatives
- functioning grievance channels

Future strengthening of worker voice

We are looking to take practical steps to ensure workers can exercise their rights meaningfully, especially in challenging contexts.

We want to work on supporting democratically elected worker committees.

Worker voice platforms (hotlines, messaging apps, digital helplines) accessible in local languages.

Supplier training on freedom of association

Capacity-building programs to strengthen dialogue between management and workers.

Responsible purchasing practices

We recognise that our business pressures can undermine labour rights. To mitigate this, we have implemented:

- Commitment to on-time payments and realistic lead times, helping prevent overtime pressures.
- Avoidance of last-minute order changes that stress factory relationships.
- Long-term strategic partnerships that allow suppliers to maintain stable workforces.

We encourage suppliers to recognise legitimate trade unions and engage in good-faith bargaining where possible.

We work with factory management to:

- set up joint management-worker committees
- ensure worker reps can meet management regularly and without fear

Supply Chain

Country	Name	Address
China	A&H Qingdao	Qingdao, Shangdong, China
China	Dongguan Qlaotou Fenghe Accessories Factory	Dongguan City, Guangdong, China
China	Qingdao Jinyuxianghe Jewellery Co Ltd	Qingdao, Shangdong, China
China	Xieyuan Jewelry Co Ltd	Xianning City, Hubel, China
China	Golden Prosperity Printing Packaging(He Yuan) Co.,Ltd.	Heyuan City, China
China	Lucky Dragon Enterprise Group inc (PUSHI)	Dongguan City, Guangdong, China
India	Kanika Worldwide Pvt Ltd(Kanika)	Faridabad, India
China	Jing Tai Gifts (Dongguan)	Dongguan City, Guangdong, China
China	Guangdong NailSticker Cosmetics Co., Ltd	Dongguan City, Guangdong, China
China	Huizhou Yayi Technology Co Ltd.	Huizhou City, Guangdong, China
China	Dongguan Huixin Garment Accessories Co Ltd	Dongguan City, Guangdong, China
China	Gude Nail Accessory (DongGuan) Co Ltd	Dongguan City, Guangdong, China
China	Wenzhou Sunrise Industrial and Trading Co Ltd	Wenzhou, Zhejiang, China
China	Yiwu City Fuman Leather & Accessories Co Ltd	Yiwu, China
China	Tonglu Tiansheng Knitting Co Ltd	Hengcun Town, Zhejiang, China

[Link to Factories on open supply hub](#)



Ongoing supply chain improvements

The Smallworld Accessories supplier strategy is underpinned with a good understanding of general supply chain issues and prioritises risks to human rights and social insurance compliance.

Identifying risks and monitoring supply chain improvement is a crucial aspect of our supplier strategy at Smallworld Accessories. Our sourcing and compliance team is responsible for identifying, reporting, and mitigating risks related to labour rights. We employ various tools to assess and prioritise risks in our supply chain:

- ETI Human Right Due Diligence Framework: We utilise this framework to comprehensively evaluate actual and potential labour rights risks.
- Country risk research: We conduct thorough research on the labour laws and standards of countries where we source our products. This includes both desktop research and relevant meetings to gain a deeper understanding of the local context.
- Stakeholder engagement: We engage in discussions with internal and external stakeholders, including trade unions, NGOs, and local communities, to gather insights and perspectives on potential risks.
- Workforce analysis: We consider the vulnerability of workers to identify specific risks and challenges they may face.
- Supply chain mapping: We map our supply chain, including second-tier suppliers, to identify potential risks and vulnerabilities at each stage of production.
- Volume and capacity monitoring: We monitor the volume and capacity of each factory to ensure they can meet our production requirements without compromising workers' rights.
- HR systems review: During in-factory visits and document reviews, we assess the effectiveness of the factories' HR systems to ensure compliance with labour rights standards.
- Direct and indirect impact assessment: We evaluate the relationship between Smallworld Accessories and the identified risks to understand the potential impact on workers and develop appropriate mitigation strategies.
- Audit review: We review audit reports and pay close attention to any instances of non-compliance to address them promptly.

We have identified ongoing risks as set out below. We are engaging with an independent advisor to support us and our factories to mitigate these risks in the future.

Excessive working hours

Through our research, we can trace a pattern of excessive working hours with Large order volumes and short lead times in our china factories. Last minute product amendments can also lead to excessive working hours- these have now been eliminated in our best practice buying process. We are committed to working with our factories to understand better how we can plan and mitigate the need for overtime hours. This is an ongoing commitment between us and each factory. Through detailed discussions with factory management we have identified an action plan to reduce their reliance on overtime. We are working with our factories to improve operational efficiency by understanding the manufacturing process of each product/ category so we can support and plan accordingly.

Workers engagement with social insurances other than commercial insurance.

All of our workers are covered by commercial (workplace injury) insurance. Social insurance in China is complex as the system is constantly changing and varies from region to region. We are implementing an on-going training programme with our factories and their workers to ensure all workers understand the importance and benefits so that they are motivated to contribute.

Prioritising supply chain risks

To prioritise risks, we categorise them based on their level of severity:

- High Risk: This includes sourcing from new countries where labour laws and standards may differ. In such cases, we conduct video calls with the factory, request the latest third-party audit report, and then visit the factory in person before establishing a partnership.
- High Risk (seasonal categories): Categories such as knitted cold weather products, sunglasses, and swimwear are considered high risk due to the likelihood of employing workers on an ad hoc or temporary basis during specific manufacturing seasons.
- High Risk (sub-contracting tier 2): We recognise the need to outsource certain processes to tier 2 suppliers for cost and logistical reasons. We work closely with our core tier 1 factories to consolidate and reduce risks in the supply chain. Currently, we are working with four tier 2 sites to identify and mitigate potential risks.
- Medium Risk: This category involves assessing workers' engagement with social insurances beyond commercial insurance. We ensure that all our workers are covered by commercial insurance and provide ongoing training to promote awareness and understanding of the importance and benefits of social insurance.
- Low Risk: Our purchasing practices are considered low risk as we prioritise fair and decent buying practices. We have implemented a longer critical path to allow factories ample time for production, reducing excessive working hours and safeguarding workers' well-being. Additionally, we have mapped the manufacturing process for each product/category, enabling us to allocate longer production time when necessary, especially when part of the process is outsourced. Regular communication and yearly reviews with suppliers facilitate feedback and continuous improvement in our working relationship.

We remain dedicated to ensuring a responsible and ethical supply chain, continuously assessing and improving our practices to protect the rights and well-being of workers involved in the production of Smallworld Accessories.

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Responsible Purchasing Practices

During 2024 we are proud to have joined the ETI Responsible purchasing practices project.

We recognise the limitations of the social audit model it was clear that we needed to dig deeper into our manufacturing and buying practices.

Audits alone are not enough - we want to go 'beyond audit' delivering continuous improvement 3-way open discussion , assessment of all parties and clear objectives that can be measured. Creating collaborative and resilient partnerships.

We have no business without our factories and their workers. Being part of the project has allowed us to have the support from the ETI to have open conversations directly with our factories across buying and sourcing rather than solely communicating through our agent. We started to build greater trust and develop a tripartite relationship between us the factory and the agent. Working collaboratively together for mutual benefit.

GRAPH OF FEEDBACK FROM FACTORIES.



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Responsible Purchasing Practices

The project kicked off in January 2024, with the first factory surveys completed in March 2024, this gave us a starting point for conversations.

When suppliers were asked which categories of purchasing practices needed the most improvement, the majority pointed to

- Product design and development
- Communication and collaboration.
- Sampling and forecasting

Each of these points needed to be reviewed within our business focusing on how we can improve our buying practices to reduce the production costs for suppliers thereby reducing their reliance on over time.

Our biggest challenge was critical path adherence, changes to product design after order placed and not taking responsibility for subsequent delays, including excessive sampling.

Improvement actions we took:

- After many internal discussion and discussions with each factory - new production timelines were mutually agreed try to reduce the need for workers to work overtime. We have also introduced a monthly order placement with a strict cut-off date so there is a break in negotiations. Sharing of the critical path direct with factories, including a factory forecast of volumes by drop, will help the factories production and capacity planning.
- Design more concisely / monitor hit rate on sampling more closely, including allocating more time for spec review, before sampling.
- Taking responsibility for our decisions, we make cause delays or are inconvenient/ costly for the factory.

We thought we were working in a mutually beneficial way, but the reality was very different. We hadn't created the time and space for honest feedback from our factories and agent. We now fully understand the impact of our decision making on our suppliers - workload, stress and cash flow.

Communication - builds trust and loyalty.

Consult rather than tell

Collaboration - we can make change together factory, agent and UK teams

Next Steps

Continuously monitor, measure and review our buying practices working closely with our agent and our factories

Implement factory assessment and yearly review and consider how we can reward good and improved labour conditions

Price negotiation best practice project for us and agent (vertical/open costings)

Review and amend contracts - a tripartite code of conduct to include Smallworld purchasing practices

Our Planet

Key areas of our environment performance;

Key to our corporate responsibility: resources and the natural world. Today, most of our products are made from recycled materials and our teams are always looking at innovative ways to provide affordable, sustainable, and environmentally friendly products.

We have downsized our office space by 30% and implemented an hybrid remote working business model. Consequently, car emissions on commutes to and from the offices every day will be reduced by up to 60%.

We have committed to reducing CO2 emissions by minimising product options and seasonal trends. We are working with our product and logistic suppliers to identify ways of implementing changes to our processes that will reduce carbon emissions.



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Our Profit

At Smallworld, we are committed to operating more sustainably. Despite the challenges – high costs on recycled materials, the implementation of processes to reduce and offset our carbon emissions – we are striving to provide the consumer with sustainable, affordable accessories.

Our fixed costs per line have reduced due to option reduction; therefore, buying power has increased and we can make conscious buying decisions that support our commitment to long-term sustainability.

We are not penalising people for protecting the planet. We have spent the last couple years reviewing how we can better source our materials to ensure we're supporting our customers and environment.

Our Key Figures

We currently trade in 1,508 stores in the UK.



We have 367 employees



15% of the women and 55% of the men work full time.



Our Aims + Objectives for 2026



- Continuously improve sustainable practices, whilst not penalising the consumer.
- Acknowledge room for improvement – from materials to processes.
- Roll out sustainability strategy with stakeholders monitoring our commitment, policies, and processes.
- Review our product development process, measuring supplier environmental performance, and the overall environmental impact of our manufacturing.
- Develop a programme to support local organisations in Sussex, as well as national campaigns.
- Commit to ensuring that the continuous development of our people and processes are underpinned and aligned with our sustainability strategy.

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