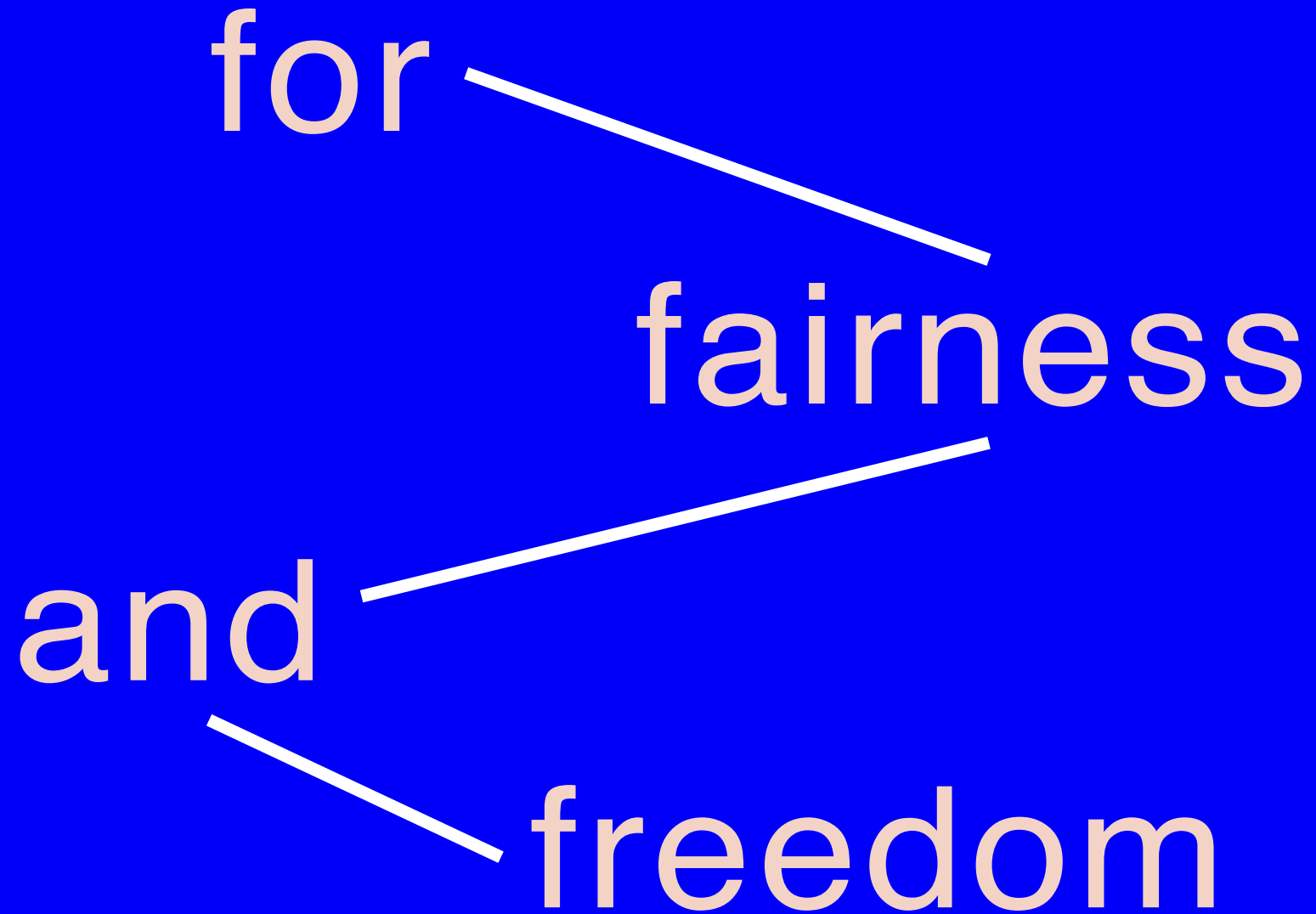


for
fairness
and
freedom



Contents

This is Pentland Brands' fourth annual Modern Slavery report, reviewing the progress we've made and setting our direction for years to come. It has been approved by the Pentland Brands Executive Team.

This report covers our progress from January to December 2019.

Feedback

We welcome your feedback on how we can improve our policies and approach. To get in touch, email us at corporate.responsibility@pentland.com

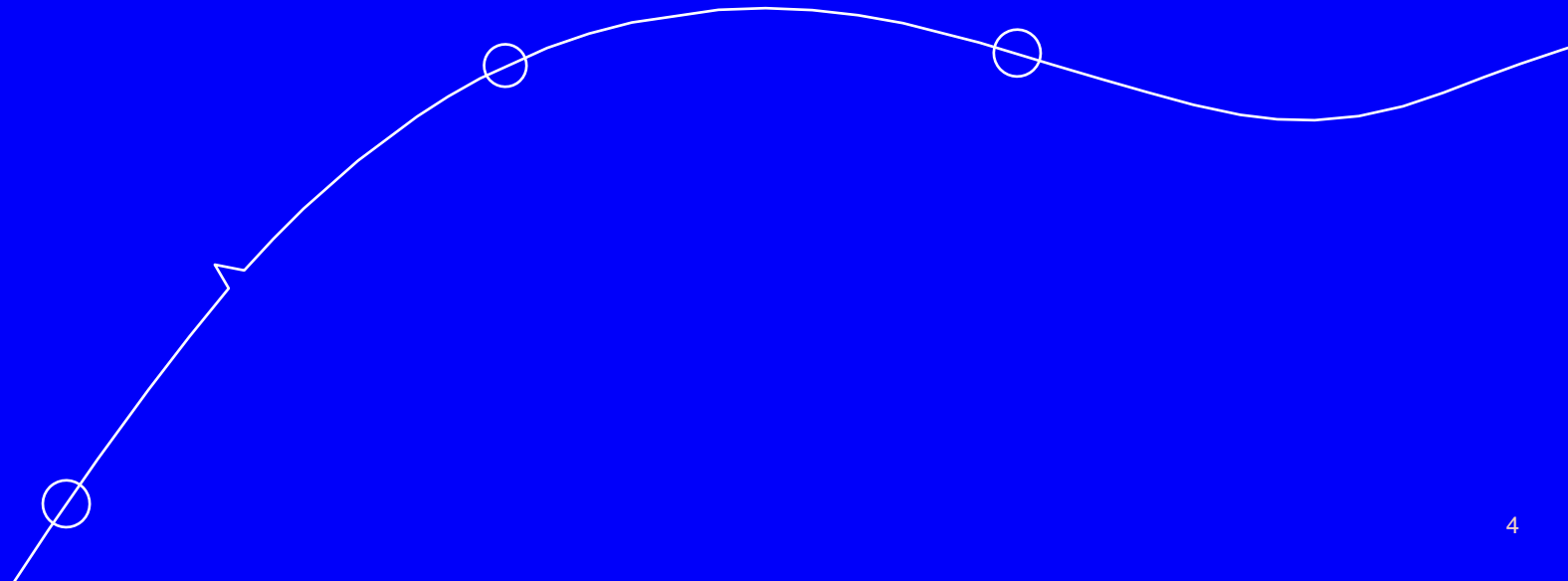
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COVID-19

Although this report was written prior to the global COVID-19 pandemic, the safety and wellbeing of people working in our supply chain and the communities in which we operate continues to be of the utmost importance. Our actions during the crisis included:

- + Committing to paying for goods produced for Pentland Brands during the pandemic, in line with the ACT (Action, Collaboration, Transformation) member commitments on purchasing practices and enhanced expectations of the ETI (Ethical Trading Initiative).
- + Working with our suppliers to rephase orders and mitigate the impact of the changes, where in some cases vendors switched to producing personal protective equipment or COVID-related products.
- + Sharing best practice guidance for health and safety to help our suppliers navigate through this challenging time.
- + While our distribution centres remained open, we operated with a reduced number of people working in our warehouses and increased health and safety measures so our teams could work safely.

Introduction



A view from our CEO, Andy Long

At Pentland Brands, one of our defining principles is 'in good conscience'. We believe in doing the right thing, not the easy thing, both as individuals and as an organisation. When it comes to tackling modern slavery, we recognise that this commitment can have a life-changing impact on the people in our supply chain.

As a private family-owned business, we believe that honesty, fairness and hard work should run through all that we do. In 2019, we accelerated our commitment to being a positive business and taking action, for people and our planet. While doing the right thing has always been in our DNA, as a business with a far-reaching supply chain, we recognise the need for continuous improvement. This approach guided our response to the impact of the COVID-19 pandemic on our supply chain, which we talk more about on page 3 of this report.

Since communicating our Corporate Responsibility charter to all our first tier suppliers in 2018, we've continued to monitor social and environmental improvements in our manufacturing processes. Our teams have worked extensively to map our supply chain and I'm proud of the progress we've made in devising responsible, sustainable ways of making our products.

Training forms an important part of our approach to addressing the risks of modern slavery in our supply chain. We have carried out training for key suppliers on our corporate responsibility requirements to ensure they comply with Our Standards. We introduced compulsory modern slavery training for all our global employees, so that anyone, anywhere, can understand and identify the complex and often hidden issue of modern slavery.

As we look to grow our business, our focus has been on strengthening our onboarding processes for acquiring new brands. We're committed to supporting our suppliers, whether new or existing, to comply with our codes of ethics. We continue to work in partnership with ACT (Action, Collaboration, Transformation) to improve our purchasing practices, which we've committed to transform in line with their recommendations by 2023.

Being a socially conscious business has never been more critical, and we all have our part to play. In 2019 we signed up to the Social and Labour Convergence Programme, working to implement the first industry-wide framework and standards for social audits. We were proud to attain 'achiever' level in our partnership with the Ethical Trading Initiative (ETI),

for strengthening our approach to ethical trade through collaboration and monitoring for improvement. Our focus now is on working with the ETI and our other partners to cement our ambitions and reach our targets.

We're making a conscious effort to eliminate modern slavery in our supply chain, so we're looking to develop initiatives that stand the test of time. With the guidance of the charities, NGOs and partners we work with, we're committed to working towards a fairer, more equal apparel and footwear industry.

Our reputation is our currency and we firmly believe that the companies that behave ethically are more successful and sustainable. As we continue to work towards a better future in the industry, I look forward to sharing our progress with you.



Andy Long
CEO, Pentland Brands

Who we are

Building brands for the world to love, generation after generation

Pentland Brands is the name behind some of the world's best sports, outdoor and lifestyle brands. We own Speedo, Berghaus, Canterbury of New Zealand, Endura, ellesse, SeaVees, Boxfresh, Red or Dead and Mitre. We're the licensee for Kickers in the UK and we have a joint venture partnership for Lacoste footwear.

We employ around 1,500 people around the world. This includes approximately 300 employees working in our warehouse distribution services and 16 employees working in retail outlets.

We have 17 offices in four continents, including Europe, America, Australia and Asia. We also operate three distribution centres in the UK, with two located in Lancashire and one in Tyne & Wear. Our products are available in over 190 countries and are sold either directly or are represented by licensees and distributors.

We own one factory in Scotland, through the Endura brand, and we co-own four further factories; three in Sri Lanka and one in Vietnam.

Pentland Brands is a division of Pentland Group. You can find out more about Pentland Group [here](#).

Our brands














*footwear licensee **joint venture

Our story

The business we know today as Pentland Brands took its first steps as the Liverpool Shoe Company in 1932. Founded by Minnie and Berko Rubin, what began as a small shoe business expanded until we were both a manufacturer and a wholesaler of footwear.

Being a responsible business has been important to us from the beginning. Our Standards set out our expectations for ourselves, our partners and our suppliers to ensure that we continue to do business in the right way. Honesty, respect and hard work run through all that we do.



Our story

As a business, we're guided by four principles, which outline how we do business. They are:

Success is a team game

Our individual strengths are amplified when we work as teams, sharing skills and with shared ambition.

With clarity and courage

Clear in our ambitions, bold and direct in pursuit of them..

Better as standard

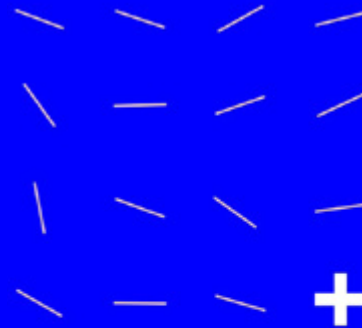
Creating, learning, improving; getting better at what we do is our business as usual..

In good conscience

Reputation is earned; we believe in doing the right thing, not the easy thing, both as individuals and as an organisation.



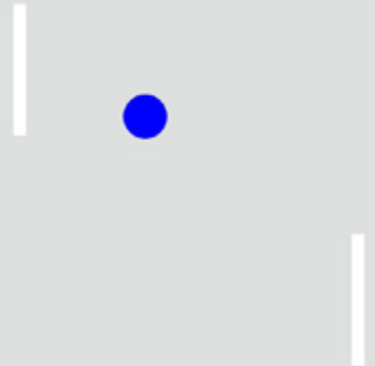
Better as
standard



In good
conscience



With clarity
and courage



Success is
a team game

Our story

Our focus is building a long-term, sustainable business that adapts to the changing environment. We aim to make a positive impact through our business, our products and the communities in which we operate. We work in a way that's considerate of our impact on people and our planet and we pride ourselves on being a socially and environmentally conscious business.

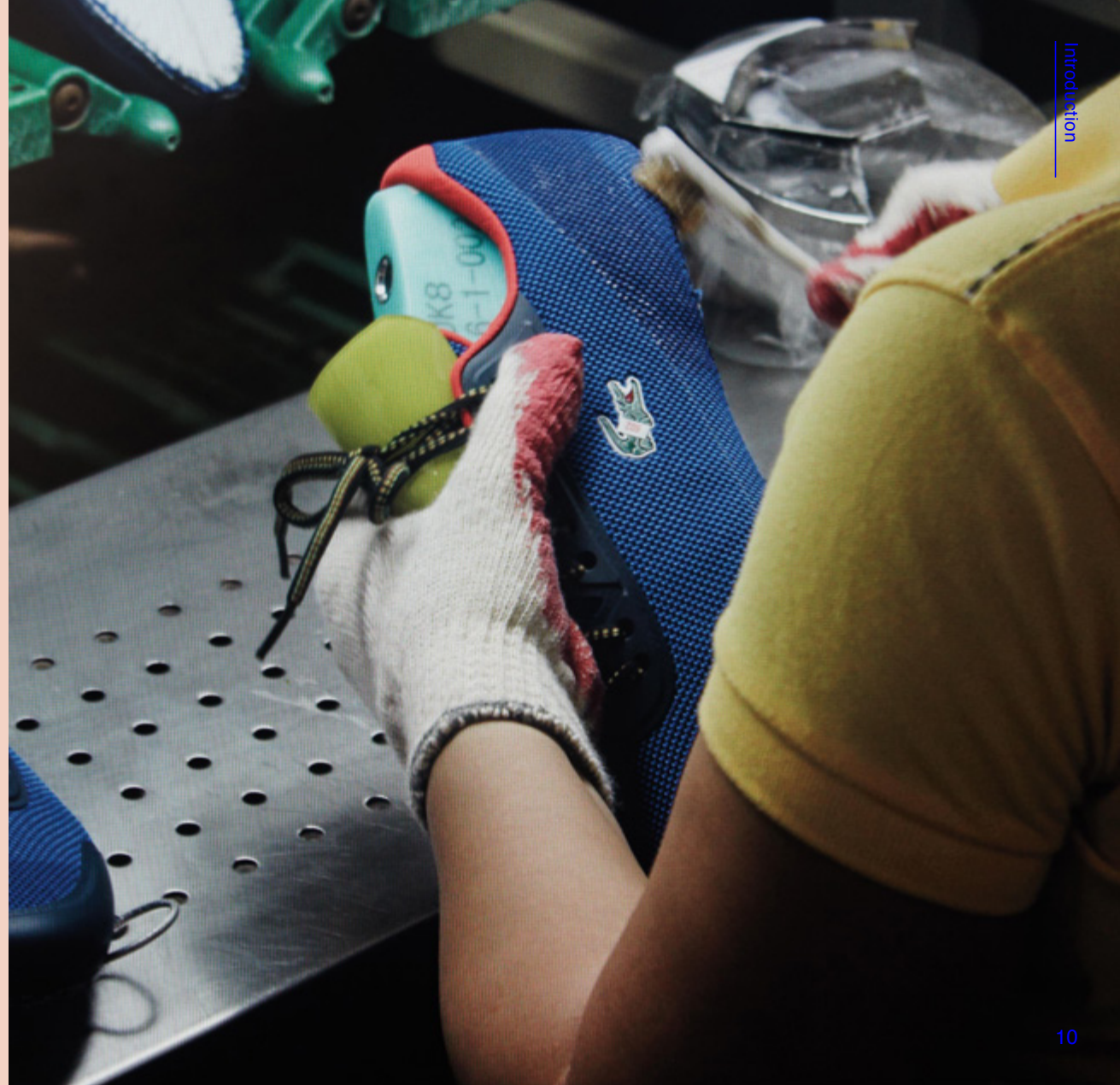
Over the decades, we've continued to acquire and nurture brands over the long-term. In January 2020, we confirmed the addition of Speedo North America; uniting the global Speedo brand. Today, we're one of the UK's leading brand management companies operating in sports, outdoor and lifestyle. Just as importantly, we continue to nurture the culture and principles of the family business so we can continue to make brands matter, generation after generation.



Our approach

Modern slavery is unacceptable. We're committed to doing business ethically, with a focus on supporting the environment and communities in which we operate.

We believe everyone has the right to fair pay, safe working conditions, and to be treated with dignity and respect. We're working hard to tackle the risks of modern slavery and we strive to protect rights and improve conditions for everyone in our supply chain.



Positive Business: taking action for people and our planet

For Pentland Brands, 2019 marked a step-change in our approach. Reflecting a growing need to factor our social and environmental impact into all that we do, we introduced the idea of 'Positive Business' – our commitment to take action for people and our planet.

Being a Positive Business means that working ethically, transparently and sustainably is the responsibility of our entire organisation. By focusing on impact, our Positive Business strategy shows how we will work to achieve results faster, together.

In essence, 'Positive Business' means...

- + Operating sustainably, taking positive action to reduce our impact on the world we live in
- + Having a positive impact on our employees, partners, communities and consumers

Which, in practice, equates to...

- + Enhancing our communities and charities
- + Elevating workers' voices and conditions through transparency
- + Nurturing diverse and inclusive workplaces



What is modern slavery?

“Modern slavery is an umbrella term that includes forced labour, debt bondage, servitude and human trafficking. The prohibition of forced labour forms Clause 1 of the ETI Base Code

- Employment is freely chosen - as it is the most egregious labour rights violation. Forced labour describes a situation in which a worker performs work or services involuntarily and under a threat of some form of penalty. Modern slavery captures the most extreme forms of labour exploitation – one end of a spectrum, at the other end of which is decent work.”

[Ethical Trading Initiative](#)

Modern slavery by type

Child labour

The enforced exploitation of a child for their labour, for someone else's gain.

Descent-based slavery

Those whose ancestors were enslaved and remain in slavery by descent.

Forced labour

Any work or service which people are forced to perform against their will.

Forced marriage

A marriage without the consent of one or both parties.

Bonded labour

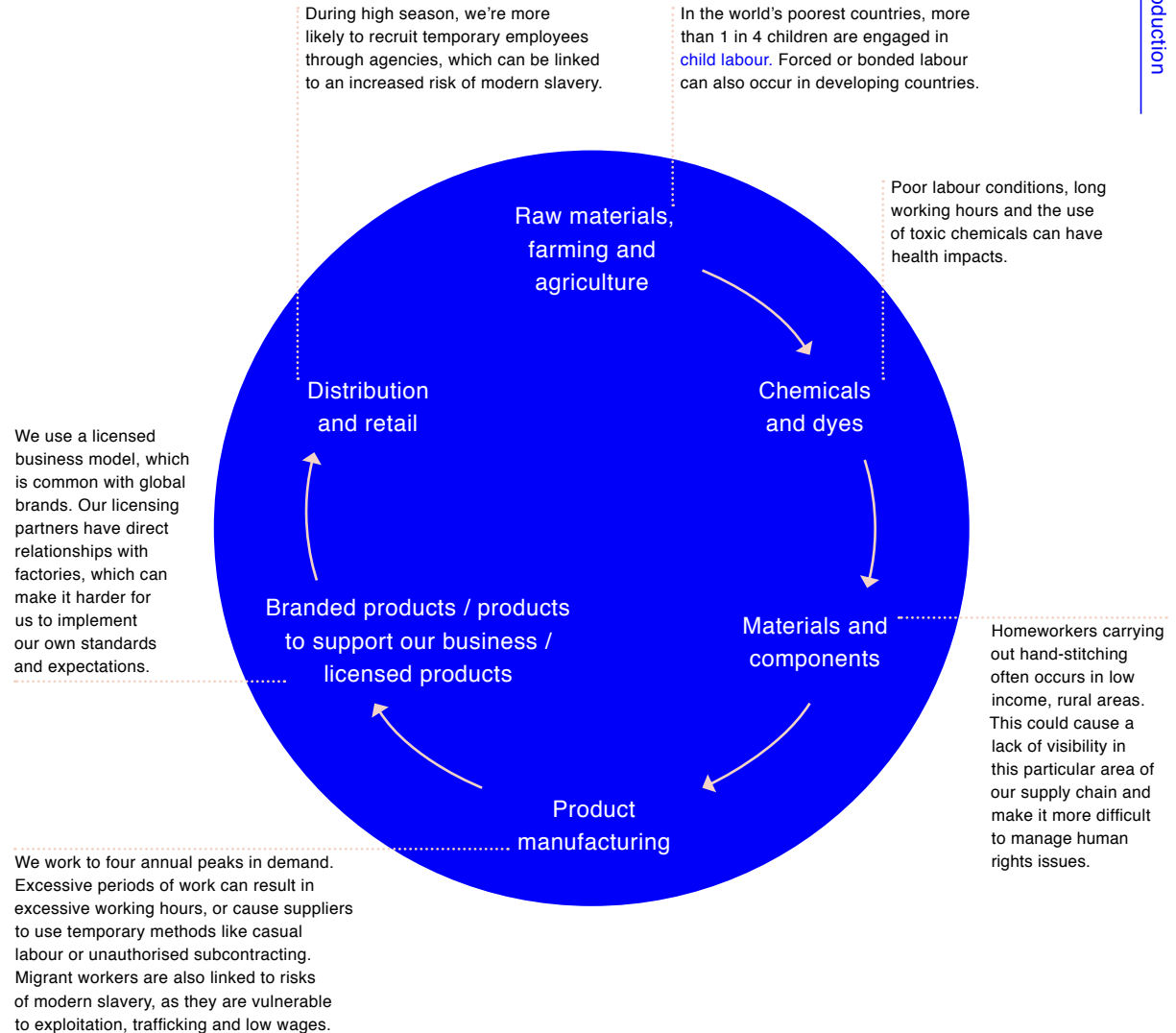
When a person is forced to work to pay off a debt.

Human trafficking

Transporting, recruiting or harbouring people for the purpose of exploitation.

The challenges

No business is immune to modern slavery. As a company that manages multiple brands, our supply chain is complex and far-reaching. At each stage, there are risks which need to be managed.

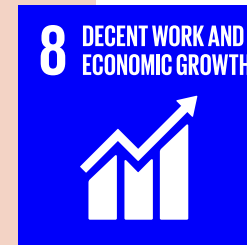


We're part of something bigger

We support the UN Sustainable Development Goals (SDGs), which address the social, economic and political challenges we face. We've selected the eight goals where we believe we can make the biggest difference. These goals underpin our Positive Business strategy to ensure that we're focusing on where we can make the most significant contribution to people and our planet.

This report focuses on our contributions to goal 8, Reducing Inequalities, specifically target 8.7 - taking immediate and effective measures to end modern slavery. You can find out more about our commitments and actions relating to goal 8 [here](#).

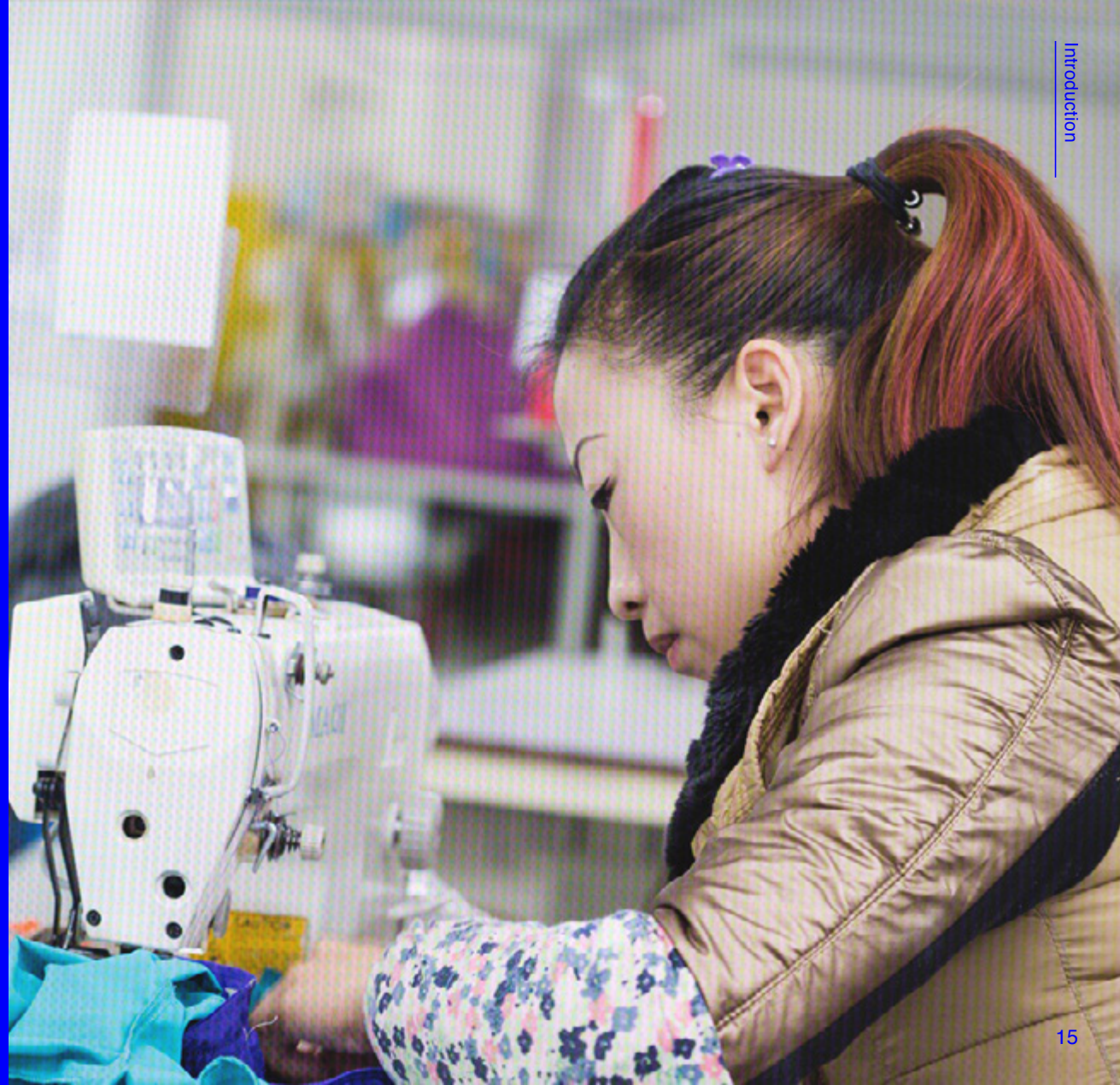
For more information on how we're contributing to the UN SDGs, read our Positive Business Report.



Over 40 million people worldwide are living in slavery

Modern slavery is a critical issue. Of the 24.9 million people trapped in forced labour worldwide, 16 million work in the private sector. That means that slavery isn't just confined to developing countries – it's in the food we eat, the clothes we wear and the infrastructure we use.

At the current rate of progress, governments are not on track to eradicate modern slavery or achieve the SDG of Decent Work and Economic Growth by 2030. Now is the time to act.



Our supply chain model

Definitions

Stock

This is the supply chain that creates our consumer products, the branded stock we sell to customers. Our tier 1 suppliers cut, sew and assemble our finished products. A supplier may own and manage multiple factories.

Non-stock

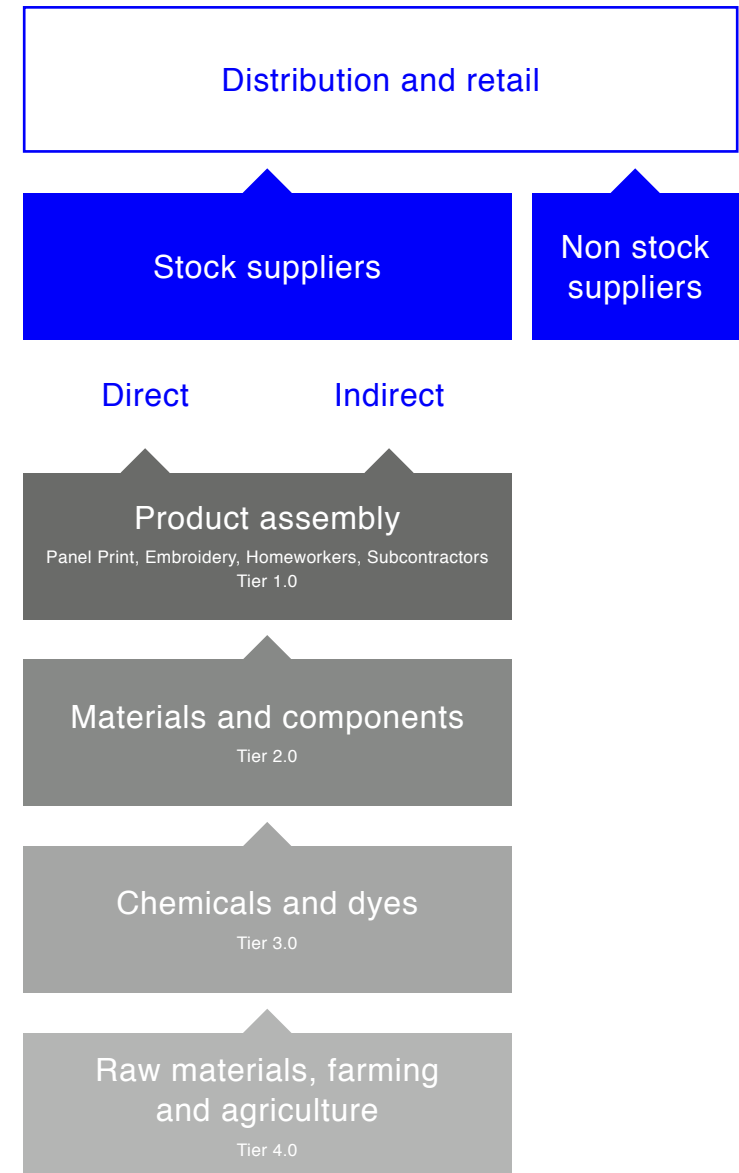
Our non-stock supply chain is everything else we purchase to support our business, whether that be services, such as cleaning, or consumables, such as stationery.

Direct

This means we order products directly from the assembly factory or from the supplier that owns the factory.

Indirect

This means we work through agents and/or suppliers that don't own the factories, who may help with a range of things, such as quality control, product development, translations or factory sourcing. We still ultimately own the factory relationship and we don't delegate any of our corporate responsibility to the agent.



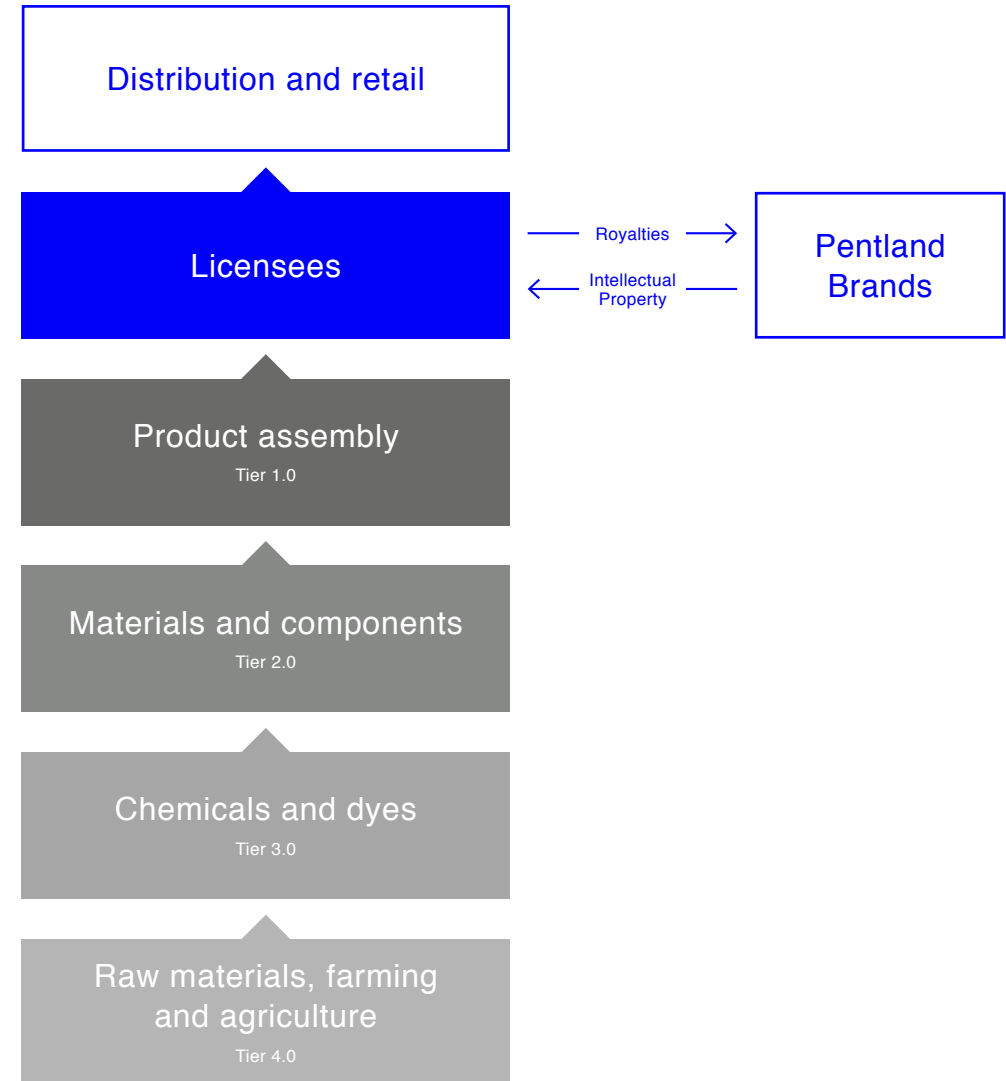
Our licensee supply chain model

Definitions

Licensing

Licensing means working with a partner to manage a brand in a given territory or product category.

For example, the ellesse brand is managed by partners in France, Italy and the UK. We manage the footwear supply chain for Lacoste, our joint venture footwear partner. We were also the global licensee for Ted Baker footwear until 31st December 2018.



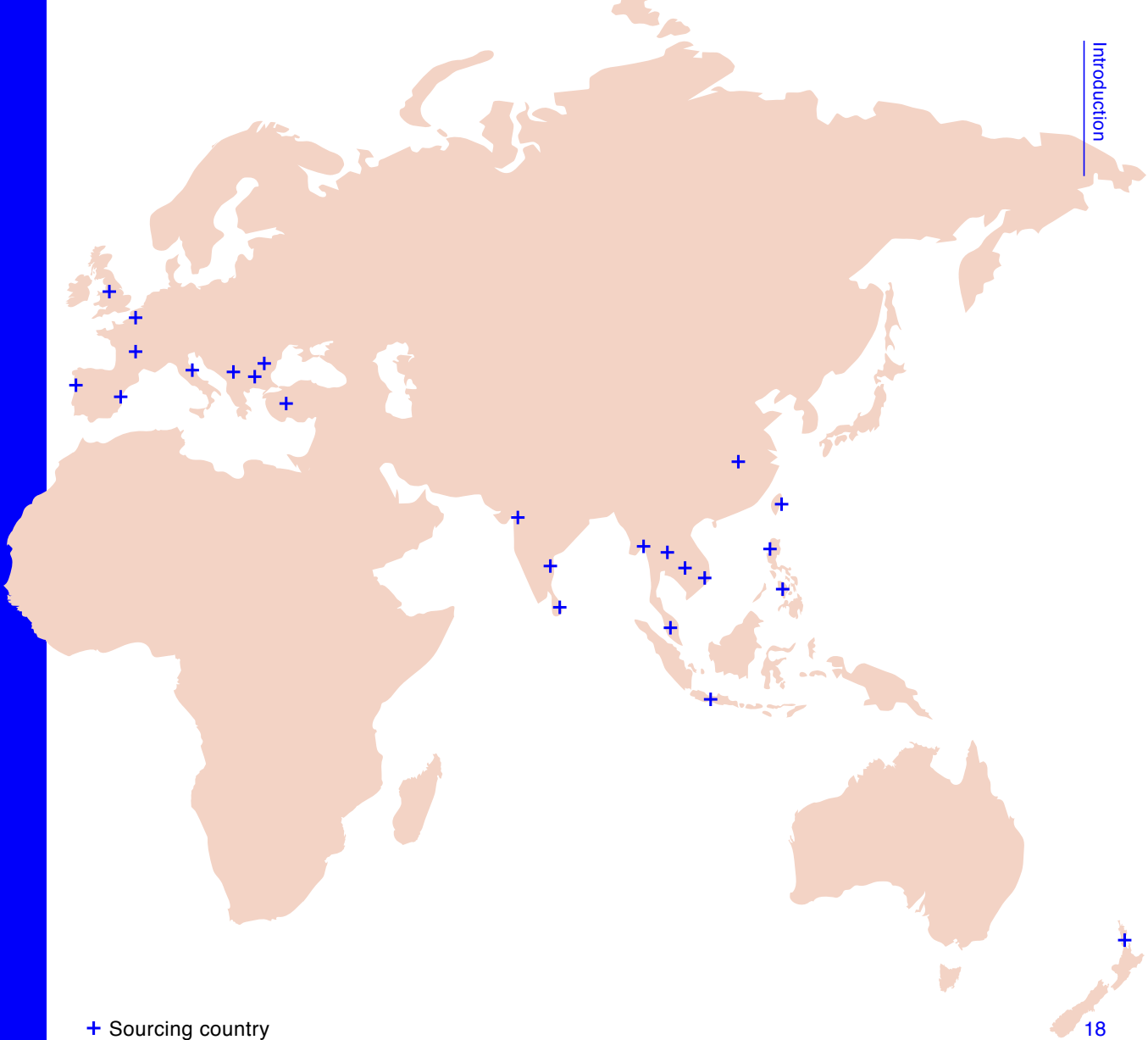
Mapping our supply chain

Working constructively, transparently and collaboratively will help us and others address the complex issue of modern slavery.

We publish a list of our tier 1 suppliers on our website. We've also established our nominated tier 2 suppliers to consolidate our manufacturing and ensure we're choosing the most sustainable options. We'll publish this list on our website in 2020.

Key sourcing facts

- + 199 tier one suppliers
- + Manufacturing in 22 regions
- + 134 audits in 2019



2019: a year in review

| Topic | 2019 Objective | Status | Progress |
|-------------------------|--|----------|--|
| Understanding our risks | Complete annual risk assessments of our tier 1 suppliers. | Complete | We reviewed and made improvements to our supplier self-assessment questionnaire to evaluate risks in our factories. We continued to map risk by region and carry out monitoring through a combination of announced, semi-announced and unannounced audits. We set up a Business Risk committee to assess our risks, included in our supply chain. |
| | Continue mapping and risk assessing our tier 2 suppliers. | Ongoing | We piloted a Supplier Agreement with four second tier suppliers that provide our materials and components. We continued to use Fair Factories Clearing House (FFC) as our system to manage factory and audit information, which enables us to effectively track and monitor our nominated tier two suppliers. |
| | Continue social audits of suppliers to investigate risks. | Complete | We carried out 134 audits, 108 of which were by third party auditors and 9 of which were part of the Better Work programme. We joined the Social & Labour Convergence Programme (SLCP) to align our auditing approach with international standards. We carried out 17 Initiative for Compliance and Sustainability (ICS) audits as part of our joint venture with Lacoste. |
| Our governance | Review and update Our Standards. | Complete | We're committed to reviewing and updating Our Standards every year in line with best practice. It sets out what we expect from our employees, partners and suppliers and is available in 13 languages. |
| | Review our vulnerable worker policies. | Ongoing | We're committed to reviewing and updating our vulnerable worker policies every year in line with best practice. As part of our purchasing practices commitments, we introduced a Responsible Exit policy to ensure that if we exit a factory, any negative impact on its employees is minimal. |
| Training our people | Offer modern slavery training for employees, including all new starters. | Complete | We rolled out compulsory modern slavery online training for all employees, including new starters. We also incorporated modern slavery training into our induction process. |
| | Offer face-to-face training for employees who are most likely to observe modern slavery indicators in our supply chain. | Complete | We've provided face-to-face training in using our ethical trade app to factory-facing employees. |
| Taking action | Evaluate and assess the impact of our project with Homeworkers Worldwide to establish living wages for homeworkers of one supplier in India. | Complete | Our supplier implemented a paper-based system to track orders and payments to workers, based on tools provided by Homeworkers Worldwide. We've continued to share what we've learned and raise awareness about the importance of protecting homeworkers. |
| | Begin implementing ACT's global purchasing practices commitment. | Ongoing | We're improving our forecasting in order to meet or exceed our payment terms for suppliers and protect costs for workers. We've continued to look at how we can meet and exceed our suppliers' payment terms in line with best practice. We remain committed to fulfilling ACT's global purchasing practices commitment by 2023. |
| | Remedy any issues discovered through social audits | Ongoing | We incorporated the Endura brand into our supply chain, including enrolment in our corporate responsibility processes. We continued to remediate issues discovered through a combination of bespoke roadmaps, face-to-face training and follow-up audits. |

Understanding our risks

Modern slavery is widespread, pervasive, but often unacknowledged. It's important to be aware of the risks so that signs of modern slavery can quickly be remediated.

We assess risk in our supply chain based on geographical risk, level of supply chain control, political stability, worker demographics and the presence of governance and management systems.



Assessing the risks

Our Supplier Agreement sets out our expectations around human rights, governance and the environment. In September 2019, we piloted our Supplier Agreement with four of our second tier suppliers that provide our materials and components. We plan to roll this out further in 2020.

We use a risk assessment tool, developed in collaboration with the University of Lancaster, to comprehensively evaluate risks of modern slavery across our supply chain. This helps us build a modern slavery profile for the regions in which we source.

The data shows us:

- + The prevalence of forced labour in the region
- + The strength of government action to combat it
- + The overall vulnerability of the region to modern slavery

Alongside the tool, we use our supplier questionnaire and social audits to provide a comprehensive risk assessment. We've reviewed and made improvements to our supplier self-assessment questionnaire to evaluate risks in our factories.

Risk profile by region

Very high risk

Pakistan
Cambodia
Myanmar

High risk

Thailand
China
Turkey
Philippines
Vietnam
India
Malaysia
Bosnia and Herzegovina
Indonesia

Medium risk

Sri Lanka
Romania
Italy

Low risk

Taiwan
Spain
Portugal
Japan
Belgium
United Kingdom
New Zealand

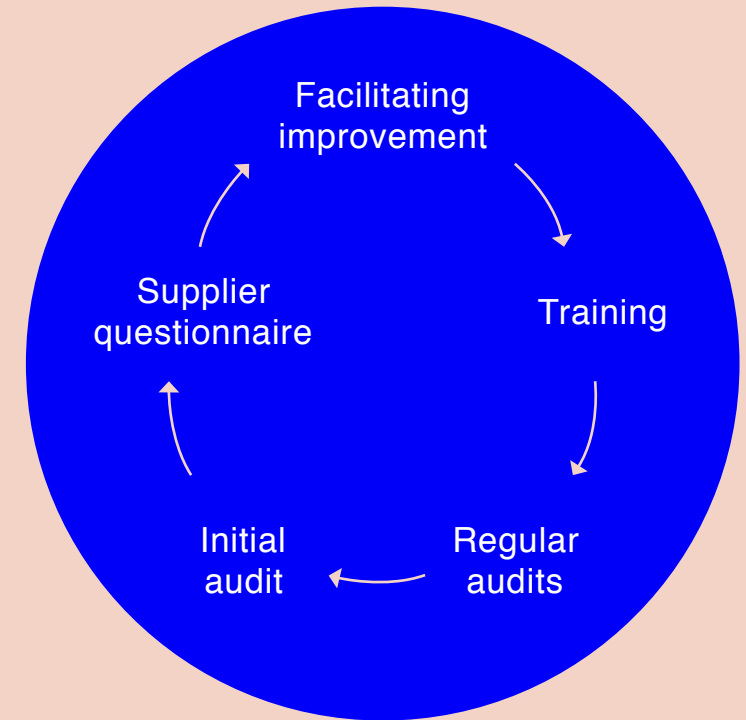
Data sources: ILO Global Estimates of Modern Slavery Report (2017), The Walk Free Foundation's Global Slavery Index (2018), The US State Department's Trafficking in Persons Report (2019), Transparency International's Corruption Perceptions Index (2019), Freedom House's Freedom in the World All Data (2020).

Auditing: measuring risk

We're transparent about who we source from because it helps us work openly and constructively with our sourcing partners.

We conduct a combination of announced, semi-announced and unannounced audits for all our first tier factories on a regular basis. These are performed by a combination of external consultants and our corporate responsibility team. All external auditors are independently certified.

We use [Fair Factories Clearing House \(FFC\)](#) as our system to manage our factory and audit information. We've also joined the [Social & Labour Convergence Programme \(SLCP\)](#) to combine our assessments with other brands and retailers, and reduce audit fatigue. You can read more about our work with the SLCP on page 22.



Audits

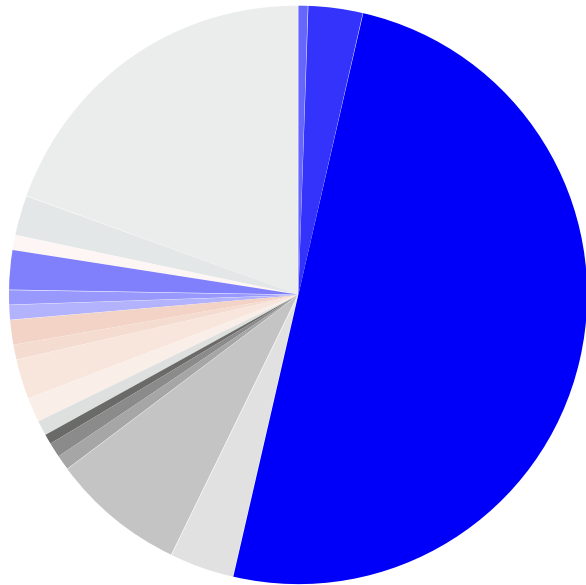
We conducted 134 audits in 2019, compared with 104 in 2018. Nine of these were part of the Better Work programme. We also carried out 17 Initiative for Compliance and Sustainability (ICS) audits as part of our joint venture with Lacoste.

The increase in audits is a result of changes in our internal corporate responsibility processes which are detailed in our Audit Policy. We've also onboarded new factories as a result of bringing the production of ellesse apparel back in-house.

| Type of assessment | Number of assessments in active, pending and inactive factories as of 31/12/19 |
|---|--|
| Audits by third party auditors | 85 |
| Risk assessments and audits by our in-house CR team | 5 |
| Follow-up audits by party auditors | 23 |
| Better Work assessments | 9 |
| Other organisations (i.e audits submitted by licensees) | 12 |
| Total number of audits | 134 |



Factory audits by location



Audits by type

| | | |
|------------------|----|-----|
| Announced | 87 | 44% |
| Semi - Announced | 98 | 49% |
| Unannounced | 14 | 7% |

*Data reflects active factories as of 31/12/19

Identifying issues

66.5% of issues uncovered by our audits were classed as minor and 32.7% of issues were classed as critical, which is slightly up from 31% the previous year.

As part of our audit programme, we identified 9 zero tolerance issues in 2019; the same number identified last year. While none of these zero tolerances are related to employment being freely chosen, they did fall under safe and hygienic working conditions, business documentation and excessive working hours. For example, excessive working hours is a possible indicator of modern slavery and it is important that we carry out due diligence to address all issues identified. In all cases, the issues identified were successfully remediated by the supplier.

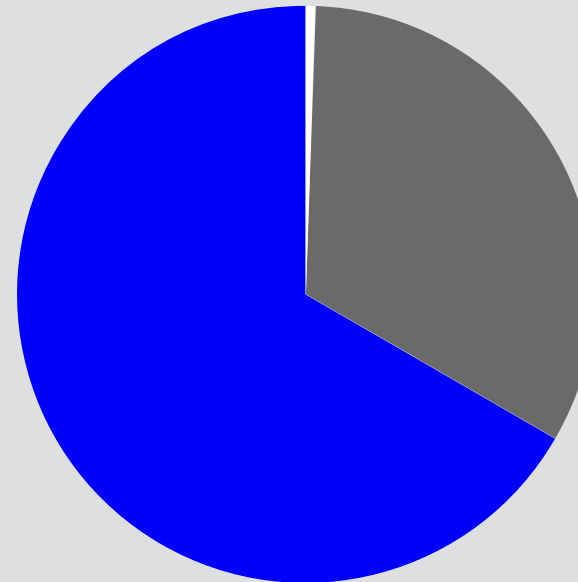
Our modern slavery remediation process

Modern slavery can be hard to spot and can include concealed and criminal activities. This complexity means social audit processes – including our own – aren't always sufficient to identify all cases of modern slavery.

We have an established factory review process, which means that we're able to carry out monitoring from when we first consider working with a new supplier and regularly for the duration of our partnership.

If an issue is identified, our dedicated corporate responsibility team works with our supplier to analyse the cause, remediate the issue and make long-term improvements in line with Our Standards.

Issues by type



Minor 66.5%

Issues which can be more quickly addressed, often by improving management practices.

Critical 32.7%

An issue of serious concern that could turn into a zero-tolerance issue.

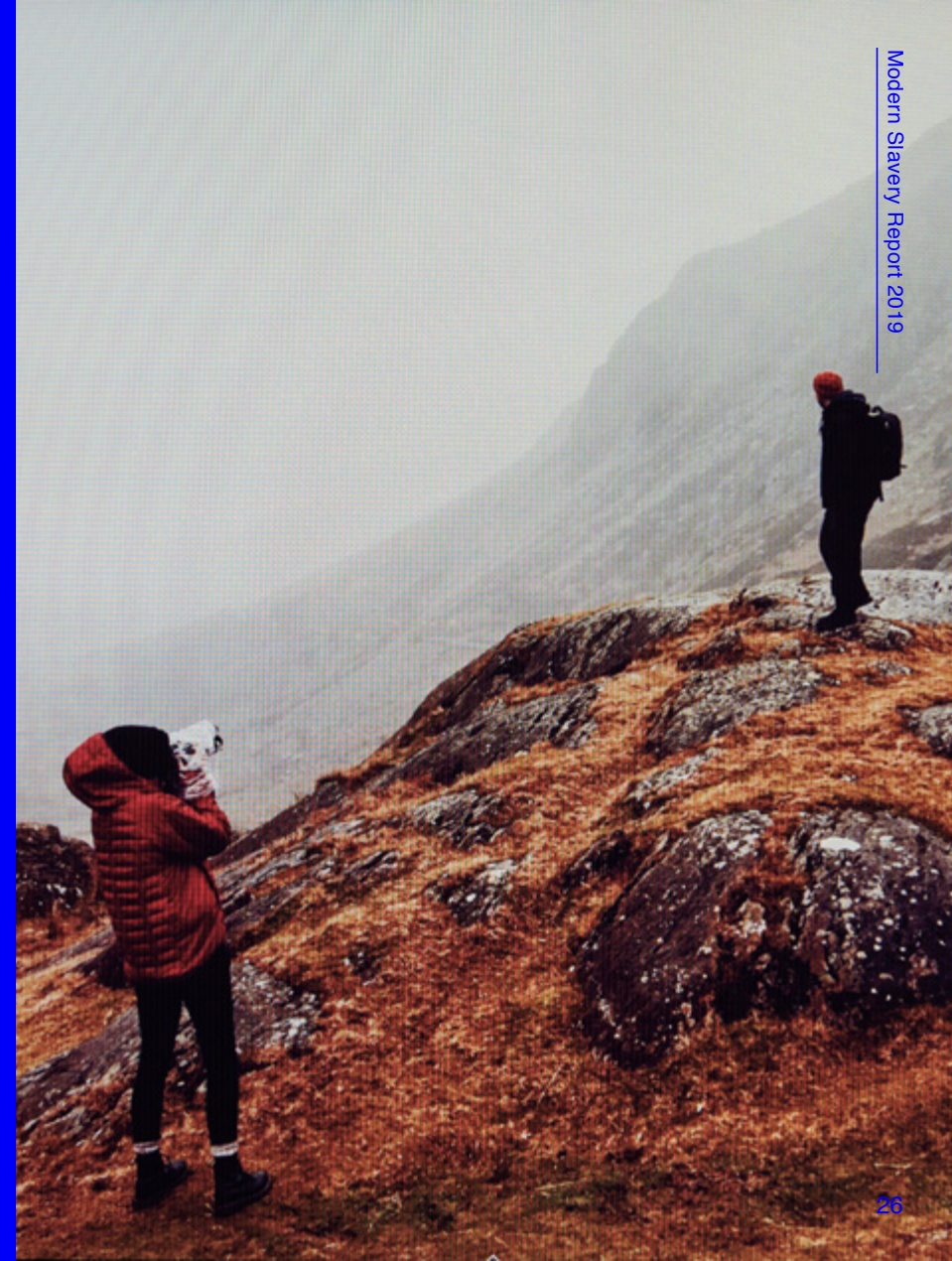
Zero tolerance 0.8%

An issue that has an unacceptable impact on worker rights or conditions, which, if not remediated, could cause us to suspend or end production with a supplier.

3.0

Our governance

Our Positive Business strategy sets out our ambitions to take action for people and our planet. This is one of our four key business focus areas and is sponsored by our CEO. All the activities of our brands, functions and individuals feed into this strategy, which is used to measure our business success.



An empowered, transparent and ethical supply chain

We believe everyone has the right to fair pay, safe working conditions and to be treated with dignity and respect. We're working hard to tackle the risks of modern slavery and we strive to protect rights and improve conditions for everyone in our supply chain.

We have dedicated teams, committees and leaders to help us put our principles into practice. 'Our Standards' sets out what we expect from our employees, partners and suppliers. It includes guidance on how to do business with integrity and respect.

Our executive team oversees all the areas detailed in Our Standards, including responsibility for human rights, supply chain and the environment. Our corporate responsibility team reports directly to our supply chain executive and works closely with our wider executive team to provide advice, guidance and expertise in all supply chain-related issues.



Operating in good conscience

We have committees that guide how we take action across issues relating to sustainability, diversity and inclusion, and supply chain. Our 'In Good Conscience' forum evaluates risks and opportunities in our supply chain, including those related to ethics, integrity and the environment. It allows us to make coherent and informed decisions around our supply chain, ensures that we understand business risks and aligns communication with our suppliers.

The forum is made up of representatives from supply chain, sourcing, corporate responsibility, legal and finance, and is overseen by our supply chain executive. It has contributed to updating our process for resolving zero-tolerance issues in factories, reviewing our restricted substances list and strengthening our corporate responsibility approach to new portfolio acquisitions.



Setting standards

We set out detailed guidance for employees, suppliers and partners on how to implement Our Standards. We create internal process documents to ensure that the way we operate is in line with best practice and support our teams in making the right decisions.

We've updated our policy and processes for remediating zero-tolerance issues in our factories. This ensures a systematic approach to informing our business of any new or ongoing issues and allows us to manage the remediation process in a more transparent and cohesive way.

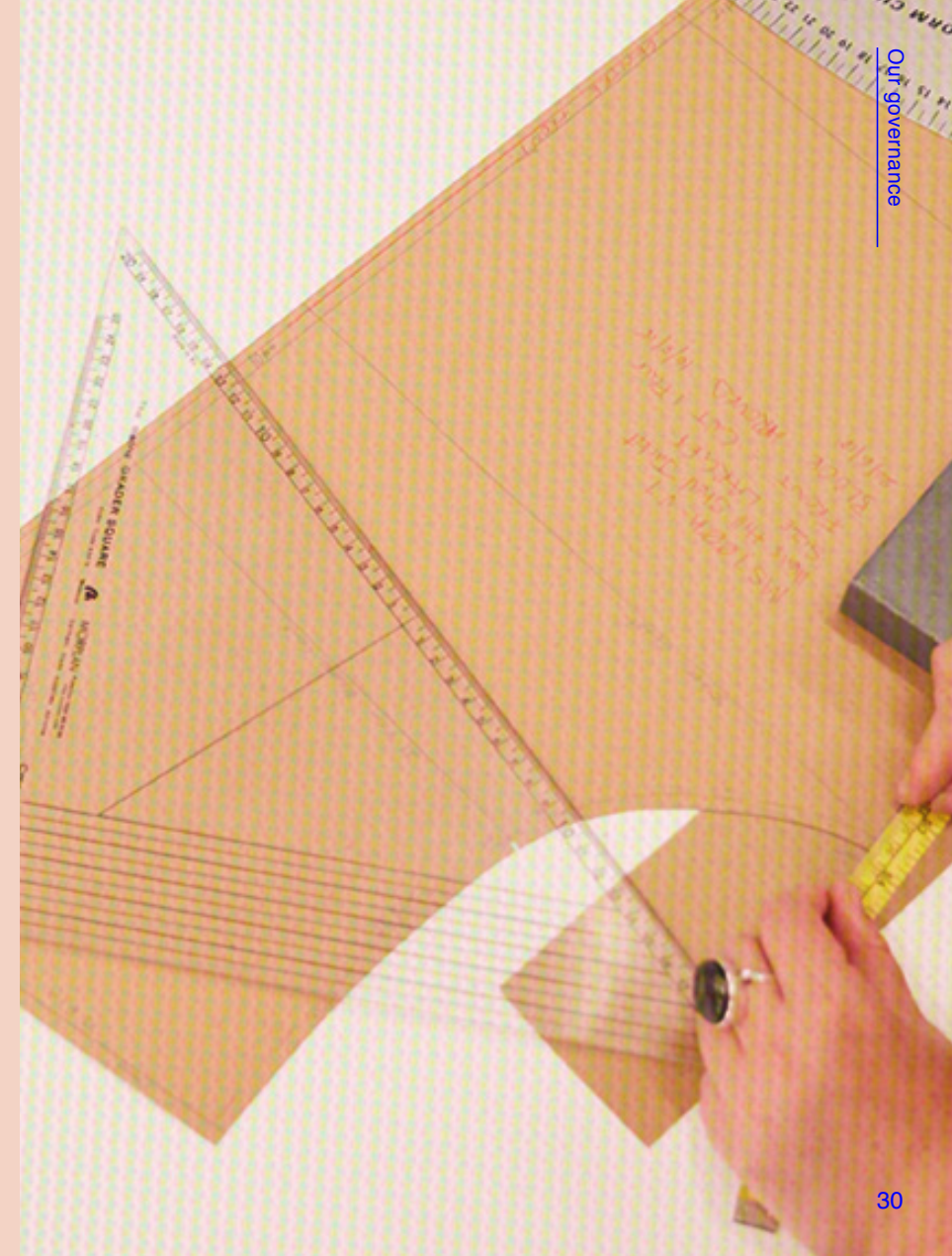


Protecting our vulnerable workers

Alongside Our Standards and our Corporate Responsibility charter, we use an Ethical Sourcing policy to support our buying teams in selecting new suppliers and ensuring the compliance of existing partners. For licensed brands, our Licensee Sourcing manual makes it clear that we expect licensees to follow the same high ethical standards and tell us which factories they source from.

We have detailed policies in place to protect vulnerable workers in our supply chain, which are informed by feedback from the ETI and Anti-Slavery International, alongside several experts and regional NGOs. These are available on our website.

- + Child Labour and Young Worker policy
- + Migrant Worker policy
- + Homeworking policy



Transforming wages for our suppliers

We aim to support our suppliers, to the best of our ability, to prevent practices like late wage payments, long working hours and unauthorised subcontracting. We're a founding member of the ACT Foundation, which is committed to transforming wages in the apparel and footwear industry, working with the global union IndustriALL. One of our corporate responsibility representatives was this year appointed as a board member.

We contributed to the development of ACT's global purchasing practice commitments and will implement the changes required to meet them by the end of 2023. We will:

1. Ensure purchasing prices include wages as itemised costs
2. Establish fair terms of payments
3. Strive for better planning and forecasting
4. Undertake training on responsible sourcing and buying
5. Practice responsible exit strategies



Transforming wages for our suppliers

This year, we have focused particularly on meeting the requirements for commitments 2, 3 and 5:

2. Fair terms of payment

We strive to pay our suppliers quickly, taking a responsible approach to purchasing. In 2019, 84% of our suppliers were paid within 30 days of receipt of shipping documents – an increase on 83% the previous year.

3. Improved planning and forecasting

We've improved our decision-making in relation to planning and forecasting.

5. Responsible exit strategies

We've created a Responsible Exit policy and have also aligned our approach to ACT's own Responsible Exit policy. This ensures that if we exit a factory, any negative impact on its workers is minimal. Our priority remains building long-term connections with our suppliers so that we're able to support them to improve conditions rather than exit the relationship if issues are uncovered.

"In today's society, acting responsibly and ethically is, for many companies, increasingly part of their business strategy. Consumers have greater access to transparency of practices and expect more from the brands they purchase from. Also, the "due diligence" demands for companies to meet their human rights obligations including fair remuneration have increased.

"ACT members have recognised that wages in many garment-producing countries are too low and that improvements require changes to the system. For the first time, a group of global brands has decided to work on this problem together and to cooperate with the global trade union of garment, textile and footwear workers." [ACT](#)

Training our people

We're committed to building the capabilities of our people to identify and address the risks of modern slavery. Our training programme targets our whole organisation, with bespoke training provided to specific employee groups to ensure it's put into practice.

All employee training

We've introduced a compulsory all-employee modern slavery online training module to support our people to understand and identify the types of modern slavery most prevalent in our industry. The training educates participants on the different types of issues and their prevalence across various areas of the supply chain. It's designed to support our teams to identify modern slavery in any location, whether they're factory-facing or office-based, and encourage them to speak

up about potential issues. We carry out a corporate responsibility induction and training for all new starters, ensuring that all employees understand the importance of this area to us.

A zero-tolerance approach

We're committed to doing business honestly and ethically, and as a result have a zero-tolerance approach to bribery and corruption. We offer three compulsory online legal training modules - anti-bribery and corruption, personal data and competition law - giving our people clear guidelines and support to make the right decisions and do business ethically.



Training our people

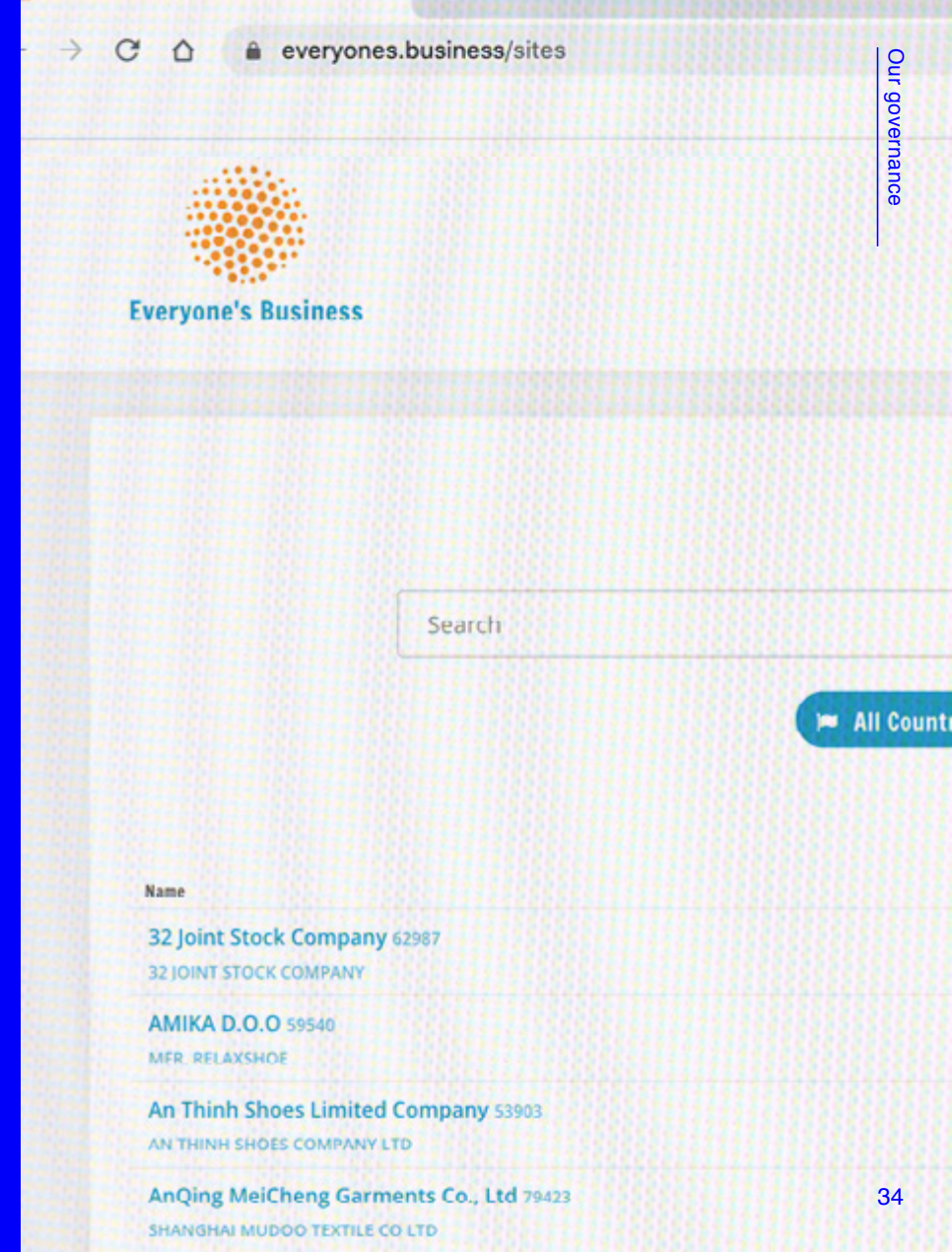
Modern slavery is Everyone's Business

We're one of four businesses that piloted an app to support people to identify issues associated with modern slavery. The app, entitled 'Everyone's Business' and developed in collaboration with the corporate responsibility consultancy Carnstone Partners, is designed to engage and educate factory-facing employees in responsible labour sourcing. It also allows users to report suspected modern slavery issues directly to the corporate responsibility team.

In June, we rolled the app out across our business with a dedicated training video. We've since used this video, along with supporting materials, to carry out internal training for factory-facing employees in the UK,

Hong Kong, Shanghai and Vietnam. We've provided face-to-face training to merchandisers and quality assurance teams who work on the ground in factories. We also added training on usage of the app in our employee corporate responsibility sessions.

"Everyone's Business is an important tool because it offers a way to involve all factory-facing employees on the responsible labour sourcing agenda. Information gathered from these many visits can be used by corporate responsibility teams to make informed decisions when engaging with suppliers and managing supplier risks. We were delighted to work with Pentland Brands and other leading retailers who helped lead and shape this initiative." William Pickett, Partner, Carnstone Partners



Training our people

Building supplier capability

Building the capabilities of our suppliers through dedicated training empowers them to comply with Our Standards and helps negate risks in our supply chain. We've increased our dedicated corporate responsibility resource in Vietnam, our second largest sourcing market. Since then, we've undertaken on-site training on Our Standards and requirements at 100% of our key suppliers in this region.

We've also supported our suppliers to comply with specific local regulations.

When one of our factories in Vietnam experienced difficulty in understanding new labour laws around fire safety, we carried out a bespoke training session to support them to adhere to best practice.

As part of our remediation programme, we carry out targeted training for suppliers to comply with Our Standards. In China, we trained ten factories; seven due to critical issues, two with outstanding minor issues and one struggling with audit requirements. Feedback indicated that all factories found the training useful, with all critical issues subsequently reduced by 70%.



Taking action

We want to create an ethical, transparent supply chain in which people are empowered. Here are some examples of how we're taking action.



Supporting vulnerable homeworkers in India

Homeworkers, who carry out hand-stitching for our footwear, are a vital part of our supply chain. However, lack of visibility over their employment or working conditions creates an inherent risk.

Homeworkers are a vital part of the world economy. We support their right to work at home to earn a wage flexibly and we want the homeworkers in our supply chain to be paid fairly with the same rights and protections as other workers. As well as providing a vital source of income, homeworking allows people in rural areas to access employment and provides flexible work with the potential to also undertake other responsibilities.

Since 2016, we've worked with [Homeworkers Worldwide](#) and [Cividep](#) to map the network of agents and over 200 homeworkers used by one of our suppliers. This allowed us to ensure these homeworkers were paid at a higher piece rate to meet minimum standards since September 2018.

In 2019, our supplier implemented a simple paper-based system to track orders and payments to workers, based on tools provided by Homeworkers Worldwide. It's a transparent method of record-keeping in which homeworkers are each paid the same rate, with visibility on the rate for each style of shoe.

We've continued to share what we've learned and raise awareness about the importance of protecting homeworkers. Our collaborative mapping and implementation programme was shared as a case study at meetings between fashion brands with the ETI, alongside our detailed policy on how to protect homeworkers, as an example of good practice.

We're continuing to work to train agents and homeworkers, ensure they are represented in any business or policy change processes and increase access to social protection, healthcare and grievance mechanisms.

Remediating issues

If an issue is identified, our experienced corporate responsibility team works with the factory to analyse the root cause, remedy the issue and make lasting improvements to working conditions in line with Our Standards.

When we acquire new businesses, we carry out audits of new factories and work closely with them to ensure they comply with our standards.



Ethical Trading Initiative (ETI)

Collaborating and connecting

We work in partnership with charities, NGOs and industry bodies to ensure our approach to modern slavery adheres to best practice. Here's a snapshot of the organisations we've collaborated with this year, and more importantly, the actions we've taken as a result.

We've been a member of the ETI since 1998 and since then, we've worked with them to promote respect for workers' rights across the globe. We've increased to 'achiever' level with the ETI from a previous grade of 'improver'. We were able to excel as a result of demonstrable uplift in factory activities beyond auditing, supporting our suppliers in delivering our ethical principles, and a strong level of senior support.

Founded in 1998, the ETI is the leading membership organisation promoting respect for workers' rights across the globe. We've aligned our work with their principles by focusing on our purchasing practices, raising employee awareness of the signs of modern slavery and developing our dedicated corporate responsibility resource.

A spokesperson for our corporate responsibility team in Asia also participated in a panel discussion on homeworking, where she shared our experiences of supporting homeworkers in India.

In 2020 we'll continue to focus on improving purchasing practices and developing action plans for the remediation of supplier issues.

"Responsible businesses can collaborate with national and local stakeholders, including governments, trade unions, NGOs and other businesses, to drive change, ensure labour laws are observed and workers' rights are protected. ETI members are expected to work with their suppliers to ensure the ETI Base Code is understood, applied, and observed, to drive continuous improvement in working conditions, to push for greater transparency within their supply chains to enable them to better identify, and mitigate the risk of modern slavery, and to act quickly to remedy modern slavery wherever it is discovered."

[Ethical Trading Initiative](#)

Social Labour & Convergence Programme (SLCP)

We are a signatory of the SLCP. By doing this, we commit to supporting the creation of a framework for converged assessments – a shared audit process used by multiple brands and retailers. We've started communicating the new framework to our suppliers and will continue to do so in 2020.

Fashion Transparency Index

Our performance swimwear brand, Speedo, features in the Fashion Transparency Index, which promotes supply chain transparency in the apparel industry. We support their mission to increase visibility of business' human rights and environmental commitments.

In 2019, Speedo ranked 55th of the 200 brands assessed by the Fashion Transparency Index. This score recognises our commitment to publishing our human rights and environmental standards in our offices, stores, warehouses and production facilities. It also indicates improvements to be made in disclosing our tier two suppliers and how our supply chain policies are implemented. In 2020 we increased our score by 5% by improving the transparency of our business strategy and supply chain practices.

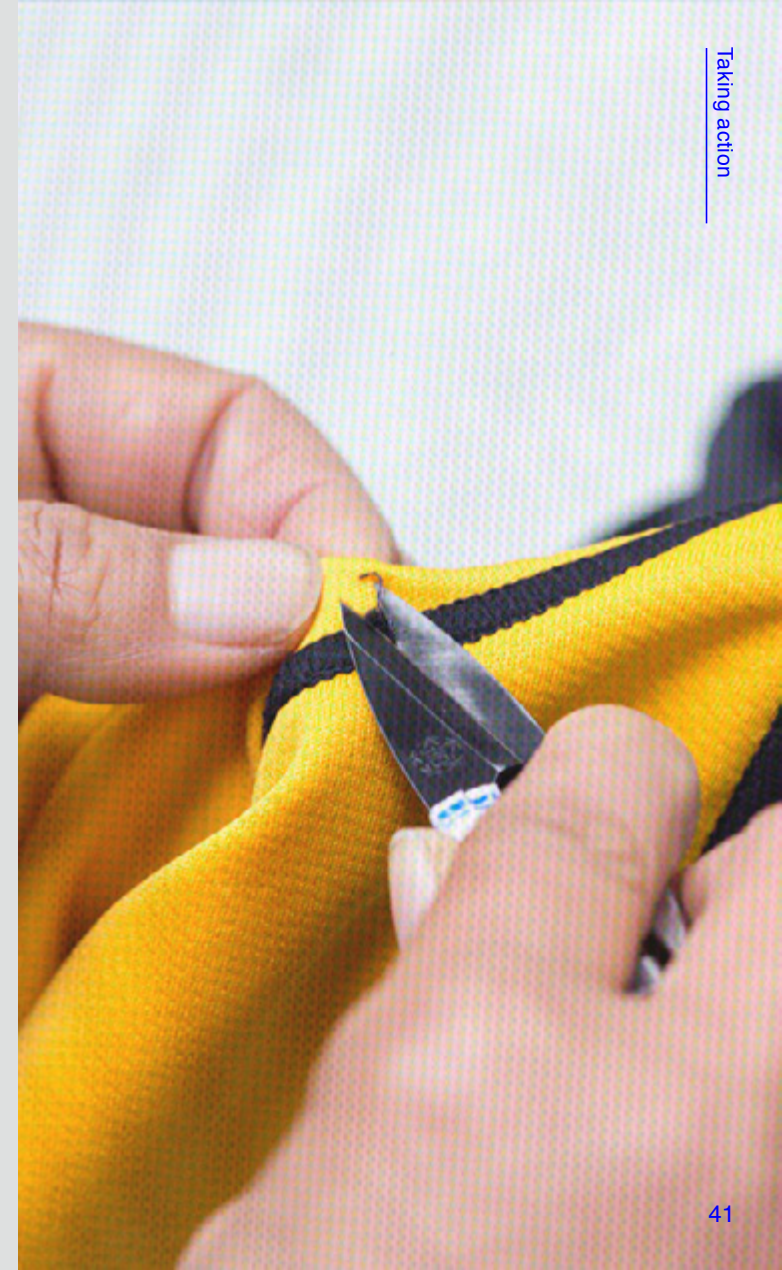


Action, Collaboration, Transformation (ACT)

We are active members and supporters of ACT, which brings together brands, retailers, manufacturers and trade unions to address the issue of living wages in the textile and garment supply chain. You can find out more about our commitment to adhering to the ACT purchasing practices on page 31.

Better Work

We collaborate with Better Work to make lasting improvements to working conditions while supporting a more profitable business model for factories. In 2019 we carried out 9 supplier audits as part of the Better Work programme.



2020 and beyond

We're proud of our work this year, but we know there's still more to be done. We'll continue to be guided by our Positive Business strategy so we can focus our efforts on the areas where we can have most impact. Through this, we'll continue to review our approach to modern slavery so we can fully address this complex and pervasive issue.



In the next three years, we will:












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To find out more about CR at Pentland Brands,
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