

Modern Slavery report

2022



This is Pentland Brands' seventh annual Modern Slavery report, reviewing the progress we've made and setting our direction for years to come. It was approved by the Pentland Brands Executive team on 07/04/23.

This report covers our progress from January 2022 to December 2022. It meets the requirement under section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015. More information can be found [here](#). This report is also aligned with the California Transparency in Supply Chains Act.

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

01	CEO's message	1
02	About	2
03	Progress	5
04	Risks	6
05	Due diligence	8
06	Policies and governance	10
07	Training	12
08	Actions	13
09	Next steps	15

Letter from our CEO

At Pentland Brands, we have a rich history of pioneering brands that make life better. As a 90-year-old company, we have a long-term view of success and support our brands so that they succeed well into the future. Our approach to corporate responsibility is the same: we want to create a long lasting, positive impact.

As an international business, our brands have a far-reaching impact on our consumers, communities, and the workers in our supply chain. To drive our social and environmental ambitions, we launched our 100-1-0 positive business strategy in November 2021. The strategy outlines our commitments to help 100 million consumers live positive, active, sustainable lifestyles, improve the lives of one million people in our communities and become a net zero business by 2032. Although we're always evolving, we're committed to doing the right thing.

One of our goals is to support our suppliers and work towards 100% transparency across our supply chain.

Global challenges, such as the COVID-19 pandemic, armed conflicts, and a volatile market, have unfortunately increased the risk of modern slavery for vulnerable groups.

In the past year, we have reviewed our policies, updated our compulsory modern slavery training for our people, and piloted a gender equality project to improve women's rights in our supply chain. We strive to build a fair, ethical and transparent supply chain, and do this through good governance, regularly reviewing policies and training, and completing due diligence processes.

We partner with global organisations to ensure we're continuously improving our ethical trading practices. Our ACT membership means we can contribute to transforming the garment, textile and footwear industry for good. We are also members of other organisations including Nirapon, Better Work and the Ethical Trading Initiative to inform, promote and improve worker rights.

Despite the many challenges we as a global community face, we remain resolute in realising our positive business ambitions.



Chirag Patel
CEO, Pentland Brands



About us

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, Red or Dead, KangaROOS and Mitre. We also manage the Fitco business and are the UK footwear and apparel licensee for Kickers.



- + **1,500** employees globally
 - + **21** offices across four continents: America, Asia, Australia, Europe
 - + **4** co-owned factories: 3 in Sri Lanka and 1 in Vietnam
 - + **1** factory owned in Scotland
- + **Distribution Centres:**
 - 2** owned and operated
 - 2** leased and operated
 - 9** third-party operations

Positive business

Our positive business strategy shows our commitment to taking action for people and our planet. This strategy is shaped by the United Nations' Sustainable Development Goals, with this report showing how we contribute to targets 8.5 and 8.8 to end modern slavery and improve and protect the lives of the workers in our sourcing markets. [Read more about our goals and progress on our website.](#)

An infographic with the number '100-1-0' at the top. The '1' is circled in black. Below the numbers are three panels. The first panel, 'Making life better', features a photo of people in winter gear and text about improving lives. The second panel, 'Pioneering brands for good', features a photo of a person playing soccer and text about helping 100 million consumers. The third panel, 'Driving a sustainable future', features a photo of a person in a forest and text about becoming a net zero business.

100-1-0

Making life better:
We will improve the lives of **1 million** people in the communities in which we operate.

Pioneering brands for good:
We will help **100 million** consumers to live positive, active and sustainable lifestyles.

Driving a sustainable future:
We will be a **net zero business**

Our approach to modern slavery

Modern slavery is found all over the globe and intersects all industries, genders, ethnicities and regions. On any given day, 50 million people find themselves in a situation where they face modern slavery.*

Apparel and footwear supply chains are complex and far-reaching, making it easier to hide the exploitation of workers. Workers can be exploited through forced labour, long working hours, and lack of worker rights. Vulnerable groups such as migrant workers, temporary workers and women and children are more at risk of modern slavery.

We believe modern slavery is unacceptable and strive to build a fair, ethical and transparent supply chain that protects and respects workers' rights and improves working conditions. We work to tackle exploitative practices through robust policies and governance

processes, regular risk assessments and audits, collaborations with others in the industry and transparent supplier relationships. The Code of Conduct in Our Standards outlines our requirements to ensure all employment is freely chosen.

We use the Ethical Trading Initiative (ETI) definitions of modern slavery, including forced labour, human trafficking and bonded labour, which can be viewed [here](#).

*2022 Global Estimates of Modern Slavery.

In 2022

175

tier 1 suppliers manufacturing in 19 locations

65

tier 2 nominated fabric and trim suppliers manufacturing in 10 locations

180

audits

over

100,000

people in our supply chain



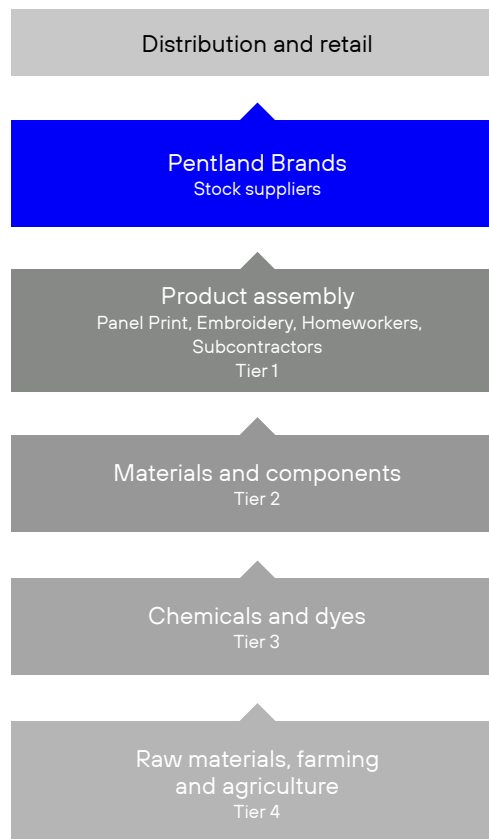
How we source

Our supply chain encompasses a product's journey from creation to distribution. We seek to have 100% visibility of our supply chain to ensure we're mitigating the risks of modern slavery by 2032.

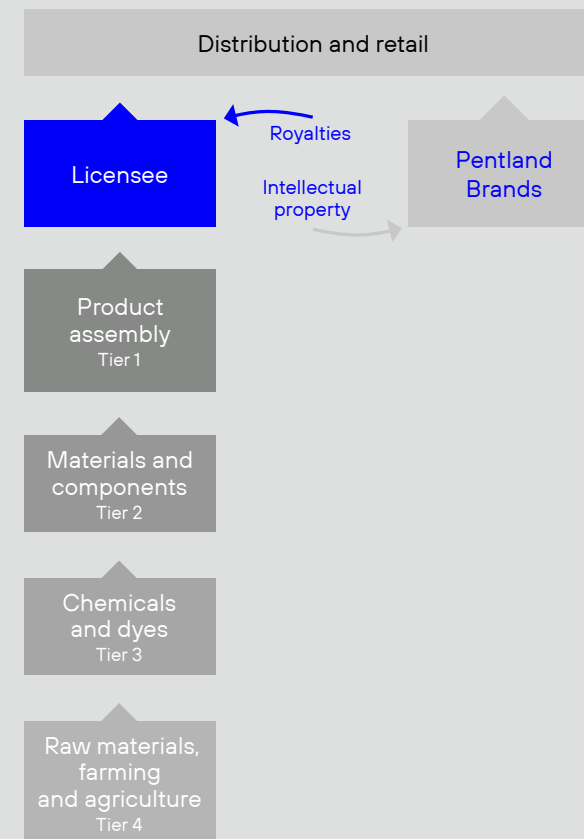
Our supply chain model varies for owned and licensed brands. We operate the footwear license for Kickers in the UK. We also act as the licensor for our owned brands; for example, ellese is managed by our partners in France, Italy and the UK.

Find more about our supply chain model [here](#).
View our tier 1 and tier 2 factories lists [here](#).

Our supply chain model



Our licensee supply chain model



A year in review

Topic	2022 Objective	Status	Progress
Managing our risks	Continue mapping and assessing risk for our tier 2 suppliers	Ongoing	We're continually increasing visibility in our supply chain. We published 69% of our nominated fabric and 91% nominated trims suppliers on our website. We extended our factory mapping to include Speedo North American suppliers and more nominated European suppliers.
	Continue social audits of suppliers to investigate risk	Complete	We carried out 180 audits, 156 for tier 1 and 24 for tier 2. 164 of these were by third-party auditors, 15 were part of the Better Work programme, and 1 risk assessment was undertaken by our Corporate Responsibility team.
Due diligence	Improve due diligence processes around human rights	Ongoing	We selected a new ethical mapping software platform that will impact key processes. We will review affected policies and processes once integration is completed in 2023.
	Increase supply chain transparency	Ongoing	We published additional data on our tier 1 suppliers around gender balance, freedom of association and audit type. We published gender balance data for our tier 2 suppliers. We ensure information is biannually published on the Open Supply Hub (formerly Open Apparel Registry). We reviewed our ethical mapping software and selected a new platform to increase transparency.
Policies and governance	Continue to review and publish our ethical trade policies	Complete	We've reviewed our responsible exit policy and restricted countries list.
Training our people	Train our teams on modern slavery	Complete	We updated the compulsory modern slavery online training module.
Taking action	Train suppliers on key areas	Complete	We provided targeted training to our suppliers on health and safety practices and labour laws.
	Continue implementing ACT's global purchasing practices commitment	Ongoing	One of our purchasing practice commitments was to train staff around responsible purchasing practices. Four training modules were created, which will be rolled out in 2023.
	Focus on gender equality in our supply chain to improve women's rights	Ongoing	We completed the gender due diligence pilot in 2022 and will continue testing it in more factories in 2023.

Our risks

To help us better tackle modern slavery in our supply chain, we've identified risks common to our industry.

Casual and homeworkers:

Hand stitching of products such as footwear often happens in low income, rural areas and in people's homes. This informal supply chain decreases visibility and makes it difficult to manage human rights, especially as legislation protecting these workers' human rights and employment status is often weaker.

Child labour and young workers:

Children are easy to exploit and are vulnerable to hazardous work that could harm their health or development.

Demand cycles:

We're not in the business of fast fashion, but we do work to four annual peaks in demand. Companies' excessive demands can increase the risk of modern slavery if suppliers enforce excessive working hours, draft in temporary labour, or subcontract the work to meet a client's deadline.

Licensed business model:

This is a common model with global brands and can mean no commercial relationship with our licensee partners' factories. This makes it difficult to enforce standards at factory level.

Working with agents:

Sometimes, agents are used to find suppliers or consolidate relationships with a manufacturer. Using an agent can make it harder to maintain transparency of factory manufacturing sites.

External factors:

Global challenges, such as the COVID-19 pandemic, armed conflicts, and a volatile market, have unfortunately increased the risk of modern slavery for vulnerable groups.



Managing our risks

As a global business with owned and licensed brands there are many touch points for us to manage our risks. We assess risk in our supply chain based on locations, industry and factory factors.

These include:

- + Prevalence of modern slavery
- + Geographical risk
- + Level of supply chain control
- + Political stability
- + Worker demographics
- + The presence of governance and management systems
- + Environmental risk
- + External factors



Risk by location

We carry out location-based risk assessments to help us understand how vulnerable different regions are to modern slavery, which informs our decisions on where to source our materials.

Our sourcing locations:

Very high risk	High risk	Medium risk
Pakistan	Cambodia	Taiwan
	India	Japan
	Thailand	France
	Malaysia	Belgium
	Turkey	United Kingdom
	Indonesia	Spain
	Bosnia and Herzegovina	United States
	Lithuania	Portugal
	South Korea	
	China	
	Bangladesh	
	Sri Lanka	
	Vietnam	
	Italy	

We consider external documentation to analyse risk by region.

- + ILO Global Estimates of Modern Slavery Report 2022
- + The Walk Free Foundation's Global Slavery Index 2018
- + The US State Department's Trafficking in Persons Report 2022
- + Transparency International's Corruption Perceptions Index 2022
- + Freedom House's Freedom in the World All Data 2022

Due diligence

To help mitigate the risks of modern slavery, we work closely with our suppliers to ensure ethical, social and operational compliance with Our Standards. We do this through a cycle of continuous improvement, which includes ensuring our factories are regularly audited.



Our tier 1 factories are audited by independent third-party auditors or our in-house Corporate Responsibility (CR) team. We accept a combination of announced, semi-announced and unannounced audits.

Audit format	Tier 1	Tier 2
Full audit	139	24
Risk assessment	1	
Follow-up audit	1	
Better Work full assessment	13	
Better Work follow-up assessment	2	
Total	180	

Audit type	Tier 1	Tier 2
Announced*	29	24
Semi-announced	110	
Unannounced	17	
Total	180	

*Due to COVID restrictions

Audits by location	Tier 1	Tier 2
Bangladesh	9	
Belgium	1	
Bosnia & Herzegovina	1	
Cambodia	3	
China	82	10
India	10	
Indonesia	5	
Italy	0	1
Lithuania	1	
Malaysia	1	
Pakistan	6	
Portugal	1	
Spain	1	
Sri Lanka	4	2
Taiwan	2	7
Thailand	3	1
Turkey	1	
United Kingdom	1	
Vietnam	24	3
Total	180	

Audit programme

Through regular audits, we can identify risks and better understand how workers in our supply chain are treated. These audits identify minor, critical and zero tolerance issues. We deal with all issues seriously and work directly with our suppliers to deal with incidents.

Minor:

Less significant breaches. Alone, they can be quickly tackled, but if identified in clusters they can signal the need for improved management practices.

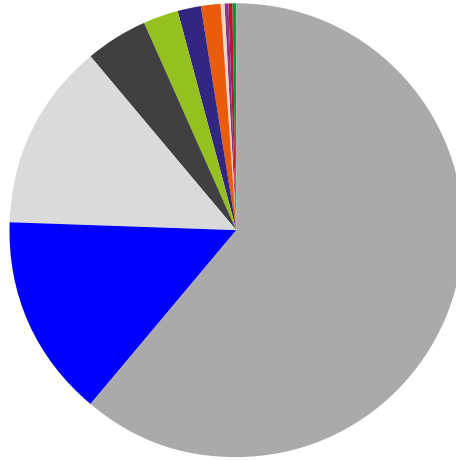
Critical:

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

Zero tolerance:

An issue that has an unacceptable impact on worker rights or conditions. It could lead to a suspension or ending a supplier relationship if they do not immediately engage in sustainable improvement.

All issues identified by type



- + Working conditions are safe and hygienic | 61.4%
- + Working hours are not excessive | 14.4%
- + Living wages are paid | 13.4%
- + Environment, waste and other findings | 4.4%
- + Freedom of association and collective bargaining | 2.6%
- + Regular employment is provided | 1.5%
- + Management systems and code implementation | 1.5%
- + Employment is freely chosen | 0.3%
- + No discrimination is practised | 0.3%
- + No harsh or inhumane treatment | 0.1%
- + No child labour | 0.1%

Zero tolerance issues

Through audits, 11 zero tolerance issues were identified. These were: working hours are not excessive, living wages are paid, and working conditions are safe and hygienic. We worked with the factories affected to ensure all zero tolerance issues from 2022 were resolved.

Issue type	2022	2021	2020
Minor	57%	57%	58%
Critical	42%	42%	40%
Zero tolerance	1%	1%	2%

Policies

We promote ethical behaviour in our supply chain through several detailed policies, which internal and external stakeholders regularly review. This ensures our suppliers understand our expectations around modern slavery. In 2022 we reviewed our responsible exit policy and restricted countries list.

- + Our Standards
- + Corporate Responsibility Charter
- + Zero Tolerance policy
- + Ethical Materials policy
- + Restricted Substance list
- + Child Labour & Young Worker policy
- + Homeworker policy
- + Migrant Worker policy
- + Responsible Exit policy
- + Anti-bribery and Corruption policy
- + Speaking Up policy

Speaking Up:

For our employees we have a free, confidential whistleblowing hotline to raise grievances.

Our workers in our Bangladeshi factories have a helpline through our Nirapon membership. This helpline provides workers with an accessible and timely avenue to raise safety and other concerns without fear of reprisal. In 2022 we didn't receive any calls.

Supplier Agreement:

We continue to strengthen governance mechanisms for our tier 2 vendors, with 60% of tier 2 nominated fabric suppliers and 42% of tier 2 nominated trims suppliers signing our Supplier Agreement (this is for suppliers across our brands Berghaus, Canterbury, Speedo and Endura).



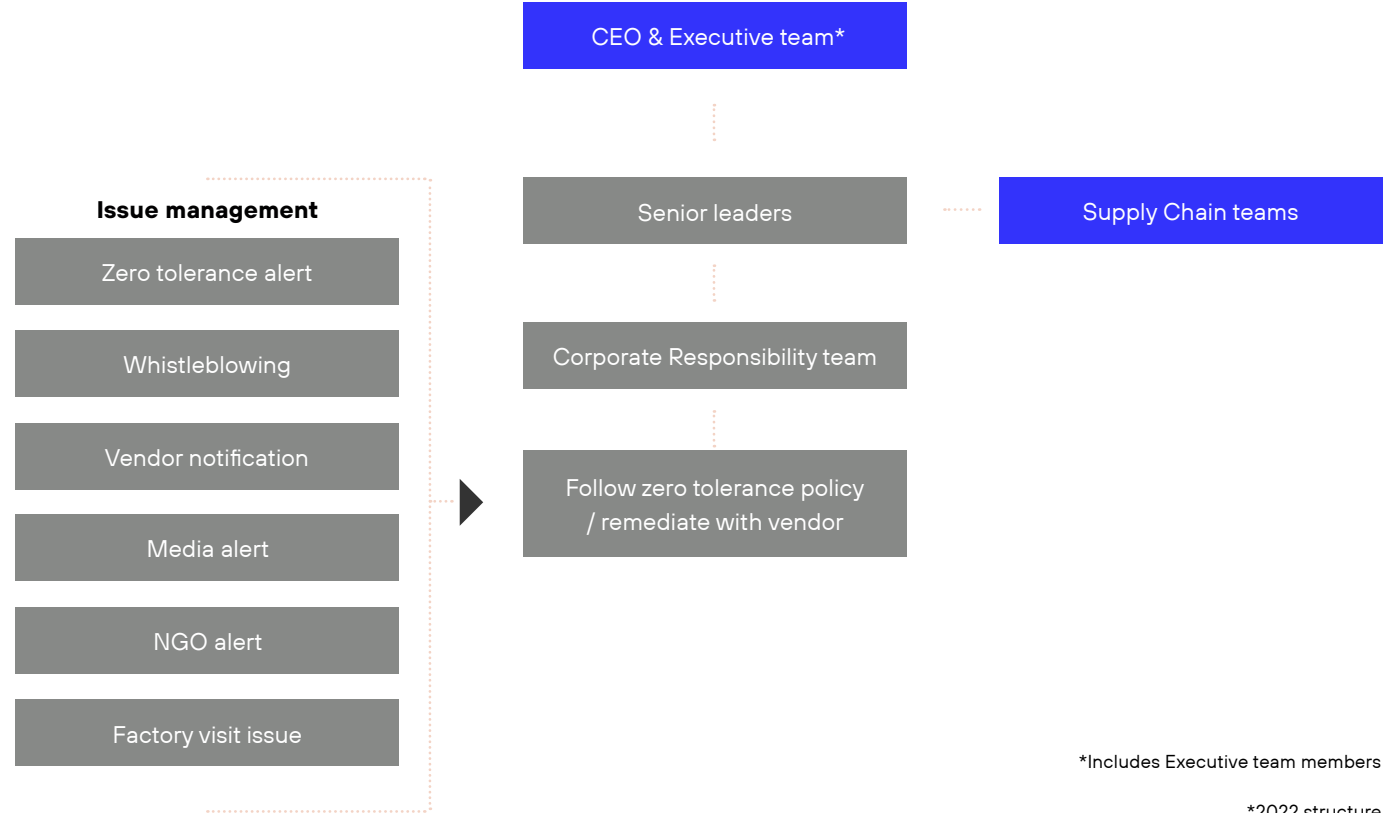
Governance

Good governance is an essential part of ensuring we can continue to do business in the right way. Our team of experts in supply chain, logistics and corporate responsibility work together to remediate any issues with the relevant supplier. We follow a robust process to resolve potential incidences of modern slavery.

We strengthen our approach to corporate responsibility through regular, business-wide collaboration.

Our **In Good Conscience forum** evaluates the risks and opportunities in our supply chain, including those related to ethics, integrity and the environment. It's made up of representatives from supply chain, sourcing, corporate responsibility and legal.

Our **Risk committee** unites stakeholders across key functional areas to strengthen the effectiveness of risk management in the business. They identify, monitor and measure risk to improve awareness and accountability.



*Includes Executive team members

*2022 structure

Training our people

We raise awareness about modern slavery for our employees through a compulsory online training module. In 2022 we updated this module to help everyone in our organisation to do business ethically and responsibly. In addition to this, we also have training covering anti-bribery and corruption, personal data, competition law and how to speak up about concerning issues.

As a member of ACT, we've committed to conducting training on purchasing practices. ACT has created training modules which we reviewed internally. We plan to incorporate it into our compulsory training next year.



Taking action

Fair wages

We launched a labour cost pilot to help us deliver on our ACT purchasing practices commitment to ringfence labour costs with key suppliers. This will help us find the best way to include labour as an itemised cost for all suppliers by:

- + Increasing our understanding of how our suppliers currently work.
- + Identifying any challenges in collecting that information from suppliers, so that they can be addressed.
- + And helping us to create useful and relevant supplier guidance on labour costing for all our suppliers.

We will use the supplier's feedback and pilot learnings to implement the necessary changes. As part of the country work in Bangladesh, an interim dispute resolution mechanism was launched. This enables workers to raise disputes in factories supplying ACT brands with IndustriALL, the global union.

In 2023 we will gather data on our purchasing practices from our suppliers through an anonymous ACT

purchasing practices assessment, as well as conducting an internal purchasing practices self-assessment.

Investing in new software

To help us in our goal to gain 100% supply chain transparency and increase our efficiency, we're investing in a new ethical supply chain and mapping software. In 2022 we went through a rigorous evaluation process to select the platform and we plan to migrate to it in 2023.

Freedom of Association

Freedom of association is a fundamental human right, enabling people to come together to discuss ideas, issues and solutions.

In 2021 we drafted guidelines to help workers become more proactive in representing their rights. However, it was difficult to implement our guidelines as factories were still facing COVID-19 restrictions. We plan to test them in 2023.

We respect our workers' right to freedom of association and collective bargaining and have added this data to our tier 1 factory list, found on our website.

Advancing gender equality

Although women play a critical role in the garment and footwear industry and account for 67% of our tier 1 workforce, there is little gender-specific data available for this industry.

In 2021 we piloted a gender due diligence project. Using the Business for Social Responsibility (BSR™) Framework for Conducting [Gender Responsive Due Diligence](#) in Supply Chains, we worked with a key supplier and an Indian advisory company, Traidcraft Services India, to collect enhanced additional workforce information, and to conduct in-depth worker interviews based on the framework's impact areas. We continued the pilot into 2022.

Moving forward, we'll focus on increasing workforce data collection with our new mapping platform across all suppliers to gather more meaningful gender data. This will help us better understand the challenges women face in factories and the data collected will help inform wider policy work and our human rights due diligence.

Memberships

Collective efforts are far more effective in bringing about positive change. By working together with global industry partners and companies, we can share learnings that systemically address the complex issue of modern slavery.

American Apparel & Footwear Association

We're a member of this American industry trade group representing clothing, footwear and sewn product companies and their suppliers. We participate in their Joint Association Forced Labour Working Group and the Corporate Responsibility Committee.

www.aafaglobal.org

ACT (Action, Collaboration, Transformation)

We're a founding member of ACT, a collaborative organisation of 19 global brands and the union IndustriALL that aims to achieve living wages for workers in the garment, textile and footwear industries.

www.actonlivingwages.com

Better Work

This collaboration helps to improve working conditions for the people in our supply chain through

assessments, training and advocacy. In 2022 we carried out audits in our apparel sourcing factories in Bangladesh, Cambodia, Indonesia and Vietnam.

www.betterwork.org

Ethical Trading Initiative (ETI)

We're a founding member of this leading membership organisation that promotes workers' rights across the globe. We align our work with their principles, basing Our Standards on their ETI base code, and aligning our work to combat modern slavery.

www.ethicaltrade.org

Nirapon

We're a member of this non-profit that facilitates workplace safety in Bangladeshi factories.

www.nirapon.org

Social & Labour Convergence Programme (SLCP)

We're a signatory of this initiative to eliminate audit fatigue in the apparel and footwear industries. We use their tools to align our audit data with other industry stakeholders, increasing transparency and allowing us to focus efforts on improving working conditions.

www.slconvergence.org

Sustainable Apparel Coalition (SAC)

We're a member of this global alliance that promotes sustainable production in the fashion industry. We use their Higg Index tool to measure environmental and social labour impacts across our supply chain.

www.apparelcoalition.org

United Nations Global Compact (UNGC)

The UNGC is a strategic initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. We're part of the Modern Slavery Working Group that explores challenges and best practices to combat modern slavery. As an active participant in the UNGC UK network, we contribute to the advancement of the Sustainable Development Goals.

www.unglobalcompact.org

World Federation of Sporting Goods Industry (WFSGI)

We're a member of this non-profit that strives to promote the unifying power of sport to move the world forward.

www.wfsgi.org

Next steps

We remain committed to tackling modern slavery through our policies, governance, global partnerships and actions. To continue reducing the risk of modern slavery, we'll focus on key actions in 2023.

Through the gender due diligence project, we saw firsthand how important country-specific context is when it comes to policies. Next year we'll focus on effectively gathering workforce data collection.

One of our ongoing targets is to increase supply chain visibility. With the new mapping platform that we'll be using in 2023, we'll be able to work towards increasing transparency for our tier 2 factories and beyond.

We'll continue to make sure we're fit for purpose for upcoming legislative changes and customer requirements. With factory-facing employees travelling more again, we'll renew our modern slavery training for these employees.

As an ACT member, we're working towards an industry-wide collective bargaining agreement. Additionally, we'll be conducting ACT purchasing practices surveys for our suppliers.

We're committed to working together with organisations and businesses from across the globe on industry-wide solutions to combat modern slavery. All these actions mean we can continue improving and protecting people's lives in our supply chain and beyond.











Pentland Brands

Lakeside
Squires Lane
London
N3 2QL

To find out more about corporate responsibility at Pentland Brands, please contact corporate.responsibility@pentland.com or chirag.patel@pentland.com or visit our [website](#)

© Pentland Brands 2023. All rights reserved.

Airborne Footwear Limited is the UK licensee for footwear under licence from Kickers International B.V.

BERGHAUS and  are registered trademarks of Berghaus Limited. CANTERBURY and  are registered trademarks of Canterbury Limited. ELLESSE and  are registered trademarks of Ellesse International S.p.A. ENDURA and  are registered trademarks of Endura Limited. KANGAROOOS and  are registered trademarks of Asco Group Limited. KICKERS is a registered trademark of and used under licence from Kickers International. MITRE and  are registered trademarks of Mitre Sports International Limited. RED OR DEAD is a registered trademark of Red or Dead Limited. SeaVees and  is a registered trademark of SeaVees, Inc. SPEEDO and  are registered trademarks of Speedo Holdings B.V. PENTLAND is a registered trademark of Pentland Industries Limited.