

MODERN SLAVERY REPORT »

2023

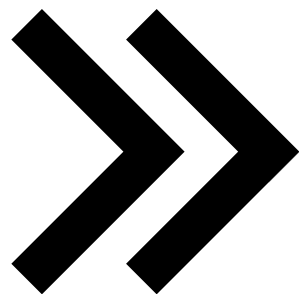
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BRANDS

This is Pentland Brands’ eighth annual Modern Slavery report, reviewing our progress and setting our direction for years to come. It was approved by the Pentland Brands Executive team on 31/05/24.

This report covers our progress from January 2023 to December 2023. 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, the Australian Modern Slavery Act of 2018 and the Canadian 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

1	CEO’s message	1
2	About	2
3	Progress	6
4	Risks	7
5	Due diligence	9
6	Policies and governance	11
7	Training	13
8	Actions	14
9	Next steps	16



Letter from our CEO

As a truly global business, we're proud to bring some of the most loved active and lifestyle brands to millions around the world. Our history is one of ambition and innovation, creating a legacy of excellence that impacts our consumers, communities and people who work across our business.

Since we began in 1932, responsible business has been a core value. We've continued this practice of 'doing the right thing' through our 100-1-0 positive business strategy, which aims to help 100 million consumers live positive, active and sustainable lifestyles, improve the lives of one million people in our communities and become a net zero business.

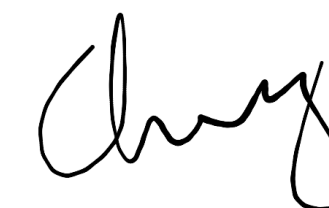
This past year, we've invested in tools to move us closer to these ambitions. In particular, our goal of achieving 100% transparency across our supply chain.

Through our new partnership with Segura, a leading supply chain mapping platform, we can leverage technology and innovation to monitor and mitigate risks in our supply chain more effectively.

This partnership not only meets our immediate needs but also positions us to support long-term initiatives for transparency and traceability across our business.

We recognise the power of collaboration and work with many global organisations to strengthen our ethical trading practices. We're a longstanding member of the United Nations Global Compact and, as a part of its Modern Slavery Working Group, explore challenges and best practices that address modern slavery. Our memberships with the Ethical Trading Initiative, ACT, the American Apparel & Footwear Association and Better Work further improve and protect workers' rights.

We remain committed to learning from others and continually improving. Despite the many challenges affecting us as a global community, we're focused on pioneering brands that make life better.



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, Red or Dead, KangaROOS and Mitre. We're also the UK footwear and apparel licensee for Kickers and manage the Fitco business. Our products are sold either directly or by licensees and distributors.

- + 1,300 employees globally
- + Multiple offices across 4 continents: America, Asia, Australia, Europe
- + 4 co-owned factories: 3 in Sri Lanka and 1 in Vietnam
- + 1 factory owned in Scotland
- + A mix of distribution centres that are owned, operated, leased and run by third-party operations

berghaus

ellesse

Kickers

Mitre

canterbury

Red or Dead

KangaROOS

speedo

ENDURA



[CEO's message](#)

[About](#)

[Progress](#)

[Risks](#)

[Due diligence](#)

[Policies and governance](#)

[Training](#)

[Actions](#)

[Next steps](#)

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 workers' lives in our sourcing markets.

Read more about our goals and progress on our [website](#).

100

We will help 100 million consumers to live positive, active and sustainable lifestyles.

1

We will improve the lives of 1 million people in the communities in which we operate.

0

We will be a net zero business.



Our approach to modern slavery

Modern slavery permeates every corner of the globe, cutting across industries, genders, ethnicities, and regions. Every day, an alarming 50 million people* are trapped in situations characterised by 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 2023

172

tier 1 suppliers manufacturing in 18 locations

106

tier 2 nominated fabric and trim suppliers manufacturing in 13 locations

162

audits

Over

100,000

people in our supply chain



How we source

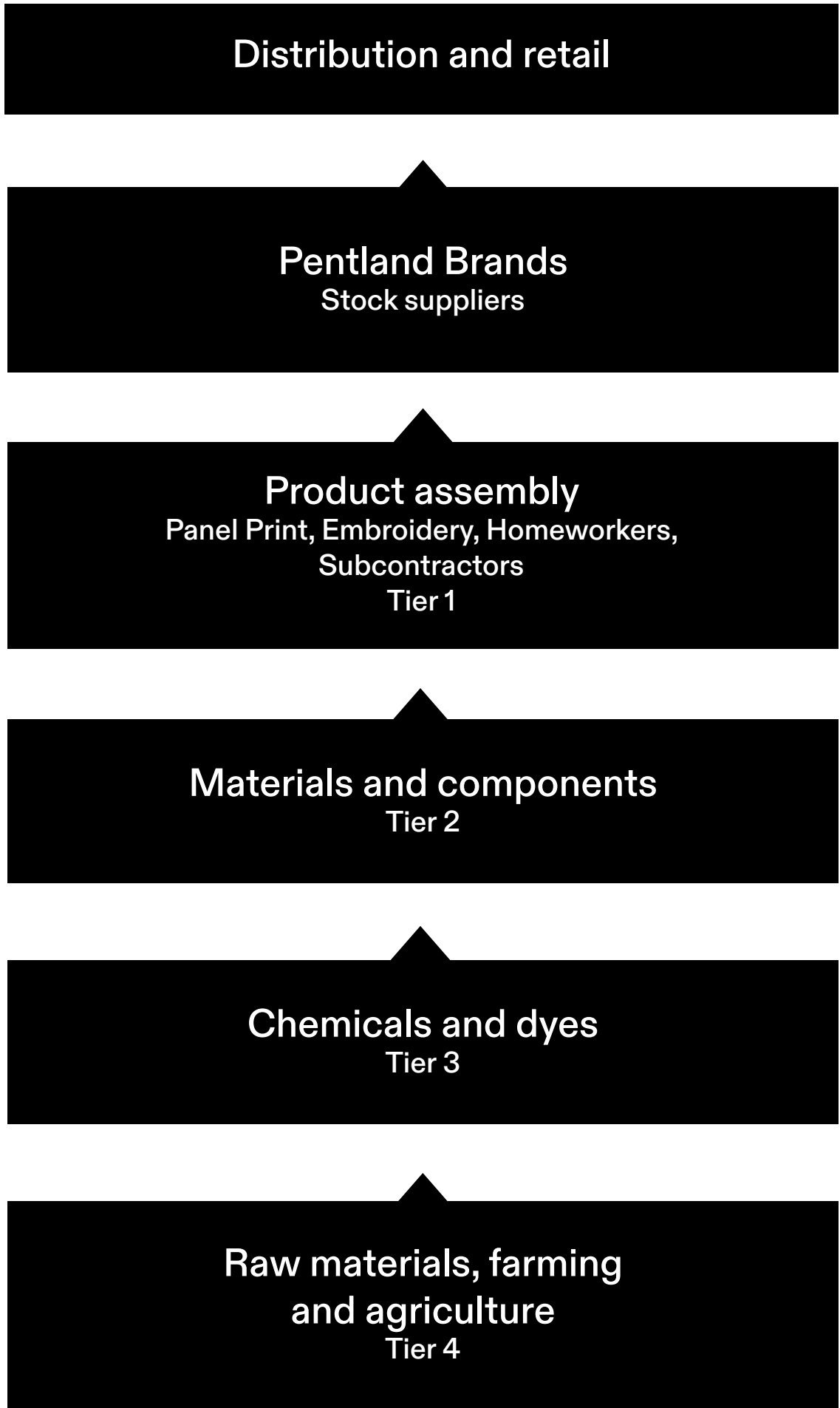
Our supply chain encompasses a product’s journey from creation to distribution. We seek to have 100% visibility of our supply chain to mitigate the risks of modern slavery.

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

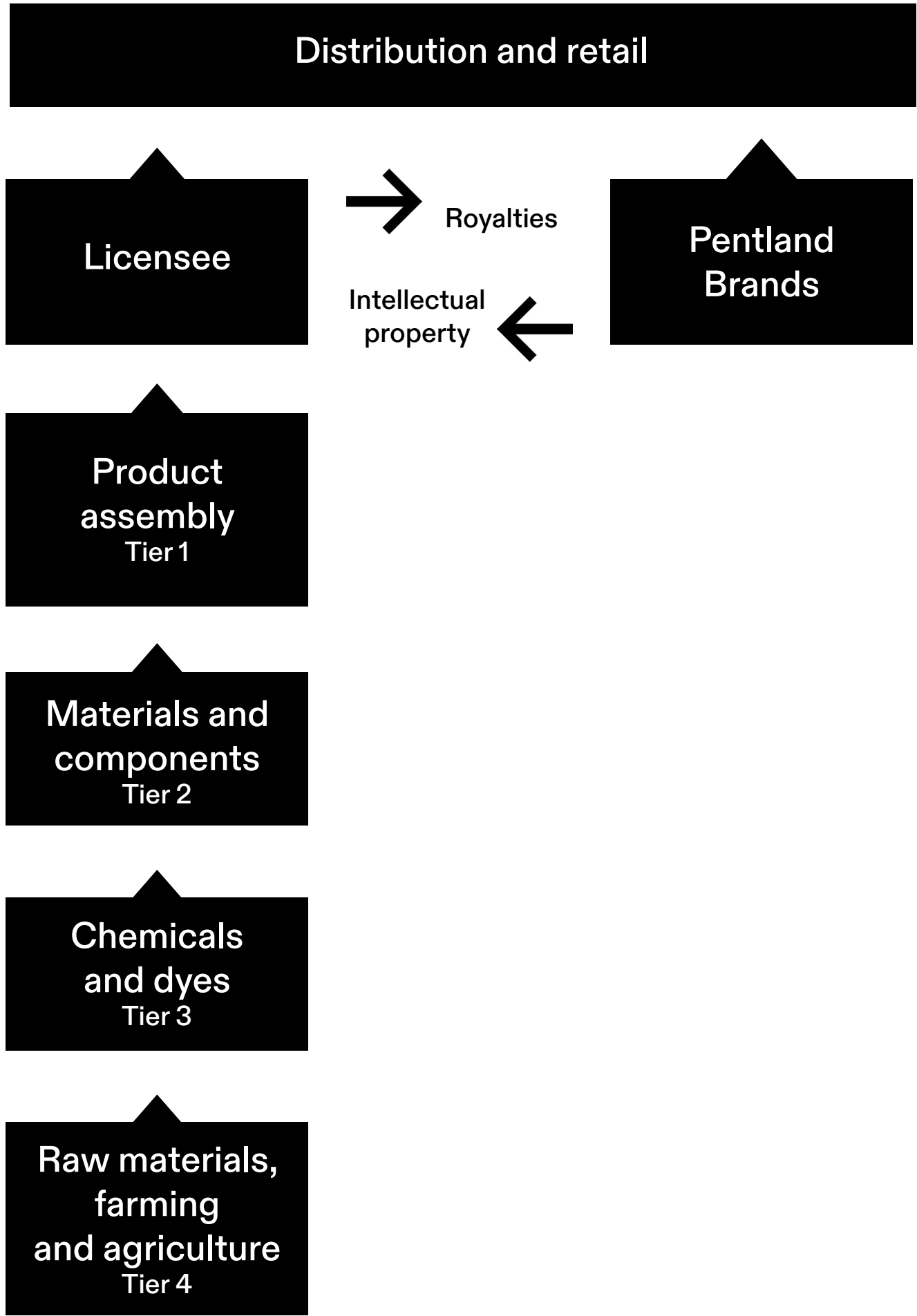
Find more about our supply chain model [here](#).

View our tier 1 and tier 2 factories lists [here](#).

Our supply chain model



Our licensee supply chain model



A year in review

Topic	2023 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 58% of our nominated fabric and 64% of our nominated trim suppliers on our website, a lower percentage than last year as our list of nominated suppliers expanded.
	Continue social audits of suppliers to investigate risk	Complete	We carried out 162 audits: 122 for tier 1 and 40 for tier 2. 152 of these were by third-party auditors, 9 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 transitioned to a leading supply chain mapping platform, Segura. Investing in this ethical mapping software will further increase our transparency and efficacy.
	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 bi-annually published on the Open Supply Hub .
Policies and governance	Continue to review and publish our ethical trade policies	Complete	We reviewed Our Standards, Corporate Responsibility (CR) Charter and Restricted Locations Policy.
Training our people	Train our teams on modern slavery	Complete	We provided mandatory online modern slavery training modules for our people.
Taking action	Train suppliers in key areas	Complete	We conducted targeted training on health and safety practices, environmental regulations, labour laws and managing migrant labour.
	Continue implementing ACT's global purchasing practices commitment	Ongoing	We continued implementing our ACT commitments.
	Focus on gender equality in our supply chain to improve women's rights	Ongoing	Our pilot gender due diligence project was reviewed by an independent academic to help guide our future focus areas.



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 products such as footwear often happens in low-income, rural areas and 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 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	

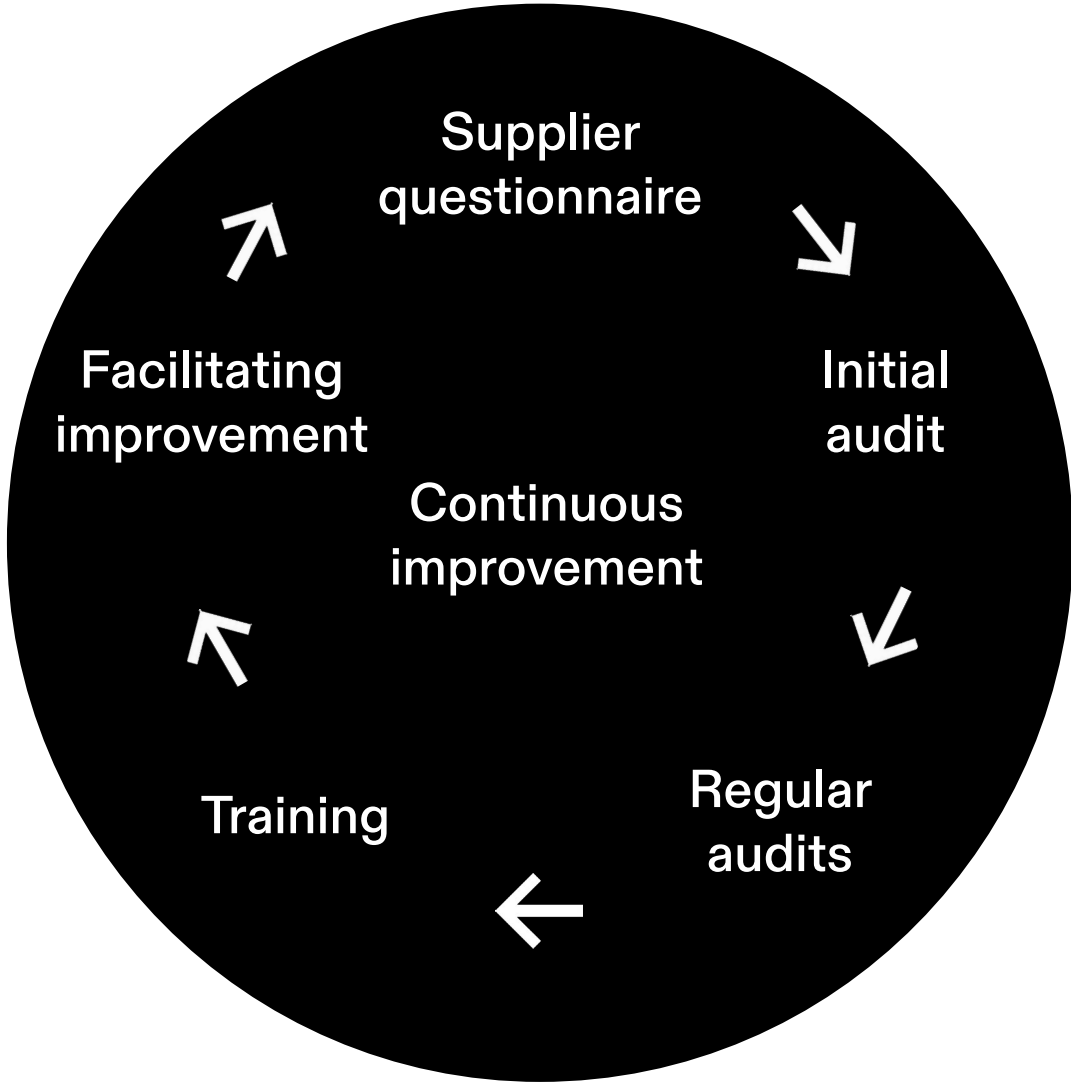
We consider external documentation to analyse risk by region.

- + 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	106	40
Risk assessment	1	
Follow-up audit	6	
Better work full assessment	7	
Better work follow-up assessment	2	
Total	162	

Audit type	Tier 1	Tier 2
Announced	12	40
Semi-announced	101	
Unannounced	9	
Total	162	

Audits by location	Tier 1	Tier 2
Bangladesh	7	1
Bosnia & Herzegovina	1	
Cambodia	3	
China	64	22
India	5	
Indonesia	3	
Italy	1	1
Japan	2	
Pakistan	4	
Sri Lanka	5	
South Korea	1	
Taiwan	3	11
Thailand	3	1
United Kingdom	1	
United States		1
Vietnam	19	3
Total	162	



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.

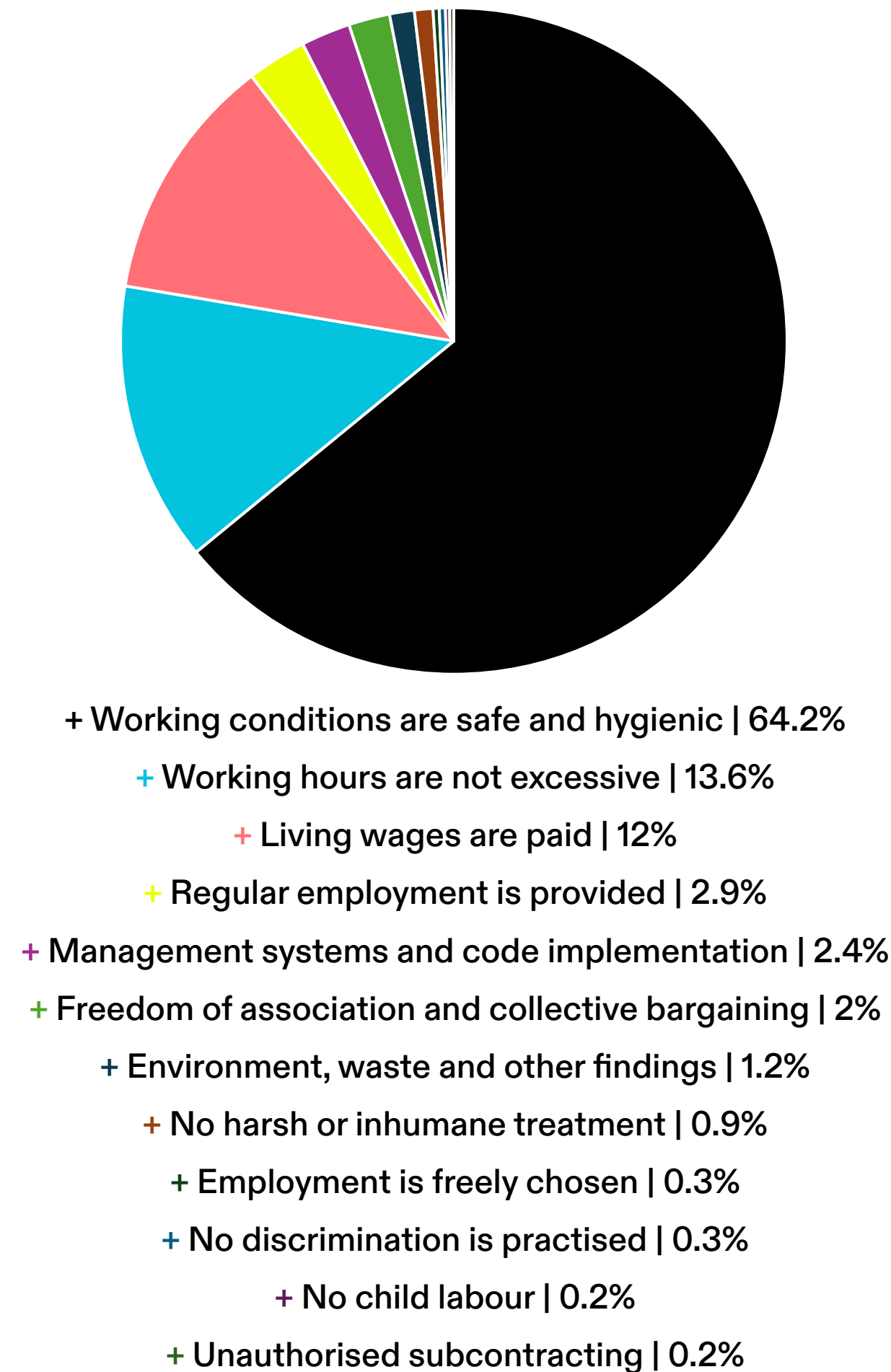
Critical

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



Zero tolerance issues

Through audits, 4 zero tolerance issues were identified in the category of: no harsh or inhumane treatment and working conditions are safe and hygienic. We worked with the factories affected to ensure all zero tolerance issues from 2023 were resolved.

Issue type	2023	2022	2021
Minor	67.3%	57%	57%
Critical	32.1%	42%	42%
Zero tolerance	0.6%	1%	1%



Policies

We promote ethical behaviour in our supply chain through several detailed policies which ensures our suppliers understand our expectations around modern slavery. In 2023 we reviewed our Restricted Countries Policy, our Corporate Responsibility (CR) Charter and Our Standards in line with recommendations from the Ethical Trading Initiative.

Find our policies, which guide how we do business on our [website](#).

Speaking Up

For our employees, we have a free, confidential whistleblowing hotline to raise grievances. In 2023, we didn't receive any calls.

Through our Nirapon membership, our workers in our Bangladeshi factories have a helpline. This helpline provides workers with an accessible and timely avenue to raise safety and other concerns without fear of reprisal. In 2023, we didn't receive any calls.

Workers have access to the grievance mechanism through our ACT membership. We didn't receive any complaints in 2023.

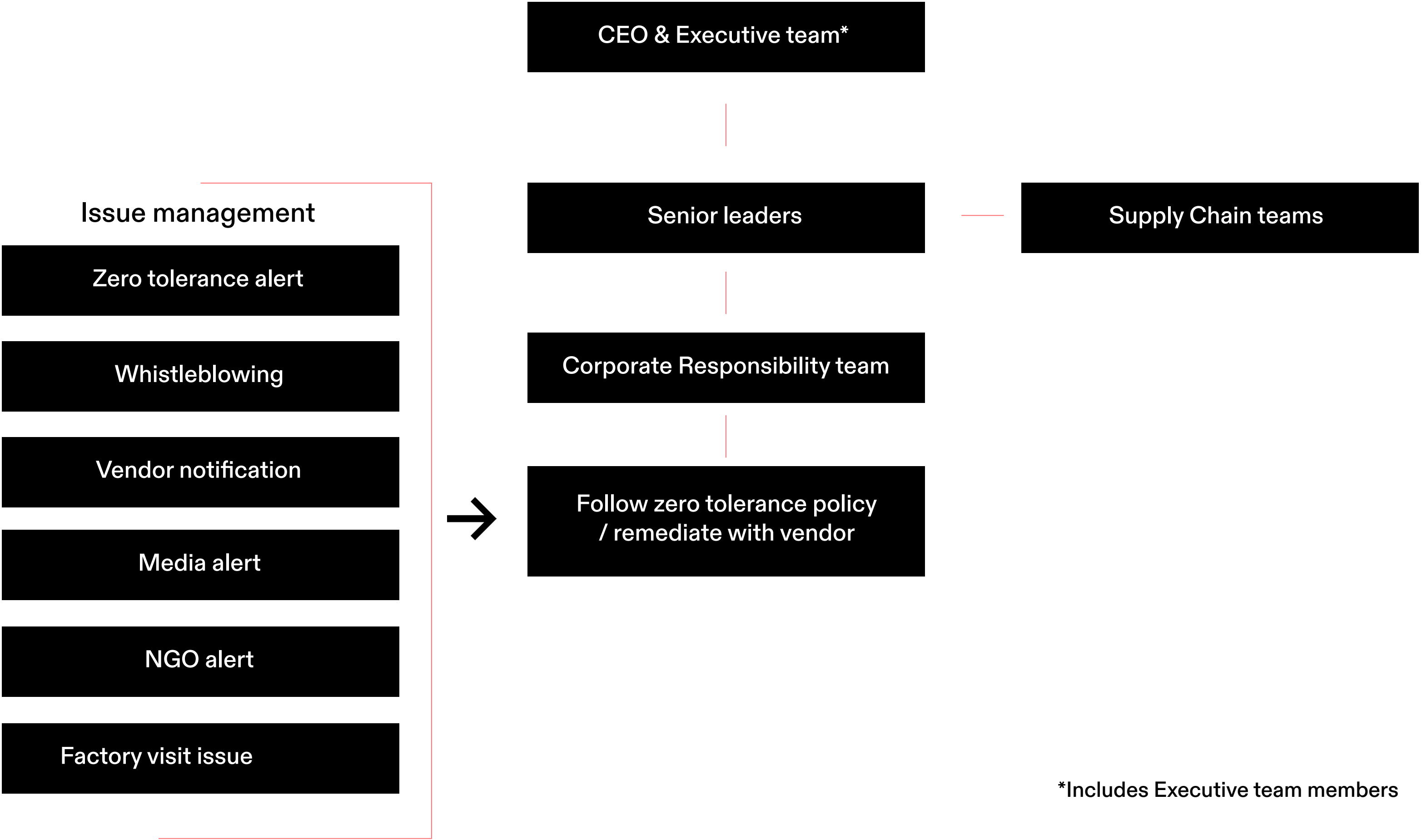


Governance

Good governance is essential to ensuring we can continue to do business responsibly. Our team of experts in sourcing, supply chain, legal, logistics, and corporate responsibility works together to remediate any issues with the relevant supplier. We follow a robust process to resolve potential incidences of modern slavery and strengthen our approach to corporate responsibility through regular, business-wide collaboration.

Our **Do The Right Thing committee** evaluates the risks and opportunities in our supply chain, including those related to social and environmental sustainability. It comprises 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



Training our people

We raise awareness about modern slavery for our employees through a compulsory online training module. This training is updated regularly. In addition, we also have training covering anti-bribery and corruption, personal data, competition law and how to speak up about concerning issues.



Taking action

Fair wages

We're a member of ACT, an organisation that aims to achieve living wages for workers in the garment, textile and footwear industries. In 2023 we conducted a second biennial anonymous purchasing practices survey internally and with suppliers, which enables us to monitor our progress toward our commitments.

Freedom of Association

Freedom of association is a fundamental human right, enabling people to come together to discuss ideas, issues and solutions. We respect our workers' right to freedom of association and collective bargaining and continue to add data to our tier 1 factory list, which can be found on our website.

Advancing gender equality

Although women play a critical role in the garment and footwear industry, little gender-specific data is available. Our gender due diligence pilot project seeks to deepen our understanding of challenges faced by women in factories and build into our wider policy work addressing human rights due diligence.

We used the Business for Social Responsibility (BSR™) Framework for Conducting Gender Responsive Due Diligence in Supply Chains, working with a key supplier and an Indian advisory company, Traidcraft Services India, to collect enhanced additional workforce information and conduct in-depth worker interviews based on the framework's impact areas. In 2023, this project was reviewed by an independent academic, and the feedback will help to shape our key focus areas moving forward.

Supply chain mapping

In 2023, we made a significant investment in our supply chain management by transitioning to the ethical supply chain mapping platform, Segura. This software will enable us to efficiently map our entire multi-brand, multi-tier supply chain, from the first tier to raw materials, across our global operations. It also supports our overarching goal of achieving 100% supply chain transparency.

By harnessing technology and innovation, we can automate the collection of ESG data, proactively monitor our supply chain, and continually enhance our practices. This approach not only drives improvements but also helps to mitigate potential risks, ensuring a more responsible and resilient supply chain.



Memberships

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 20 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.

www.betterwork.org

Cascale

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.cascale.org

Ethical Trading Initiative (ETI)

We're a founding member of this leading membership organisation that promotes workers' rights worldwide. We align our work with their principles and base Our Standards on their base code.

www.ethicaltrade.org

Leather Working Group

We're members of this non-profit that promotes best practices and positive social and environmental change for responsible leather production.

www.leatherworkinggroup.com

Nirapon

We're a member of this non-profit that facilitates workplace safety in Bangladesh 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

United Nations Global Compact (UNGC)

This strategic initiative is based on CEO commitments to universal sustainability principles and UN goals. We're part of the Modern Slavery Working Group that explores modern slavery challenges and best practices. As an active participant in the UNGC UK network, we contribute to advancing 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're dedicated to addressing modern slavery through comprehensive policies, strong governance, global partnerships and actionable initiatives. Moving forward, we will prioritise targeted actions to reduce the risk of modern slavery further.

Enhancing supply chain visibility remains a central objective for us. We are updating our product lifecycle management system and rolling it out across all brands, further leveraging Segura's robust supply chain platform. This will provide deeper insights into our multi-tier supply chain network, allowing us to identify

potential risks and promote ethical and sustainable compliance across our operations.

Collective efforts are far more effective in bringing about positive change and we're committed to our partnerships with organisations and businesses globally to find solutions to end modern slavery. Together, we can improve and protect people's lives in our supply chain and beyond.








[CEO's message](#)[About](#)[Progress](#)[Risks](#)[Due diligence](#)[Policies and governance](#)[Training](#)[Actions](#)[Next steps](#)

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