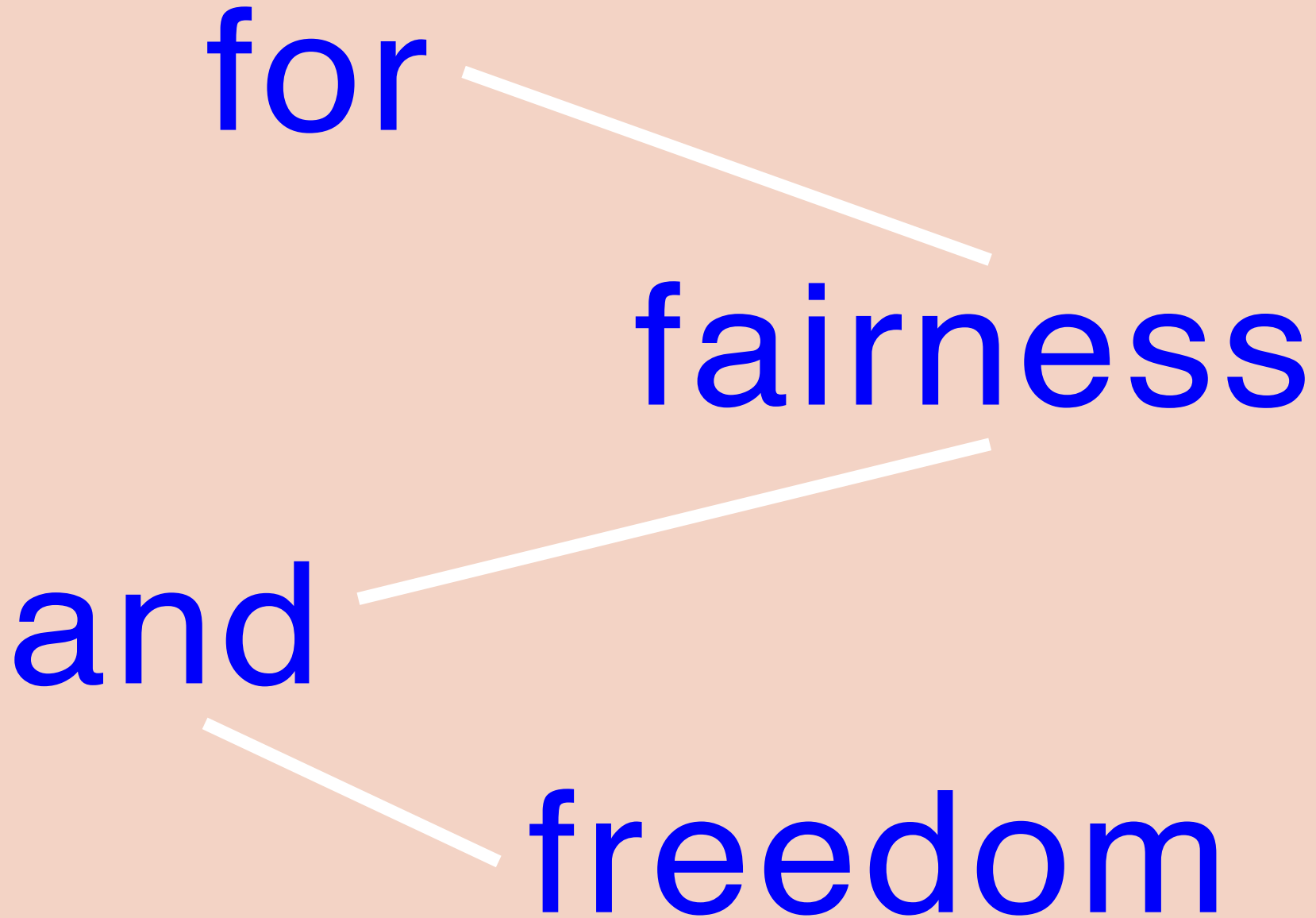


for
fairness
and
freedom



Contents

This is Pentland Brands' second Modern Slavery Report, reviewing the progress we've made and setting our direction for the years to come. It has been approved by the Pentland Brands Board.

Feedback

We welcome feedback and suggestions about how we could improve our approach or our policies. To get in touch, contact us as cr@pentland.com

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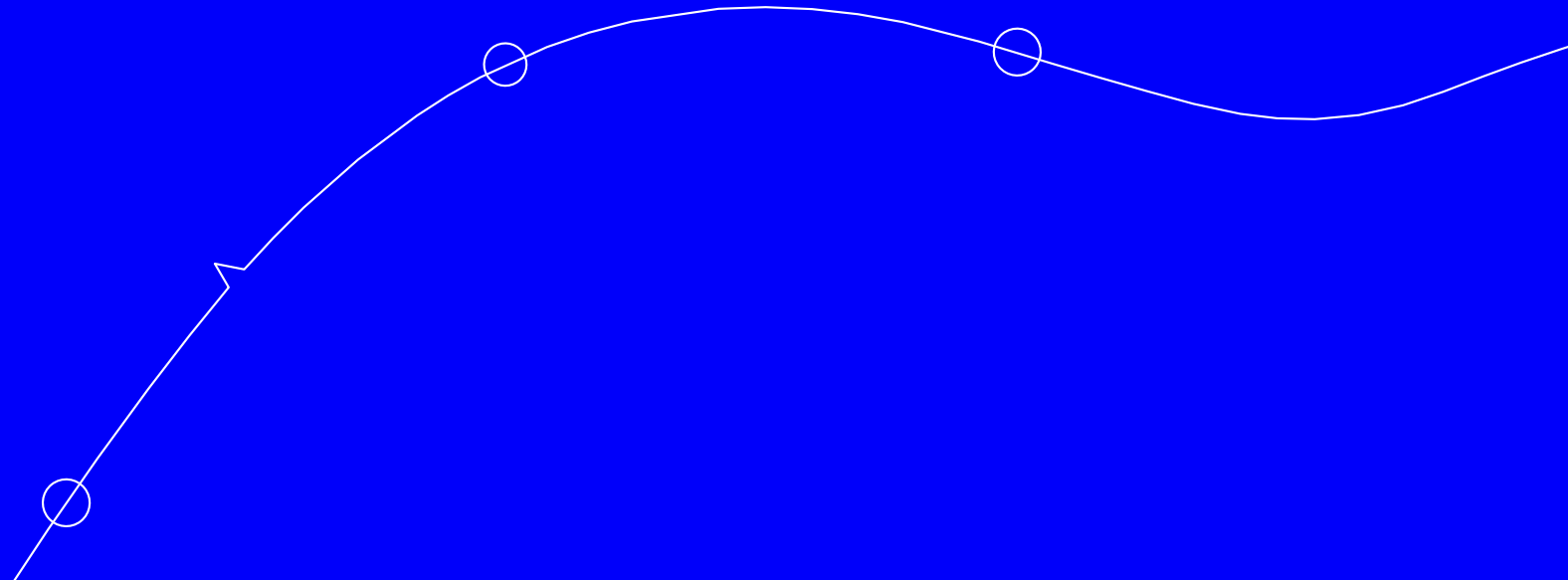
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Introduction



A view from our CEO

No one should be forced to work against their will, but millions of people worldwide are victims of modern slavery. At Pentland Brands Ltd, we are not afraid to take a stand for something we believe in. And we believe everyone has the right to fair pay, safe working conditions, and to be treated with dignity and respect.

We support global efforts to tackle modern slavery and we're working hard to negate any related risks in our supply chain. This is our second annual update on our position and our progress.

As a global footwear, sports and fashion company, we depend on the people who work for us and in our supply chain – and we're committed to respecting their rights. This isn't new for Pentland Brands. We have a strong history in trading ethically and we are a founding member of the Ethical Trading Initiative.

In 2017, we continued to monitor factory working conditions in line with Our Standards. We've strengthened

our approach with three new policies on child labour and young workers, migrant workers and homeworking to protect the most vulnerable in our supply chain. And we're training hundreds of people across the business, so they can spot the first signs of modern slavery, however subtle.

We reinforced our commitment to transparency by updating our published list of tier one factories and piloting a process to map homeworkers used by one of our suppliers in India. We haven't got as far as we had hoped in mapping tier 2 suppliers, but we'll continue to work on this in 2018.

In 2017, I was able to visit the Thai factory where we had discovered indicators of trafficking and modern slavery, and understand the progress made since our initial investigation in 2016. As part of this remediation, I was encouraged to see that we've worked with our suppliers across the country

to start implementing our migrant worker policy and we're monitoring worker conditions closely through our new partnership with the Issara Institute, including collecting feedback directly from the workers themselves.

Partnering with local experts, NGOs, and other brands and buyers remains an important part of our approach in addressing the complex, and often hidden, issue of modern slavery.

In 2018, we'll focus on making sure all suppliers are aware of our new policies on vulnerable workers, as well as mapping, identifying and addressing risks deeper in our supply chain. I look forward to reporting our progress next year.

[Andy Long](#)
CEO, Pentland Brands

2017 Performance Review

	<u>Setting standards</u>	<u>Training our people and partners</u>	<u>Understanding risks</u>	<u>Identifying issues and taking actions</u>
2017 Performance	<p>Published three new policies to strengthen our guidance on vulnerable workers</p> <p>Partnered with Issara Institute to embed our policies with Thai suppliers</p>	<p>Trained over 90 employees in factory-facing roles in Asia to understand modern slavery risks</p> <p>Helped suppliers in China build their capability to meet our standards and resolve critical issues identified through audits</p>	<p>Used our supplier risk assessment tool to understand risks among all our tier 1 suppliers</p> <p>Built our understanding of the challenges faced by vulnerable homeworkers in our footwear supply chain in the Tamil Nadu region of India</p>	<p>Completed 96 social audits of supplier factories, of which 20 were part of the Better Work programme</p> <p>Partnered with Issara Institute in Thailand to train our suppliers and embed our migrant worker policy, also providing rights training, support and grievance hotlines to their workers.</p> <p>Worked with our suppliers' recruitment agents in Myanmar to build and support their capability to recruit responsibly.</p>
Our Focus for 2018	<p>Roll out vulnerable worker policies to all suppliers, as part of reformatted supplier communications</p> <p>Translate migrant worker policies into Thai, Burmese and Khmer.</p> <p>Review and update Our Standards</p> <p>Translate Our Standards into Burmese</p>	<p>Provide face-to-face training for 320 more employees in relevant roles on ways to identify modern slavery risks</p> <p>Reach all employees with online training on modern slavery</p>	<p>Continue to map and risk assess our tier 2 suppliers</p> <p>Develop and embed a system for monitoring homeworking standards</p>	<p>Continue social audits of suppliers to investigate risks and remedy any issues discovered</p> <p>Strengthen our whistleblowing and grievance reporting systems for workers at suppliers' factories</p>

2.0

Who we are and how we work



Our Business

+ We're a global brand management company. We manage and license some of the world's best-known sport, outdoor and footwear brands. We design branded products, market them and distribute them to retailers.

We have over 1,700 employees across the world. The majority of employees are office based, although some of our employees are based in warehouses and a limited number of retail outlets.

We outsource most of our manufacturing, but we do co-own four factories: three in Sri Lanka and one in Vietnam.



1. UK Footwear licensee

2. Joint Venture Partner

3. Major shareholder

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, embellish, and assemble our finished products. A supplier may own and manage multiple factories.

Non-stock

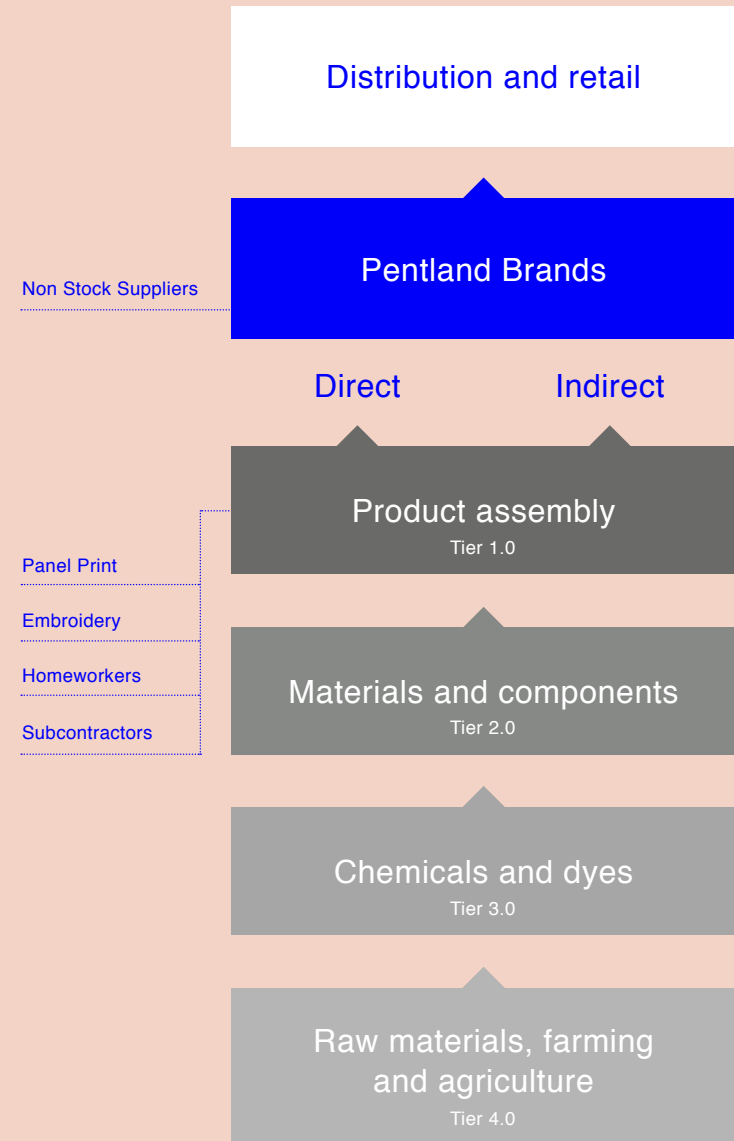
Our non-stock supply chain is everything else we purchase to support our business, whether that be services, such as cleaning, or consumables, such as stationery.

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

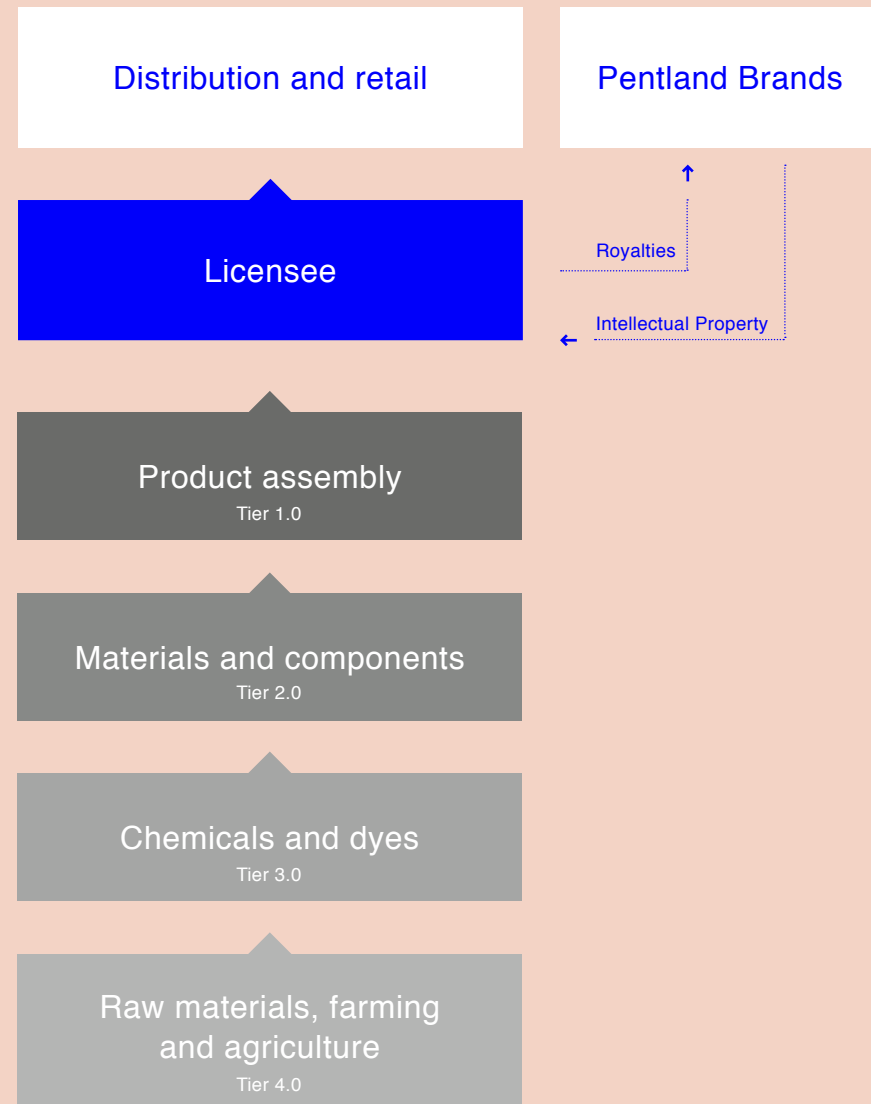
Licensing

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 are also the global licensee for both Lacoste¹ and Ted Baker footwear, which mean we don't own the brand, but we manage the footwear supply chain.

See [page 17](#) for information about how we manage risk with licensees.

1 In January 2018 Pentland Group entered into a joint venture with Lacoste. We will continue to design and produce Lacoste footwear and distribute it in the UK.



Mapping our supply chain

Being transparent about who we source from helps us work in a more, constructive, open and collaborative way with our suppliers, customers, other brands, non-governmental organisations (NGOs) and civil society. It means:

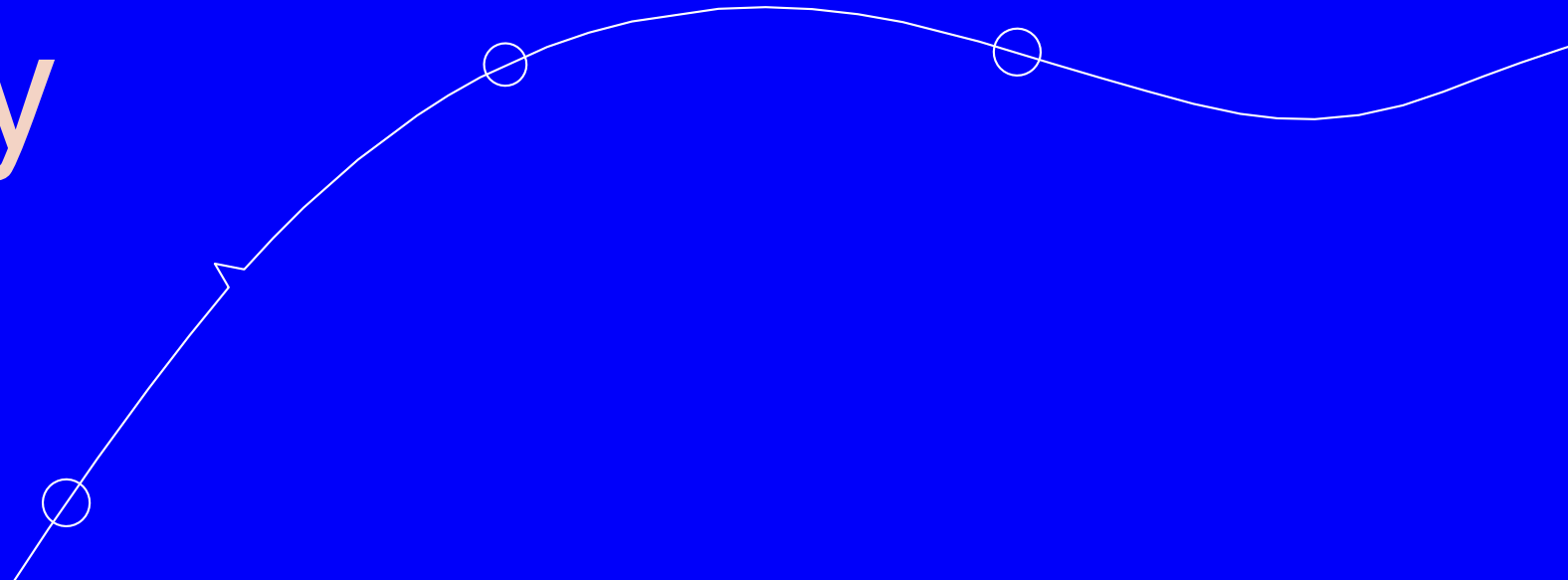
- + Factories are more accountable for their standards
- + We can collaborate with brands that source from the same factories as us

+ People can alert us if they've found an issue at one of the factories we source from

We publish a list of our tier 1 suppliers on our [website](#) and in 2017 we started to map our tier 2 suppliers of materials and components to help us choose the most sustainable options and understand where we might be able to responsibly consolidate our suppliers.



Tackling modern slavery



What is Modern Slavery?

Modern slavery is a prevalent issue within modern supply chains. It's not confined to developing countries or pages of history. It's happening now and it's happening globally.

The Ethical Trading Initiative (ETI) uses the term 'modern slavery' to describe:

+ Human trafficking

A process of bringing a person into a situation of exploitation through a series of actions, including deceptive recruitment and coercion.

+ Forced labour

Any work or services which people are not doing voluntarily and which are exacted under a threat of some form of punishment.

+ Bonded labour

Work demanded as a means of repayment of a debt or a loan.

+ Slavery

A situation where a person exercises (perceived) power of ownership over another person.

It can also include victims of forced marriage, domestic servitude and sexual exploitation. The term 'modern' is used to distinguish this more complex phenomenon from historical slavery associated with the legal possession of one person by another.

Estimates on the scale of the issue vary widely because cases are difficult to detect. It's been reported that between 25 million and 40 million men, women and children around the world are in some form of slavery.

Challenges for our sector

No industry is immune to modern slavery. Supply chains in the apparel and footwear industry are complex, making it hard to control every stage in production. There are over 113,500 people working at our tier 1 suppliers alone.

Risks inherent in our industry include those related to

Migrant workers

Migrant workers are common in global supply chains, particularly in sectors relying on low skilled labour. Unfortunately, migrant workers tend to be vulnerable to exploitation, human trafficking and very low wages. They can be forced to work, paid little or nothing, have identity documents withheld and made to pay for their own recruitment.

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.

Casual and homeworkers

Hand stitching of products such as footwear often happens in low income, rural areas, in people's homes. This can make human rights issues difficult to manage, because the supply chain is informal and dispersed. There is a lack of visibility of homeworking supply chains, and legislation protecting the human rights and employment status of homeworkers and casual workers is often weaker.

The licensed business model

This model is common with global brands and can mean that there is no commercial relationship with partner factories, making it difficult to enforce standards at factory level.

Demand cycles

We're not in the business of fast fashion, but we do work to four annual peaks in demand. Excessive demands from companies 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.

These are shared challenges, requiring collective action to make progress. Find out what we're doing to tackle these issues on [page 17](#).

Our approach

For Pentland Brands, modern slavery is an unacceptable issue. We state clearly in 'Our Standards' that work should be freely chosen and we set out our position on most vulnerable workers in our new policies on child labour and young workers, migrant workers and homeworking.

We know that human trafficking and modern slavery can be difficult to detect. But we are committed to conducting due diligence on this issue and understanding, investigating and resolving any cases that our risk assessments and ongoing monitoring might uncover.

A UN Priority

At Pentland Brands we've prioritised six of the UN Sustainable Development Goals, including Goal 3, 6, 8, 10, 12 and 13.

Goal 8: Decent Work and Economic Growth

Target 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Our focus on modern slavery also supports Goal 10, which aims to reduce inequality.

See our [Corporate Responsibility Review](#) for more on the Sustainable Development Goals we're contributing to.

"As one of the founding members of ETI, Pentland continues to lead the way in its approach to modern slavery. Its last modern slavery statement was clear, honest and open about the nature of the company and the risks in its supply chain, and clearly demonstrated the steps it is taking to tackle one of the great human rights issues of our time. This is what good practice looks like, and I hope to see many more brands following Pentland's lead."

Cindy Berman, Head of Modern Slavery Strategy, Ethical Trading Initiative

(commenting on our first Modern Slavery Report published in 2017)

4.0

What we're doing



Setting Standards

Our standards and policies

'Our Standards' guide the way we work and set out what we expect from our employees and suppliers. It includes guidance on how to do business ethically, with integrity and with respect for people, and is available in 13 languages. See [page 20](#) for details on how we audit factories in line with these standards.

In 2017, we published policies to protect three types of vulnerable workers in our supply chain:

+ [Child labour and young worker policy](#)

We set out our commitment and responsibilities to ensure children and young people are never exploited in our supply chain. A child worker is someone under the age of 15, or below the legal minimum employment age. A young worker is legally entitled to work but is 15 years old or above the minimum age of employment and below the age of 18. Our policy requires suppliers and partners to keep careful records of workers' ages and copies of official identification documents, protect the welfare of any suspected or

confirmed child workers, report their presence in the supply chain to us, and work with us and local NGOs to remedy the situation responsibly, in the best long-term interest of the child and his or her relatives.

+ [Migrant worker policy](#)

This details our commitment and responsibilities to protect migrant workers, and our expectation that migrant workers are treated equally and without discrimination. It covers detailed requirements in 13 areas such as recruitment fees, paying workers, providing a safe workplace and freedom to leave.

+ [Homeworking policy](#)

We take a positive approach to homeworkers and set out our commitment and responsibilities clearly. We require suppliers and partners to help us identify homeworking in their supply chains and work with us to ensure good working conditions. Find out more about our approach to homeworking on [page 29](#).

Feedback from the ETI and Anti-Slavery International, among several experts and regional expert NGOs, informed the policies, which give our suppliers and partners detailed guidance on implementing Our Standards.

Setting Standards

Ethical sourcing guidelines for licensees

Sometimes when you see the logo of one of our brands, the garment was made by a licensee. Licensees must follow the same high ethical standards and tell us which factories they source from.

We work to improve our licensees' understanding of modern slavery risks and to share what we've learned about how to protect workers in their supply chain.

In 2017, we updated our Licensee Sourcing Manual to explain:

- + What modern slavery is and why it matters
- + Licensees' responsibilities to address modern slavery risks
- + How to select factories that meet 'Our Standards', in turn minimising the risk of modern slavery
- + The major modern slavery indicators in our industry

Purchasing practices

We want to support suppliers in tackling modern slavery risks by making sure we don't inadvertently encourage practices such as unauthorised subcontracting, late wage payments or overly long working hours.

We strive to take a responsible approach to purchasing, including planning, sourcing and buying. We pay suppliers quickly to support their cash flow and profitability. In 2017, 82% of our suppliers were paid within 30 days of receipt of export documents.

We're also changing the way we forecast and order products. Together with our biggest customers, we're planning more accurately over the long term, so manufacturers can manage peaks in their workload and avoid too much

overtime. We're bringing together a new cross-functional team to track our progress against our own forecasts and see if it's working.

Pentland Brands is a founding member of the ACT Foundation, a partnership of brands and the global union IndustriALL that is committed to improving wages in the apparel and footwear industry. In 2017, we benchmarked our purchasing practices against our ACT peers to identify best practice and areas for improvement. We contributed to developing ACT's purchasing practices assessment process through our participation in the Foundation's Purchasing Practices Working Group. In 2018, we'll continue to consult with our suppliers and support the ACT Foundation to develop industry best practices for responsible purchasing.

Training our people and partners

We're training hundreds of employees across our business to spot indicators of modern slavery, wherever they work. Our Executive Team have completed the training and we've started intensive workshops for people in factory-facing and warehouse roles.

By the end of 2017, we had trained over 90 employees and over 300 more will complete the training in 2018, including all factory-facing and warehouse employees. Everyone in these roles gets a toolkit to help them identify potential indicators of modern slavery during factory visits or in our warehouses.

We're using an online training course to reach the rest of our employees worldwide.

The 'ABC' of modern slavery

Modern slavery can be hard to spot. The signs can be subtle, such as someone seeming anxious or withdrawn, wearing clothes unsuitable for their job, or having few personal possessions.

Our modern slavery toolkit is designed to help our staff recognise and report potential slavery indicators. The 'ABC' toolkit reminds them to look out for risks in three areas: appearance, behaviour and conditions. During our training for factory-facing and warehouse teams, employees use the toolkit in case study scenarios, helping them to spot indicators in real situations and understand how to report their observations back to the CR team.

A

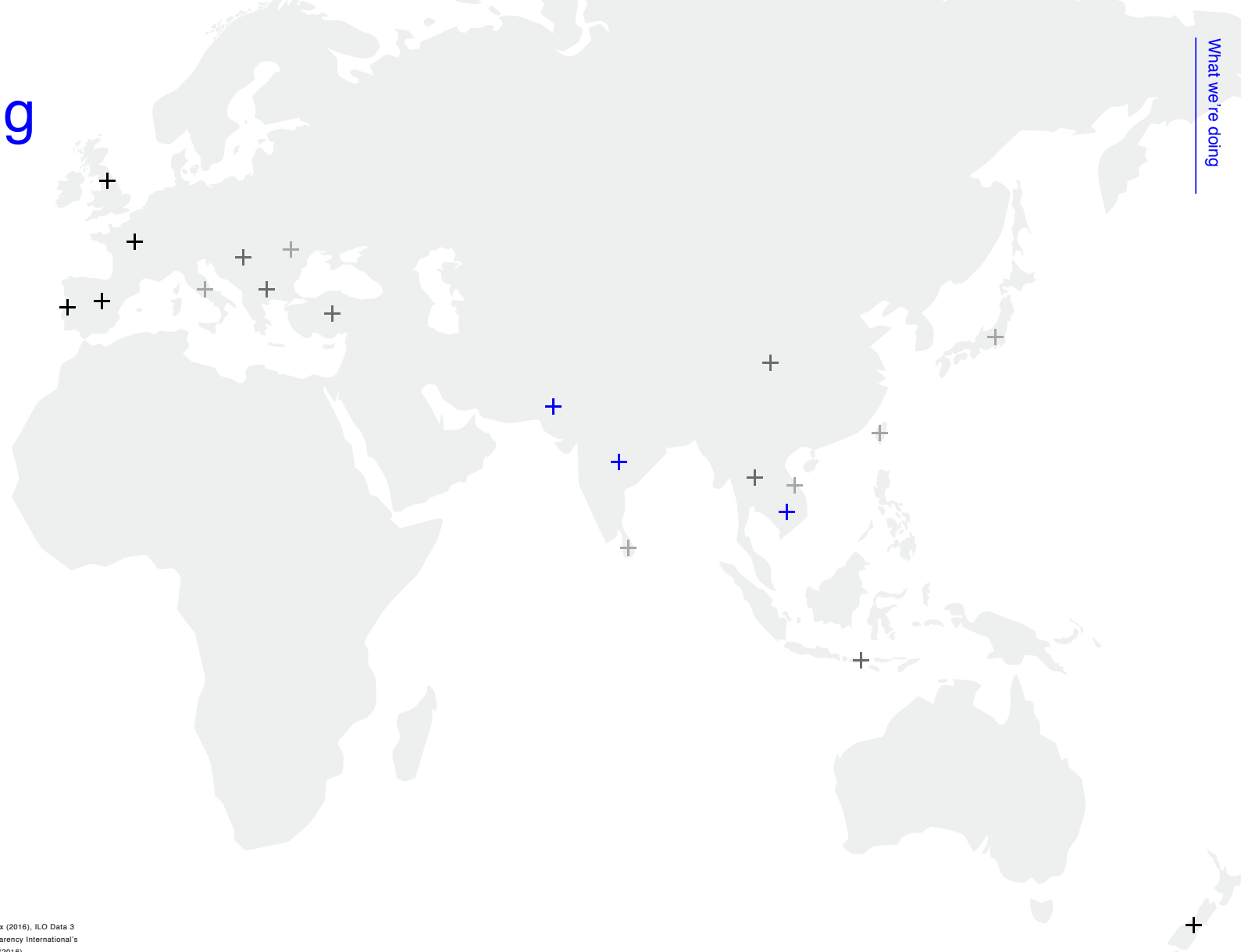
B

C

Understanding our risks

Country level risk profile

+	Very High Risk	Cambodia Pakistan India
+	High Risk	Thailand Turkey China Bosnia & Herzegovina Bulgaria Indonesia
+	Medium Risk	Sri Lanka Romania Vietnam Italy Taiwan Japan
+	Low Risk	Portugal Spain Belgium United Kingdom New Zealand



Data sources for country level risk assessment include: The Walk Free Foundation's Global Slavery Index (2016), ILO Data 3 on Forced Labour (2012); The US State Department's Trafficking in Persons (TIP) Report (2016); Transparency International's Corruption Perceptions Index (CPI) (2015); and Freedom in the World Report (FITW) by Freedom House (2016).

Understanding our risks

Assessing country and factory level risks

Modern slavery can happen anywhere in the world. But the risk is greater in some countries than others. Understanding where the risks lie in our supply chain is an important step in our journey to stamp out modern slavery. That's exactly what our tier 1 supplier risk assessment tool is for.

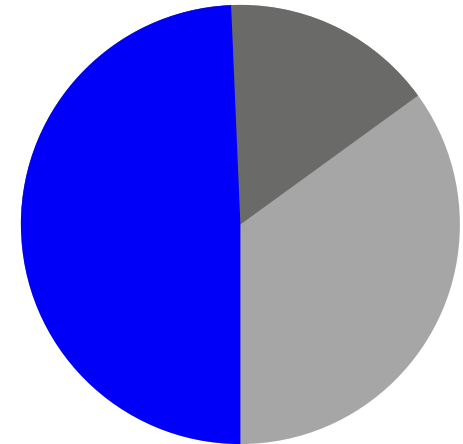
Developed with Lancaster University, the tool helps us to build a modern slavery risk profile for regions we source from. Together with various data sources³, it feeds into country level risk profiles, which evaluate:

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

We also use our social audits and a detailed supplier questionnaire to understand risk at factory level. We combine the country risk profile with data on areas such as the factory's proximity to borders, worker demographics, and the presence of policies and management systems.

So far, we've assessed all our tier 1 suppliers and we're exploring how we can effectively assess risk among our tier 2 suppliers.

Factory level risks profile



12% High Risk
49% Moderate Risk
39% Low Risk

³ Data sources for country level risk assessment include: The Walk Free Foundation's GlobalSlavery Index (2016), ILO Data on Forced Labour (2012); The US State Department's Trafficking in Persons (TIP) Report (2016); Transparency International's Corruption Perceptions Index (CPI) (2015); and Freedom in the Work Report (FITW) by Freedom House (2016).

Identifying issues and taking action

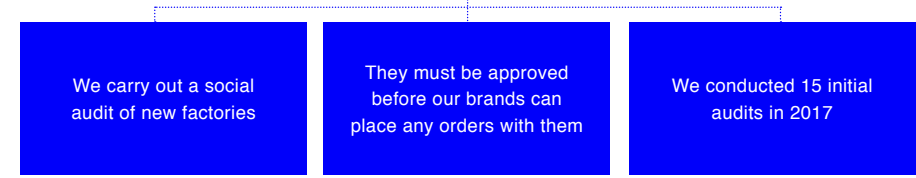
Working with factories

We conduct social audits for all of our tier 1 assembly factories on a regular basis to ensure compliance with 'Our Standards'. The audits are performed by a combination of external consultants, our Corporate Responsibility team and other organisations, such as Better Work. All external auditors are independently certified social auditors.

If an issue is identified, our experienced Corporate Responsibility team works with factories to analyse the root cause. We work with factories to remedy the issue and make lasting improvements to working conditions in line with 'Our Standards.'

We try to avoid terminating relationships with factories because that offers no benefit for the workforce. But we will exit a relationship if a factory refuses to improve. In these cases, we make sure we exit factory relationships responsibly, in a way that minimises any negative impact on the workforce.

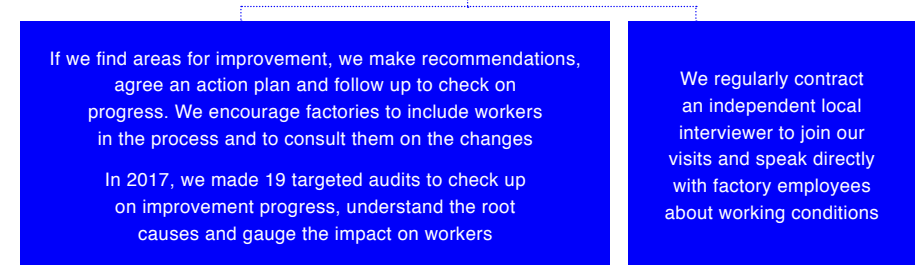
1.0 Starting a relationship



2.0 Monitoring standards



3.0 Improving standards



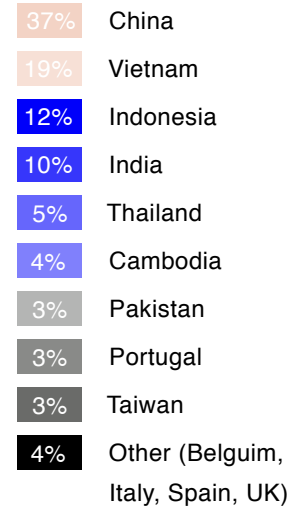
Identifying issues and taking action

Supplier audits in 2017

During social audits we conducted in 2017, most instances of non-compliance were minor, while 20% of instances were critical. The most common critical issues were in relation to inconsistencies found in workers' wage records, inadequate holidays provided to workers, lack of social insurance provision, general health and safety issues, and excessive working hours.

We identified one zero tolerance issue in relation to minimum wages not being paid at a factory in China. This issue was satisfactorily resolved within two months of being identified.

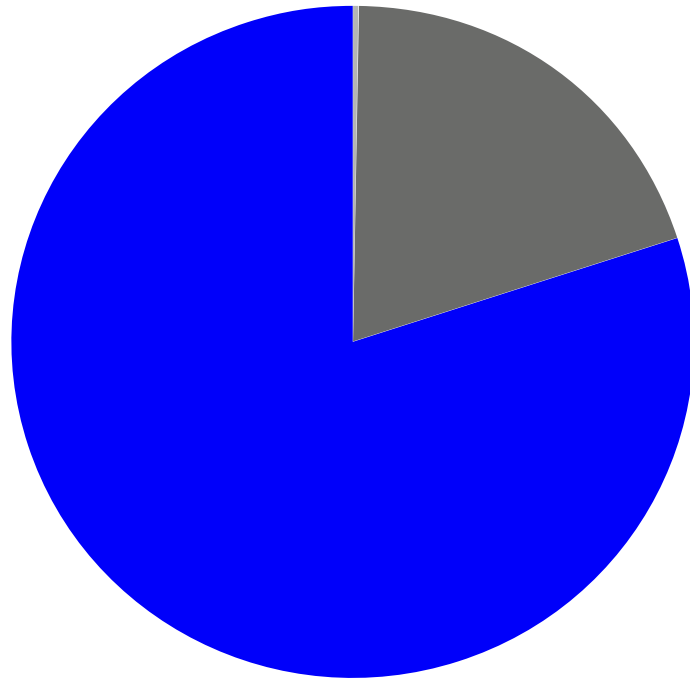
Factory audits by country*



*Excludes factories that are part of the Better Work programme.

Identifying issues and taking action

Issues identified by type in 2017*



Zero tolerance 0.3%

An issue that has an unacceptable impact on worker rights or conditions. It could lead us to suspend or even end our relationship with a supplier if they do not immediately engage in sustainable improvement.

Critical 19.8%

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

Minor 79.9%

Less significant breaches. They can be quickly tackled individually, but in clusters they can identify a need for improved management practices

*Excludes factories that are part of the Better Work programme.

Identifying issues and taking action

Our modern slavery investigation process

Modern slavery can be hard to spot, unless you know what to look for, 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.

Our in-depth modern slavery investigation process is designed to investigate the whole employee experience – from recruitment to leaving the company – to identify potential modern slavery risks. We developed it in partnership with Verité, experts in supply chain, labour and human rights issues.

We used this process to assess a factory in Thailand in November 2016 and found 15 indicators of modern slavery, particularly related to migrant worker recruitment and employment. We worked closely with the factory's management to agree an improvement plan to address these issues. More detail about the process and results of this audit can be found in our 2017 [Modern Slavery Report](#).

In 2017, we trained our teams in Thailand to equip them to spot and remedy potential modern slavery risks. We developed new policies on vulnerable workers ([see page 15](#)) and established a partnership with a specialist local NGO, with a view to embedding best practices across the seven factories we source from in Thailand ([see page 25](#)).

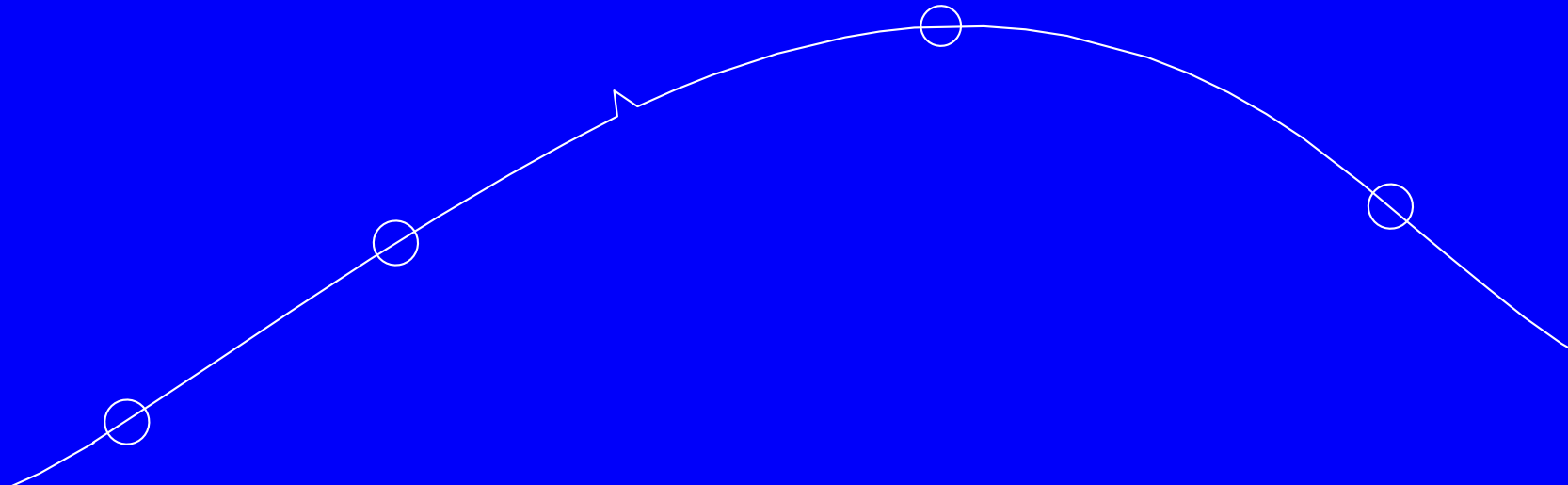
Giving workers a voice

We want everyone in our supply chain to be treated with dignity and respect and feel they can speak up. We're enabling workers to find their voice by:

- + Educating factory workers about their rights
- + Using Issara Institute's Inclusive Labour Monitoring system at all the factories in Thailand and Myanmar which allows employees to raise concerns through a multilingual hotline and smartphone app

- + Informing homeworkers of their rights to bargain collectively to negotiate better working conditions with employers and agents
- + Gathering data on union representation among workers at our tier 1 suppliers to help us identify where workers may not have the freedom or support to speak out
- + Exploring how we can extend whistle blowing to more people employed in the factories we source from

Putting policy into practice



Embedding our modern slavery approach in Thailand

We're working to embed a best practice approach to migrant worker rights and recruitment in the factories we source from in Thailand. Our supplier risk assessment highlighted this as a priority issue.

In our [first modern slavery report](#) we provided details of our investigation into the risks for foreign migrant workers in Thailand and our discovery of indicators of potential trafficking and modern slavery. It's common for migrant workers to be recruited for low skilled work in Thailand, often from neighbouring countries such as Cambodia and Myanmar.

[In response to these findings, in 2017 we:](#)

+ Drafted and published our vulnerable worker policies, making our expectations clear to suppliers and business partners, and providing guidance on operational management of migrant workers, child labour and young workers, and homeworking.

+ Signed a partnership agreement with Bangkok-based NGO, the Issara Institute, to deliver their Inclusive Labour Monitoring System at all our Thai manufacturing sites.

+ Held a seminar in Bangkok introducing our new policies and the Issara Institute partnership to all our Thai manufacturers – all our Thai suppliers agreed to implement the new policies and work with the Issara Institute.

Embedding our modern slavery approach in Thailand

We're pleased with the progress made at the factory investigated in November 2016. Actions taken by the factory include:

- + Negotiating a new contract with their recruitment agent, providing increased funding, sufficient to cover all recruitment costs and an agreed margin for the agent
- + Compensating 60 workers recruited since 1st January 2017 for recruitment charges
- + Revising the factory worker manual to include the no recruitment fee policy which we translated into Burmese
- + Involving the factory's human resources team in attending and

monitoring recruitment sessions in Myanmar

- + Working with Issara Institute to introduce factory management and workers to its Inclusive Labour Monitoring System and explain the Golden Dreams app and grievance reporting channels to factory workers
- + Reviewing and improving key documents including employment policies, contracts and payslips, together with Issara
- + Inviting the Issara Institute to join recruitment sessions in Myanmar to promote their Golden Dreams smartphone app, monitor the recruitment process and provide feedback to improve it

We'll continue to drive improvements in 2018 through step-by-step implementation of our migrant worker policy, further audits and our partnership with the Issara Institute to implement their Inclusive Labour Monitoring System to get feedback direct from factory workers.

"Giving workers their voice is an important part of our strategy to improve working conditions in our supply chains. This project with Issara has proved its value, providing credible feedback from the workers and helping us to build trusted relationships and improvement plans with each of our suppliers."

Tim Pilch
Head of Ethical Trade, Pentland Brands

Embedding our modern slavery approach in Thailand

Tracking progress and giving workers a voice

Issara Institute are delivering their Inclusive Labour Monitoring system at all our Thai manufacturing sites, gaining ongoing feedback on labour conditions at factories directly from the people working there. Workers can report issues or ask for help at any time through a multilingual telephone hotline.

Issara's 'Golden Dreams' smartphone app also targets current and prospect Burmese language migrants. It's a platform for learning and exchanging information, reviews, ratings, comments, and advice about employers, recruiters and service providers in both home and destination countries. The concept is similar to Tripadvisor but the topics are those most relevant to migrant workers.

Issara Institute combines this feedback with regular workplace risk assessments and interviews with local experts and workers to build a better picture of what's happening day-to-day at factories. This information is shared directly with the factory, and Issara work with the factory to advise how to remedy issues. They report back to us if progress stalls.

“When Pentland Brands’ and Issara leadership teams went to Yangon to visit recruitment agencies sending workers to their suppliers, the agencies – which send tens of thousands of workers to Thailand and Malaysia annually – remarked that this was the first time they had ever been visited by a global buyer. Pentland Brands is deeply committed to unpacking the issues and driving positive change for migrant workers on the ground.”

Mark Taylor
Director of Strategy & Global
Partnerships at Issara Institute

Building suppliers' capability in china

“After training, we paid more attention to social insurance problems – currently, the percentage of workers enrolled is a bit low and we understand that there is a risk for the factory. Now we will focus on addressing the root cause: providing more training to raise workers' awareness, helping them understand social insurance and how to use it, and educating them on the importance of protecting themselves with insurance.”

Mr Zhu Wan Mao
Supplier factory manager

We don't audit a factory and then disappear. And we don't drop suppliers at the first sign of a problem. Instead, we partner with suppliers to improve standards over time. Ultimately, we believe this is the most effective way to make things better for workers.

In 2017, we worked closely with factories in China that had not met all of 'Our Standards' to help them improve. We trained factory managers, union representatives and staff responsible for production, employee welfare, and health and safety.

Modern slavery was one of the issues covered in the training, along with paying fair wages, employee benefits, health and safety, working hours, and environmental protection. We also shared tools, for example to help track working hours more accurately.

Following our training and capability building programme, more than a quarter of critical issues have already been sustainably resolved at participating factories, and we're continuing to check progress with regular monitoring.

Supporting vulnerable homeworkers in India

The stitching of certain parts of our footwear is a skill that is best done by hand. There are many homeworkers involved in hand-stitching, and we aim to support them as a vital part of our supply chain.

Homeworkers are often women relying on paid work that's flexible and fits in with their family and domestic duties. But we recognise there are risks to homeworking. It's typically informal, low-paid and insecure work, organised through a network of agents. This gives homeworkers little visibility in supply chains or control over their employment conditions.

The easiest way to eliminate these risks in our supply chain would be for us to ban homeworking. But this approach wouldn't improve

things for homeworkers. In 2017, we continued to partner with Homeworkers Worldwide and Civedep on our pilot programme, which focused on mapping homeworkers for one supplier in our leather shoe supply chain, whilst also understanding the context and challenges of homework.

During 2017, our NGO partners mapped the network of agents and homeworkers within the supply chain of one of our suppliers, traced value chains, and conducted interviews a sample of 30 workers to understand their situation and find solutions to improve their employment conditions. We also took part in a regional conference in Tamil Nadu, which was attended by homeworkers, suppliers and brands, to share

our learnings from the pilot programme and encourage positive change across the sector. We also introduced a detailed policy for homeworking this year, to give all our suppliers clearer guidance to protect homeworkers.

In the second phase of the pilot programme, we will continue to work with our NGO partners to understand how we can establish fairer piece rates and embed improved payment systems, further to researching how our purchasing practices impact our homeworkers. The findings of the pilot will allow us to design a better employment system to protect homeworkers as a whole, improving their pay and working hours, and formalising their employment rights and conditions.

“Homeworkers Worldwide has been working in partnership with Pentland Brands since mid 2016 on a project to improve working conditions for the homeworkers within its footwear supply chain. Pentland has been willing to put the time and resource in to develop an effective partnership, both with ourselves and our Indian NGO partner, and crucially, with their local supplier.

We appreciate Pentland's willingness to recognise the presence of homeworkers in their supply chains, and their commitment to working in partnership to bring about real improvements in homeworkers' pay and conditions. We are working closely with Pentland on solutions which are sustainable, and which we both hope could become a model for the sector.”

Lucy Brill
Homeworkers Worldwide

What we're focusing on next

There's always more that we can do and we'll continue to work with partners to tackle modern slavery.

In 2018, we'll continue to communicate our vulnerable worker policies to suppliers and translate our migrant worker policy into Thai, Burmese and Khmer.

Alongside the Issara Institute, we will start work to implement our migrant worker policy and process at a second factory in Thailand that employs foreign migrants.

Better whistleblowing and grievance procedures at suppliers will be another focus, as we aim to strengthen systems for workers to raise concerns, especially with those that lack union representation.

We'll also continue to identify, map and monitor risks deeper into our supply chain, beyond tier 1 suppliers.



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