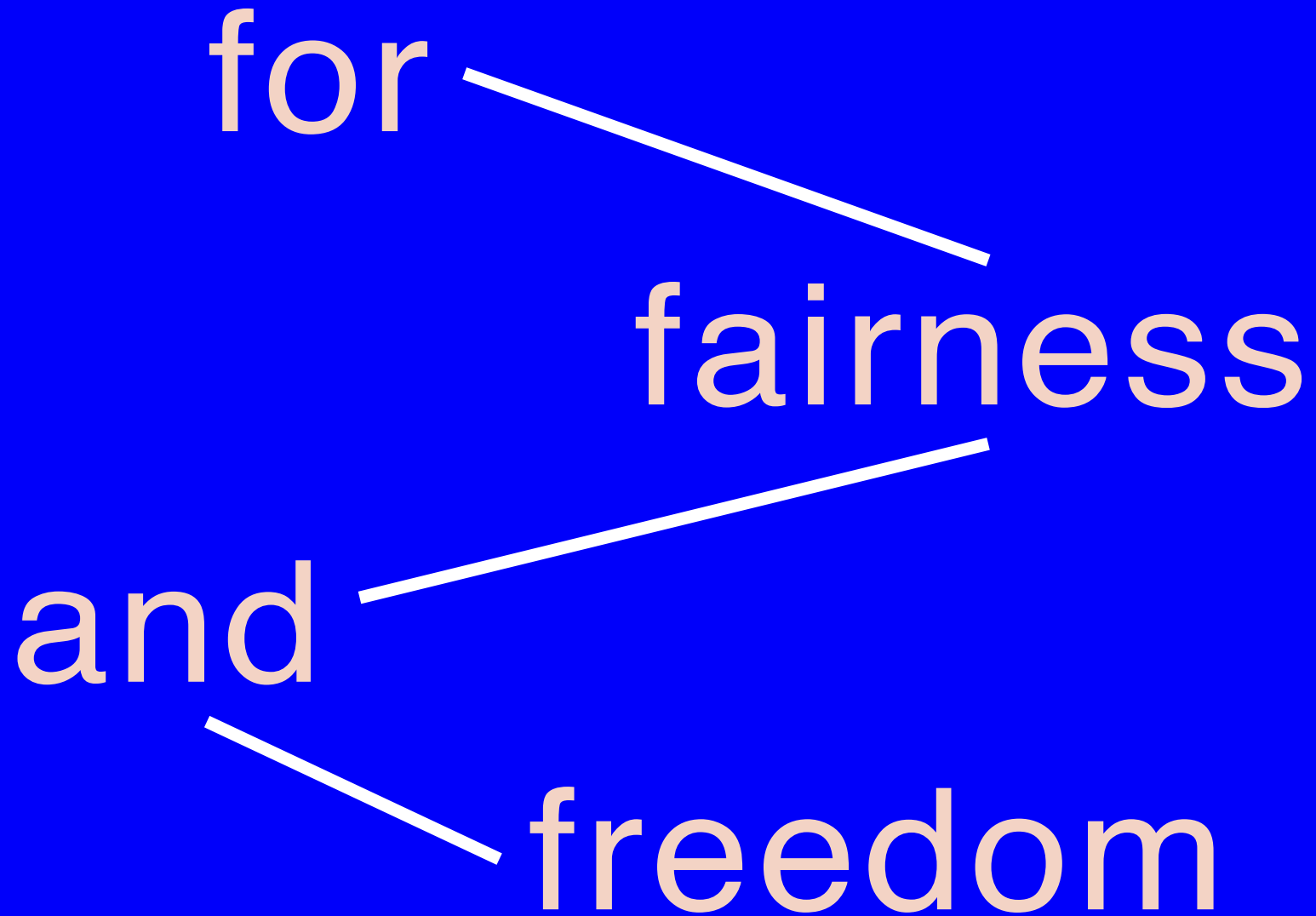


for
fairness
and
freedom



Contents

This is Pentland Brands' third annual 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' Executive team.

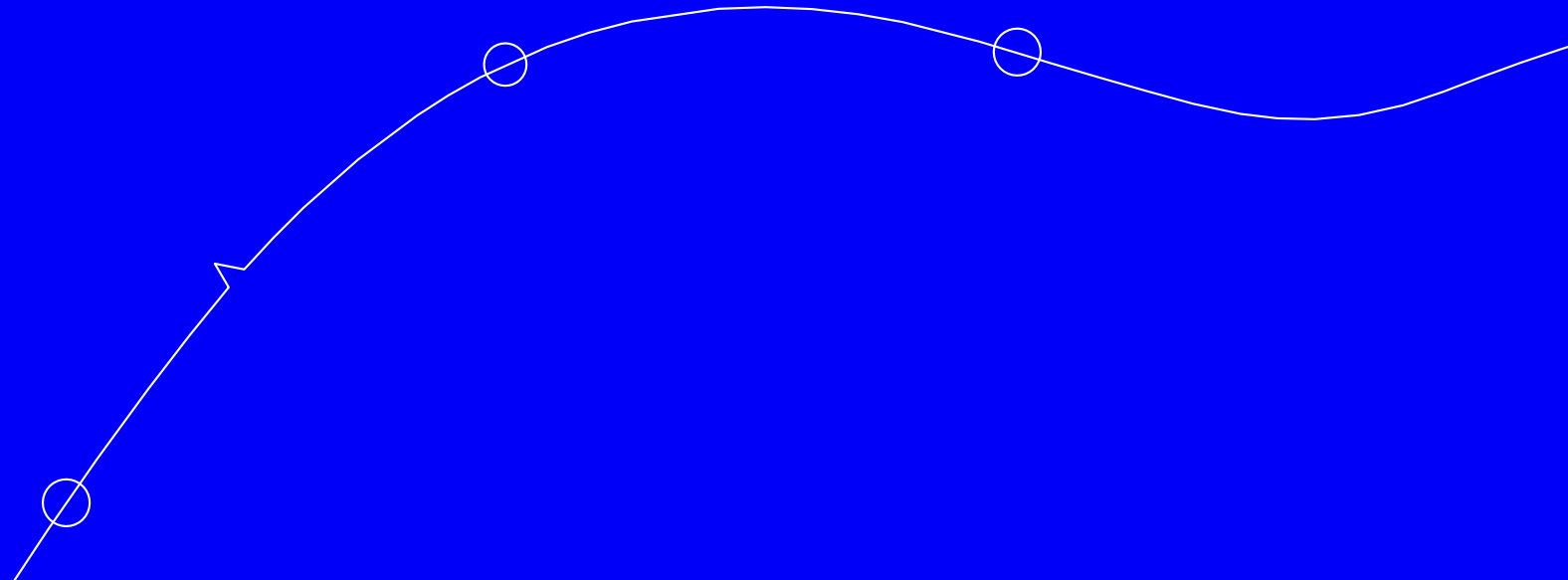
This report covers our progress from January to December 2018, our financial year. We've renamed it the '2018' report to bring it into line with the timeframe used for the annual Pentland Group plc Corporate Responsibility Review, which analyses our social and environmental performance. The previous year's report covering the 2017 financial year can be found [here](#).

Feedback

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

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Introduction



A view from our CEO, Andy Long

We strive to do the right thing, not the easy thing, every day. When it comes to tackling modern slavery and improving labour rights, this commitment can have a life-changing impact on the people making our products.

We believe everyone has the right to fair pay, safe working conditions, and to be treated with dignity and respect. Yet there are millions of victims of modern slavery worldwide. We're using our influence to support global efforts to tackle modern slavery and we're working hard to negate any related risks in our supply chain.

As a global footwear, sports and fashion company, we depend on the people who work for us – and we're committed to respecting their rights. We have a strong history in trading ethically and we are a founding member of the Ethical Trading Initiative.

We publish a list of tier one factories on our website, and in 2018 we continued to monitor factory working conditions in line with Our Standards. We partner with non-governmental organisations (NGOs) and suppliers to build their capacity to implement our ethical trade requirements. We've strengthened our approach by communicating our new Corporate Responsibility Charter to all our suppliers, including our policies to protect the most vulnerable in our supply chain.

We've continued to train hundreds of people across the business, so they can spot the first signs of modern slavery, however subtle. Assessing risks and training employees at our UK distribution centres was a particular focus this year.

Partnering with local experts, NGOs, other brands and buyers remains an important part of our approach in addressing the complex issue of modern slavery. In 2018, we worked closely with Homeworkers Worldwide and Cividep to raise pay rates for homeworkers involved in making footwear for one of our suppliers in India. And, together with the Issara Institute, we've used our influence to establish ethical recruitment practices for migrant workers at a factory in Thailand.

We signed up to ACT's new global purchasing practices commitments this year, which we'll implement over the next five years. In 2019, we'll review our modern slavery strategy, continue to map and address risks in our supply chain, use training to raise awareness across our business and continue our programmes with local NGO partners in India and Thailand.

I look forward to providing an updated report on our progress next year.

Andy Long
CEO, Pentland Brands

2018 Performance Review

Topic	2018 Objective	Status	Progress
Setting standards	Roll out vulnerable worker policies to all suppliers, as part of reformatted supplier communications.	Achieved	All suppliers received our new Corporate Responsibility Charter that brings together all our requirements.
	Translate migrant worker policies into Thai, Burmese and Khmer.	Achieved	Migrant worker policies are now available in Thai and Burmese for factory management and recruitment agents as these are the main languages spoken by those using the migrant worker policies.
	Review and update Our Standards.	Ongoing	We're committed to reviewing Our Standards every year.
	Translate Our Standards into Burmese.	Ongoing	We'll translate Our Standards once they've been updated.
Training our people and partners	Provide face-to-face training for 320 more employees in relevant roles on ways to identify modern slavery risks.	Ongoing	We trained 172 people in factory facing and warehouse roles, and 20 in distribution centres. We'll continue to train people in high risk roles.
	Reach all employees with online training on modern slavery.	Ongoing	Online training has been rolled out to all employees and more than 680 have completed it. In the coming years we'll focus on increasing the number of employees completing the training.
Understanding risks	Continue to map and risk assess our second tier suppliers.	Ongoing	Reaching further tiers of our supply chain is a complex task and we're continuing to map, and risk assess second tier suppliers. Having established our list of preferred second tier suppliers in 2018, we are now working on mapping locally-sourced materials and component suppliers that we presently do not have a relationship with.
	Develop and embed a system for monitoring homeworking standards.	Ongoing	We established improved wages for homeworkers of one supplier in India and we're continuing to collaborate with Homeworkers Worldwide to evaluate and embed the project outcomes.
Identifying issues and taking actions	Continue social audits of suppliers to investigate risks and remedy any issues discovered.	Achieved	93 social audits of suppliers were completed in 2018, of which 12 were part of the Better Work programme. We also revised our audit process to complete more semi-announced audits.
	Strengthen our whistleblowing and grievance reporting systems for workers at suppliers' factories.	Partly Achieved	Through our partnership with NGOs such as the Issara Institute, we're building factories' capacity and understanding of grievance mechanisms. We also piloted an app to help buying teams spot issues when they visit factories.

2.0

Who we are and how we work



Our business

We're a global brand management company known for owning and licensing some of the world's best-loved sport, outdoor, fashion and footwear brands.

We design branded products, market them and distribute them to retailers. We have around 1,600 employees across the world, the majority of whom are office based, and a limited number who are based in warehouses and retail outlets. We outsource most of our manufacturing and co-own five factories: three in Sri Lanka, one in Vietnam and another in the UK.



1. UK Footwear licensee

2. Joint Venture Partner

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

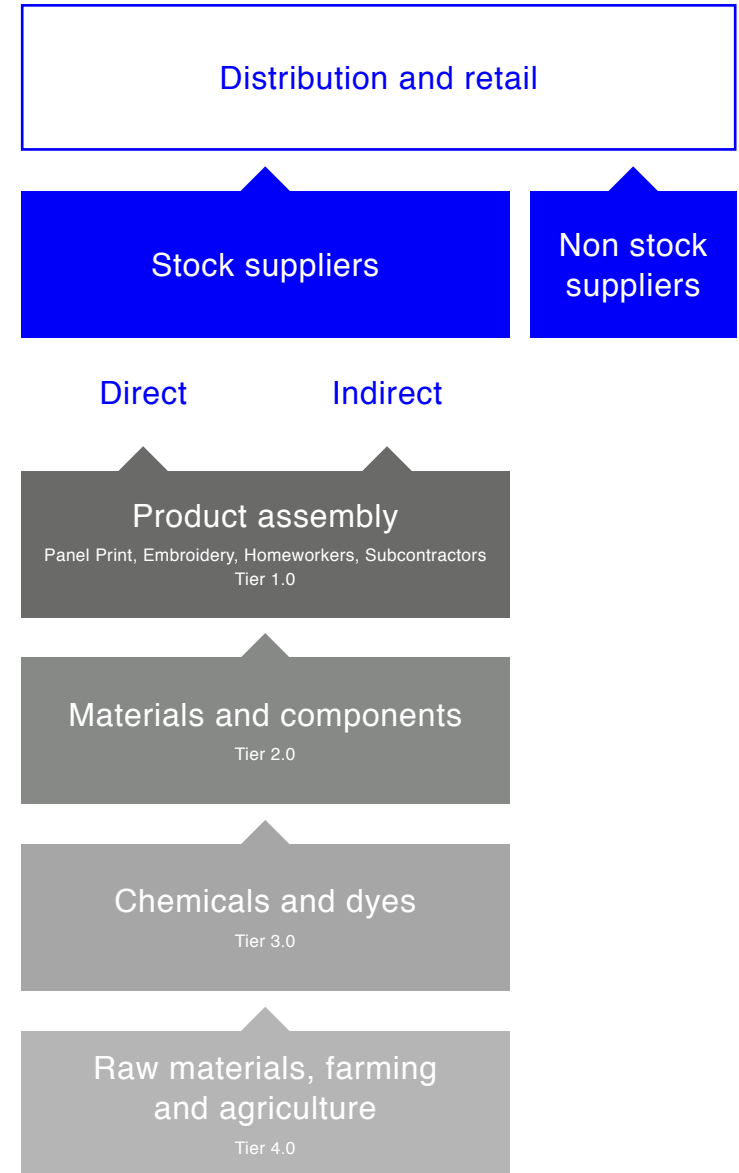
Our non-stock supply chain is everything else we purchase to support our business, whether that be services, such as cleaning, or consumables, such as stationery.

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.



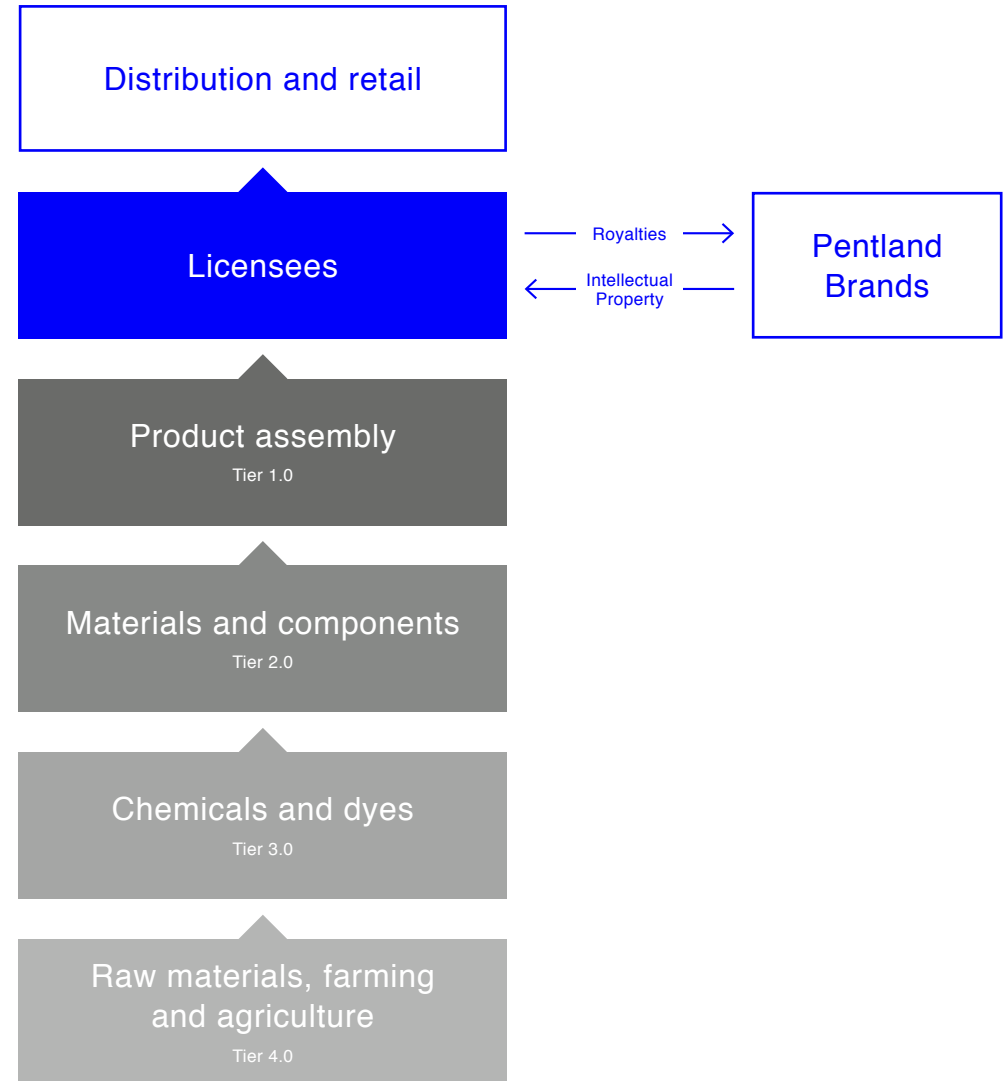
Our licensee supply chain model

Definitions

Licensing

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

For example, the elleste 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.



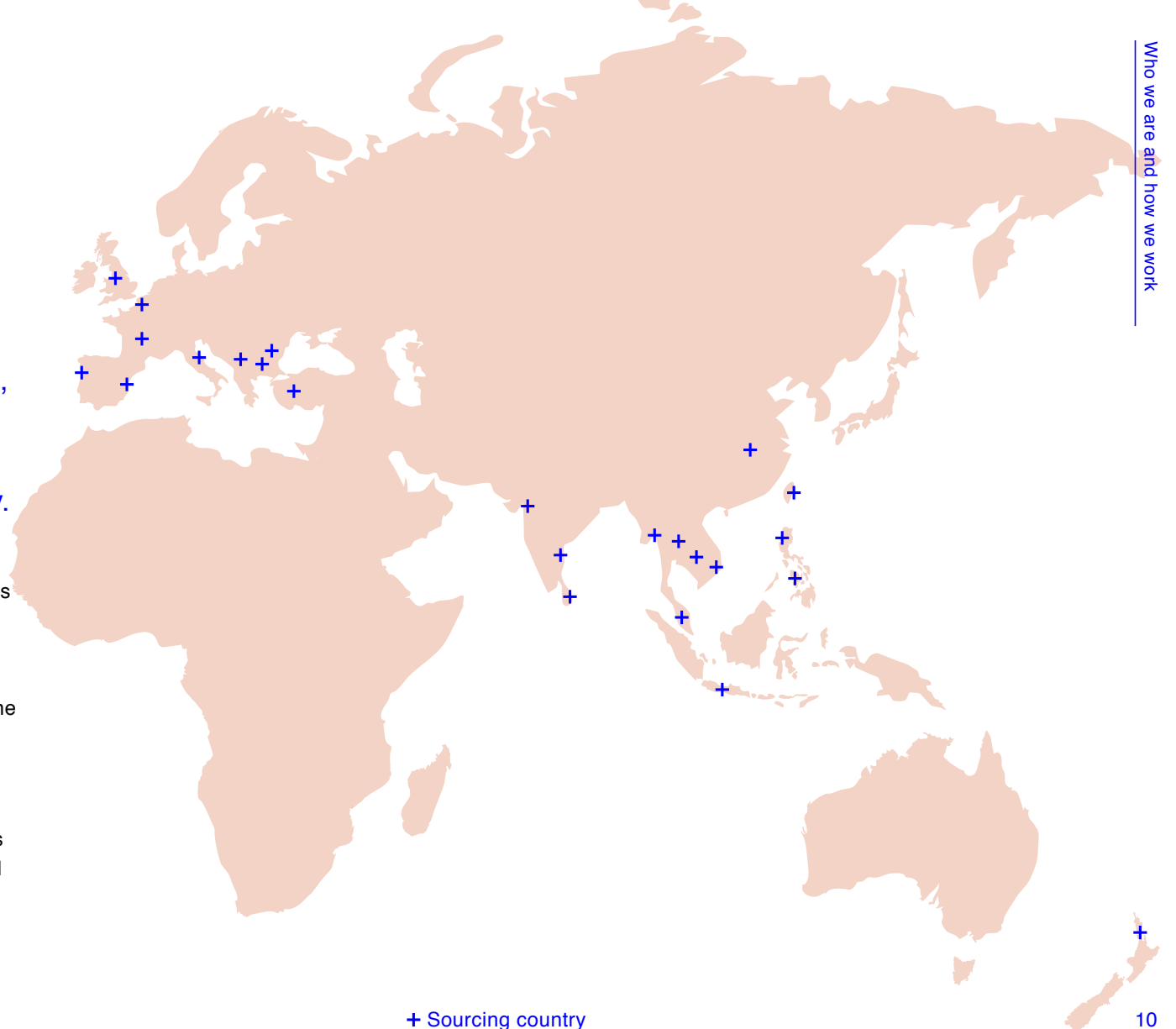
Mapping our supply chain

Being transparent about who we source from helps us work in a more, constructive, open and collaborative way with our suppliers, customers, other brands, NGOs and civil society.

This 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 first tier suppliers on our [website](#). In 2018, we continued to map our second tier 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.



+ Sourcing country

3.0

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 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 approximately 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 123,300 people working at our first tier suppliers alone.

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.



Challenges for our sector

Child labour and young workers

The International Labour Organisation (ILO) estimates there are at least around 152 million victims of child labour globally, half of which are children aged 5-11 years¹. Children are also vulnerable to hazardous work that could harm their health or development.

Casual and homeworkers

Hand stitching of products such as footwear often happens in people's homes situated in low income, rural areas. 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.

<http://www.ilo.org/global/topics/child-labour/lang-en/index.htm>¹

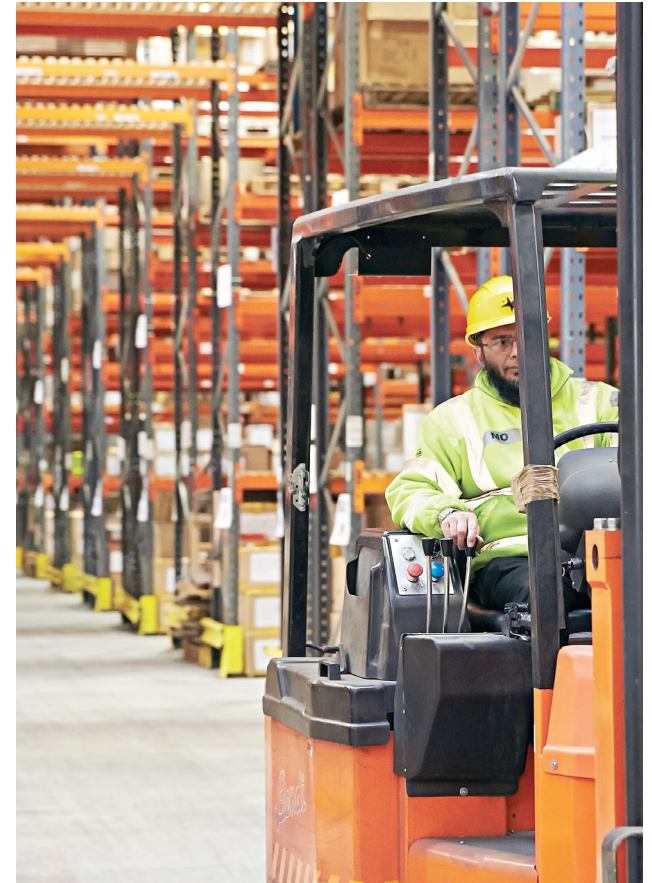
The licensed business model

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 a 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 the most vulnerable workers in our 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 eight of the 17 UN Sustainable Development Goals, including goals 3, 5, 6, 8, 9, 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 a business, ‘in good conscience’ is one of our guiding principles that influences the way we operate. We’re moving from policy into action with the support of local experts and tools giving workers in our supply chain a voice. Our goal is to support our partners and our industry in protecting human rights and providing people with the basic right to decent work.”

Matt Rock
President - Asia Pacific
Pentland Brands

4.0

What we're doing



Setting standards

Our Standards guides the way we work and set out what we expect from our employees, partners 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 22](#) for details on how we audit factories in line with these standards.

Our standards and policies

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 three types of vulnerable workers in our supply chain.

These are available on our website:

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

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

In 2018, we introduced our Corporate Responsibility Charter for suppliers. It outlines our ethics and governance requirements and how we expect our suppliers to protect people and the environment. We contacted every supplier and asked them to commit to the Charter in 2018.

We're also supporting our own people to make sure they're confident in partnering with the right suppliers. This year, we developed a guide to ethical sourcing to support our buying teams in selecting new suppliers and ensuring existing suppliers comply with our standards.

Setting standards

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 cashflow – in 2018, 83% of our suppliers were paid within 30 days of receipt of shipping documents.

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.

We've adopted ACT's global purchasing practices commitments, which were launched in 2018 to create continuous wage growth and better conditions for workers. We helped develop the commitments as a member of the Foundation's Purchasing Practices Working Group. We'll implement the changes needed to fully meet them by the end of 2023, the timeline agreed by all ACT members (see box).

We also supported ACT's work to establish country-specific sourcing commitments in 2018 for countries that are the first to engage in negotiating a collective bargaining agreement at industry level. We'll use our buying power as a brand to preferentially source from these countries.

ACT Global Purchasing Practices Commitments

As a founding member of the ACT Foundation, we've committed that by 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.

Training our people and partners

We're training hundreds of employees across our business to spot indicators of modern slavery, wherever they work. More than 680 of our people have completed the online training, including our Executive Team.

Everyone in factory facing and warehouse roles owns a toolkit to help them identify potential indicators of modern slavery during factory visits or in our warehouses. In 2018, we trained 172 people in these roles.

We have also introduced training to help people working in our UK distribution centres spot signs of modern slavery, where the risks could be higher than in our UK office buildings. We trained 20 managers and supervisors at three distribution centres in 2018.

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 should be used when visiting: Suppliers, Subcontractors, Warehouses, Product re-processors, Service providers and reminds them to look out for risks in three areas: [Appearance](#), [Behaviour](#) and [Conditions](#).

We train our factory-facing, distribution centre and warehouse teams to use the toolkit through a series of scenarios designed to help them spot indicators in real situations. In the event that indicators are spotted, we ensure they understand how to report their observations back to the corporate responsibility team.

Understanding our risks

Modern slavery can happen anywhere in the world. However, 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 eradicate modern slavery. That's exactly what our first tier supplier risk assessment tool is for.

Assessing country and factory level risks

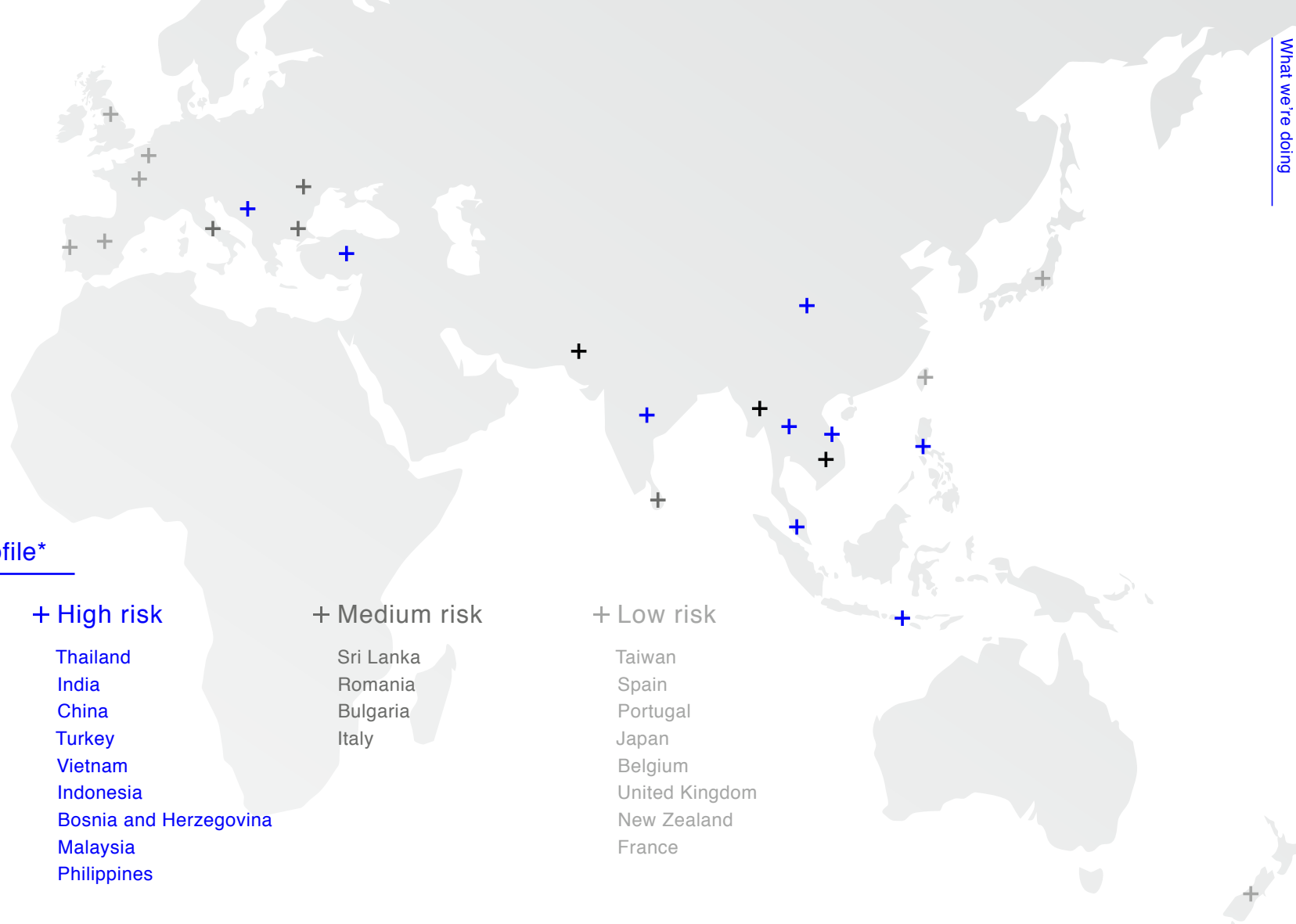
Developed with Lancaster University, the tool helps us to build a modern slavery risk profile for the regions we source from. Together with various data sources, it feeds into country level risk profiles, which evaluate:

- 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 a factory level.

In 2018, we reviewed and expanded the questions to understand our suppliers' approach on additional types of labour relations issues, including freedom of association and gender equality. We will combine the risk profile of the region with new factory level data on areas such as the factory's proximity to borders, worker demographics, and the presence of policies and management systems.

Understanding our risks



Country level risk profile*

+ Very high risk

- Pakistan
- Cambodia
- Myanmar

+ High risk

- Thailand
- India
- China
- Turkey
- Vietnam
- Indonesia
- Bosnia and Herzegovina
- Malaysia
- Philippines

+ Medium risk

- Sri Lanka
- Romania
- Bulgaria
- Italy

+ Low risk

- Taiwan
- Spain
- Portugal
- Japan
- Belgium
- United Kingdom
- New Zealand
- France

*Data sources for country level risk assessment include: The Walk Free Foundation's Global Slavery Index (2018); ILO Global Estimates of Modern Slavery Report (2017); The US State Department's Trafficking in Persons (TIP) Report (2018); Transparency International's Corruption Perceptions Index (CPI) (2018); Freedom in the World Report (FITW) (2019)

Identifying issues and taking action

Working with factories

We conduct social audits for all our first tier 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, remedy the issue and make lasting improvements to working conditions in line with Our Standards.

We try to avoid terminating relationships with factories because this response lacks benefit for the workforce. However, 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.

2018 figures

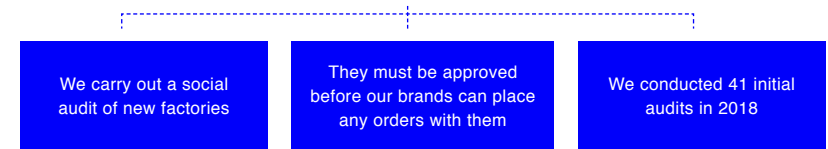
Initial audits: 41

Cyclical audits: 34

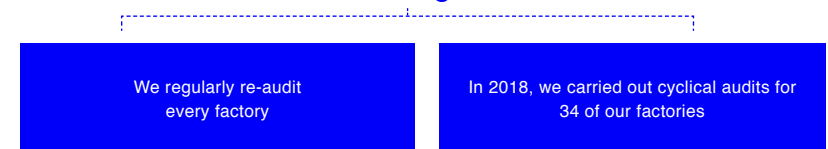
Targeted audits: 13

Factory review process

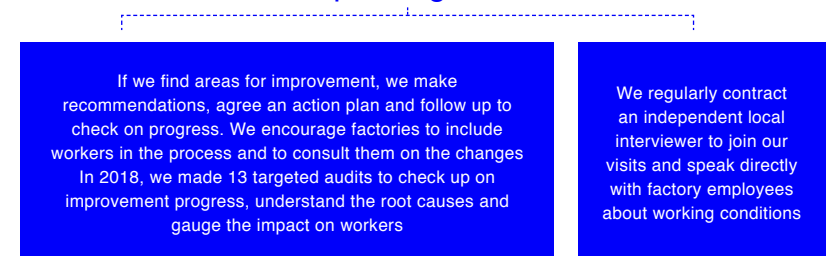
1.0 Starting a relationship



2.0 Monitoring standards



3.0 Improving standards



Identifying issues and taking action

Supplier audits in 2018

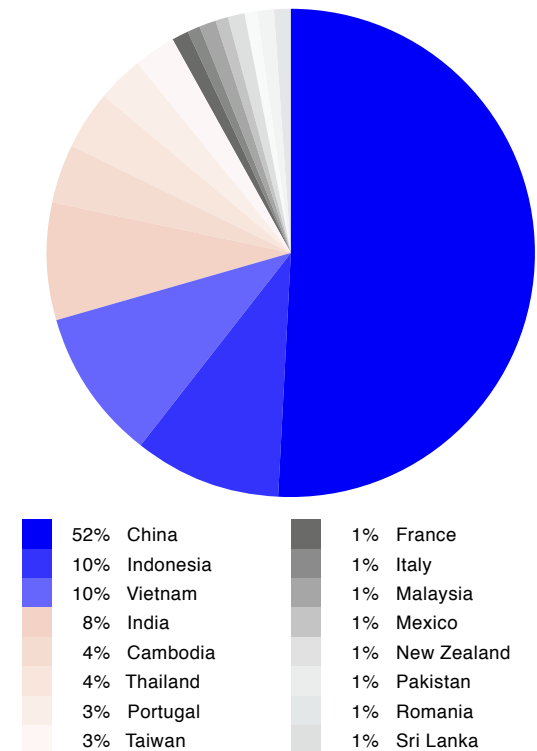
In 2018, we conducted 104 audits (compared with 96 in 2017). Sixteen of these were part of the Better Work programme. The increased number of audits was a result of the addition of new factories supplying Endura and Karen Millen which joined Pentland Brands in 2018 and the expansion of our Ellesse Direct range. We also trialled semi-announced audits where we audit a supplier within a two-week timeframe, without providing an exact date of our visit.

During the social audits we conducted in 2018, most instances of non-compliance were minor, but 31% of instances were classed as critical (up from 20% in 2017). The increase in critical issues is partly due to the number of new factories supplying our brands this year. The most common critical issues related 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 did not find any zero tolerance instances of employment not being freely chosen. However, we identified nine zero tolerance issues related to payment of living wages and excessive working hours that could be indicators of modern slavery. Two of these instances have been resolved and we're working closely with suppliers to resolve the remaining issues by training supervisors, helping them improve their record-keeping systems and building their capacity to comply with our standards.

Factory audits by country



Identifying issues and taking action

Issues identified by type in 2018

Zero tolerance 2.1%

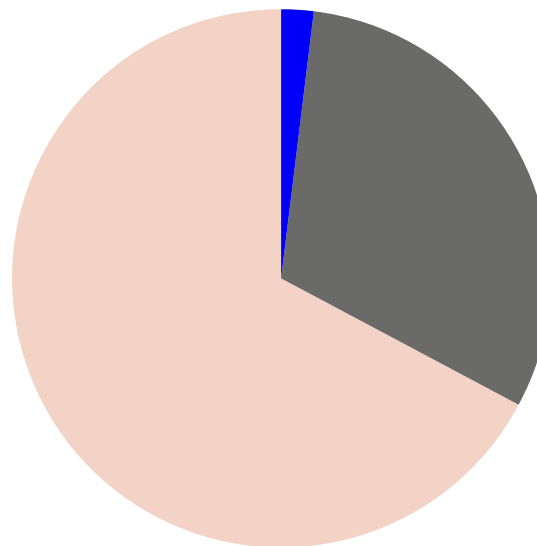
An issue that has an unacceptable impact on worker rights or conditions. It could lead us to suspend or even end our relationship with a supplier if they do not immediately engage in sustainable improvement.

Critical 30.9%

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

Minor 66.9%

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



Identifying issues and taking action

Our modern slavery investigation 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.

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; an expert in supply chain, labour and human rights issues.

We used this process to assess a factory in Thailand in November 2016, where we found indicators of modern slavery, particularly related to migrant worker recruitment and employment. We worked closely with the factory's management to resolve these issues, which we have reported on in detail in our previous [Modern Slavery Reports](#).

In 2018, we continued to work with a locally-based international NGO, Issara Institute, to begin embedding our modern slavery approach and improve grievance mechanisms at a second factory in Thailand. This work is ongoing, and we'll report on progress in future years. We're also working with Issara Institute to improve ethical recruitment practices in Thailand ([see page 28](#)).



Identifying issues and taking action

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 using Issara Institute's Inclusive Labour Monitoring system at factories in Thailand and Myanmar which allows employees to raise concerns through a multilingual hotline and smartphone app. We're also informing homeworkers of their rights to bargain collectively to negotiate better working conditions with employers and agents.

Helping buyers spot modern slavery

It's not only trained specialists or auditors that can spot the signs of modern slavery – anyone that visits factories can.

In 2018, we partnered with the consultancy Carnstone, and other ETI members to pilot an app especially for buyers. Commercial teams regularly visit factories to discuss orders and production with suppliers.

The Everyone's Business app gives buyers modern slavery guidance at their fingertips. They can check the top risks in the country they're visiting, flag any issues they spot on the factory floor and share insights with the corporate responsibility team.



5.0

Putting policy into practice



Embedding ethical recruitment practices in Thailand

It's common for migrant workers to be recruited for low skilled work in Thailand, often from neighbouring countries such as Cambodia and Myanmar.

Labour migration can be a successful and positive experience for workers, but it can also lead to potential risks of modern slavery through recruitment and employment practices.

In 2018, we continued to embed a best practice approach to migrant worker rights and recruitment in the factories we source from in Thailand. Our vulnerable worker policies make our expectations clear to suppliers and business partners and provide guidance on managing migrant workers. We're also partnering with Bangkok-based international NGO, Issara Institute, to put ethical recruitment practices in place.

Migrant workers often have little choice in paying middlemen brokers and recruitment agency fees to secure a job. There's also a risk they'll be indebted to new employers, and consequently have their freedom of movement restricted and their wages underpaid to cover hidden costs.

“There are not many factories recruiting workers with zero fees. It would be good if all the factories could practice zero fees policies so workers can go without being in debt and can support their family better. We do hope that buyers, suppliers, and recruitment agencies can work together to make this happen.”

Managing Director
Recruitment agency, Myanmar

Embedding ethical recruitment practices in Thailand

Zero-fee recruitment

Together with Issara, we've eliminated recruitment fees at one of our Thai suppliers. The factory now deals with a recruitment agency in Myanmar directly, instead of using intermediate Thai agencies. Procedures are also more clearly communicated to jobseekers. The factory renegotiated their contract with the agent to cover the costs.

This zero-fee recruitment approach means intermediary agents can't pass on informal fees that end up being paid by workers. We've visited Myanmar to meet with recruiters directly and translated the factory worker manual, including the zero-fees policy, into Burmese. More than 42 workers have been compensated more than 480,300 Thai Baht (£11,000 GBP) for recruitment costs since January 2018.

Connected workers

Issara's Golden Dreams smartphone app provides further support for current and prospective Burmese-speaking migrants. It's a platform for workers to learn and exchange information, reviews, ratings, comments, and advice about employers, recruiters and service providers in both home and destination countries. Issara works closely with recruitment agencies in source countries to develop more ethical practices along with suppliers in the destination countries.

Worker voice and empowerment is integrated throughout jobseekers' and migrant workers' journey, helping them to know their rights, make more informed decisions and avoid exploitative fees, while improving transparency and providing insights on actual working conditions.

"Foreign migrant workers comprise a significant percentage of our work force and it is important to us that they are not having to pay high fees and find jobs through informal brokers. We are implementing a zero recruitment fees to workers approach, which is also a requirement of our customer, Pentland Brands. It can be difficult to have visibility of the recruitment process in Myanmar but working directly with the Myanmar recruitment agency and having our workers communicate job opportunities to their friends and family, has been an effective way to remove risk and fees."

Factory manager
Thailand

Assessing risk at our UK distribution centres

Many of our products pass through our UK distribution centres on their journey to reach our customers. Sometimes during high season, we take on extra staff through agencies.

Using a temporary workforce can be linked to increased risks of modern slavery.

In 2018, we asked a leading international slavery NGO, Hope for Justice, to review our approach. Hope for Justice conducted an in-depth review of our exposure to modern slavery risks at our national distribution centre in the UK.

They evaluated our modern slavery policies, due diligence processes, training and procedures we have in place to reduce modern slavery risks. They found that we have many important policies and procedures in place, including paying all workers living wages.

There's also room for improvement and we're taking on board their recommendations at all our UK distribution centres. This includes clearly referencing modern slavery in our recruitment policy and code of conduct and doing more to promote the confidential whistleblowing policy.

We're also raising awareness of modern slavery across our workforce and training recruitment agents on the issue. We trained 20 managers and supervisors at three UK distribution centres in 2018.

“Ending modern slavery is a huge challenge, but one we tackle with hope. We were pleased to find Pentland Brands has hope too – we reviewed their modern slavery policies and approach at their national distribution centre, and while we made minor recommendations on how to improve their procedures even further, overall we were impressed. We welcome their commitment to training staff and raising awareness of this issue and look forward to continuing to work with Pentland Brands, to ensure their operations and supply chains are protected from modern slavery.”

Susan Banister
Head of Business Development
Hope for Justice

Supporting vulnerable homeworkers in India

The stitching of certain parts of our footwear is a skill that is completed 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. 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. However, this approach would do little to benefit homeworkers. Since 2016, we've worked with Homeworkers Worldwide and Cividep on a pilot programme to map homeworkers for one supplier in our leather shoe supply chain.

Since the programme began, our NGO partners have mapped the network of agents and homeworkers in the supply chain of one of our suppliers. They interviewed more than 200 homeworkers and 11 agents distributing work to them. This helped us create a map of prices paid along the value chain and identify opportunities to improve livelihoods for homeworkers. The homeworkers are paid a 'piece rate' – a fixed amount for every piece they stitch. Agents charge commission for tracking orders and quality control, which reduces the workers' pay.

Supporting vulnerable homeworkers in India

Since September 2018, these homeworkers have been paid at a higher piece rate, to meet minimum standards. We've also supported the supplier to register homeworkers and introduce a simple paper-based system to track orders and payments made.

Our detailed policy for homeworking gives all our suppliers clearer guidance to protect homeworkers.

We're continuing to work with NGOs, suppliers and agents to establish grievance and collective bargaining mechanisms, to improve record-keeping, and extend access to social protection and healthcare. We're also sharing what we've learned and encouraging other apparel brands to change their approach to create a greater impact for homeworkers across India.

"Homeworkers Worldwide has been delighted to work with Pentland Brands on this project and appreciates their commitment to improving the pay and conditions of the homeworkers in their Kickers supply chain.

We look forward to working with them in 2019, to verify the important achievements thus far, and to develop and implement a model for the good employment of homeworkers, which we will then be promoting to other brands and their suppliers in the sector."

Lucy Brill
Homeworkers Worldwide

6.0

What we're
focusing
on next



Our focus for 2019

We're proud of what we have achieved so far, but we want to be more strategic in our approach going forwards.

We're reviewing and developing our modern slavery strategy to develop a holistic approach to the complex and related topics of workers' rights, gender equality and freedom of association.

In 2019 we will

- Review Our Standards, vulnerable worker policies and procedures. We're committed to doing this every year.
- Continue to offer modern slavery training for employees, including all new starters. People in high risk roles will receive face-to-face training and we will provide online training for everyone else.
- Complete annual risk assessments of our tier 1 suppliers. We'll also continue the complex task of mapping and risk assessing our tier 2 suppliers.
- Begin implementing ACT's global purchasing practices commitment.
- Work with Issara Institute to embed our modern slavery approach and improve grievance mechanisms at a second factory in Thailand.
- Evaluate and assess the impact of our project with Homeworkers Worldwide to establish living wages for homeworkers of one supplier in India.











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