

MODERN SLAVERY STATEMENT 2018

BACKGROUND

One of the key principles of Clarks Code of Business Ethics for employees and Clarks Code of Practice for suppliers is to treat everyone fairly and with dignity and respect. This includes everyone within our business and also those within our supply chain.

This Statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (MSA) and The California Transparency in Supply Chains Act of 2010 (SB 657). It outlines the measures the Company has taken to assess and reduce the risk of slavery and human trafficking occurring in our business or supply chains during the financial year 2017/18.

CLARKS OVERVIEW – OUR BUSINESS OPERATIONS AND STRUCTURE

C & J Clark Limited is a privately owned United Kingdom limited liability company. C & J Clark Limited and its subsidiaries are located in the UK, USA and other countries throughout the world (Clarks).

Clarks have been shoemakers since 1825. Nearly 200 years later, Clarks designs, develops, sources, manufactures and sells footwear and accessories globally, operating in over 75 countries. Clarks products are sold through our own retail and outlet stores as well as through stores operated by our franchise partners, joint venture partners and wholesale customers. We also sell products online via our digital platforms and third party digital marketplaces. As of May 2018, Clarks employed over 13,500 people including part time employees.

Clarks commercial operating model is structured by three regions - Europe, Americas, and Asia Pacific. Within each region the teams are focused on the specific commercial needs of their channels. These regions are supported by corporate functions providing services in Human Resources, Finance, IT, Legal and Supply Chain.

Our Brand hubs are located at Clarks headquarters in Somerset UK and Boston USA, focusing on product design, line management and creative and marketing activities. Development and sourcing activities are also located in the UK and USA with several locations in Asia, including China, Vietnam and India.

OUR SUPPLY CHAINS

While we undertake most of the design and development of our products ourselves, we outsource the majority of manufacturing of our products. In most factories, the facilities are shared with production for other footwear brands.

Most of Clarks footwear products are sourced through Suppliers overseen by the Clarks business through our Sourcing Operations team. A small proportion is sourced through specialist agents. We have long standing relationships with many of our Suppliers and have been working for over 5 years with those producing more than 90% of Clarks footwear.

In 2017, we sourced most of our footwear from Suppliers based in Asia (Vietnam, China, Cambodia, India and Indonesia), with small volumes from Bangladesh, and Laos. We also source a small proportion from within Europe. Production was undertaken through 69 factories producing finished shoes. These were supported by 40 stitching units producing partly made uppers, predominantly in India.

For the footwear sourced from directly overseas Suppliers, Clarks nominates the Suppliers for key materials and components. This includes the tanneries supplying the leather, factories supplying the sole units, packaging materials such as shoe boxes, tissue paper and transit cartons as well as some other non-leather materials.

Non-footwear products such as handbags and accessories make up a small part of the business, representing approximately 2% of total revenues. These are all sourced through specialist agents for each product type.

The production of these products takes place mainly within China and India with some specialist products produced in Vietnam, Dominican Republic, Guatemala and Europe.

Further information can be found in our Corporate Responsibility pages on www.Clarks.com.

CLARKS CODE OF BUSINESS ETHICS&CODE OF PRACTICE: ADDRESSING THE RISKS
Clarks attaches real importance to the welfare of our employees and those employed by our Suppliers. During 2017, we took steps to strengthen our understanding and management of the risks of modern slavery and human trafficking in our own business or our supply chains, building on our long-established Code of Business Ethics for employees (“Code of Business Ethics”)and Clarks Code of Practice for Suppliers (“Code of Practice”). These steps included:

- Updating our Code of Business Ethics to include warning signals and red flags for employees relating to forced labour and slavery;
- Revising our training on modern slavery to incorporate such warning signals and red flags for employees so they understand what to look out for, and understand their responsibilities as employees;
- Continuing to support the Pacific Links Foundation in the delivery of their Factory Awareness to Counter Trafficking (FACT) programme at some of our supplier sites in Vietnam; Improving our KPIs and monitoring and producing six monthly reports for the Audit Committee and Board meetings;
- Updating the Speak-Up Policy and implementing a new Speak-Up process for employees, both were rolled out Globally;
- Updating the criteria used in our audit program to reflect the ILO indicators of forced labour and modern slavery;
- Updating the Supplier Working Conditions Manual to incorporate forced labour and modern slavery requirements;
- Revising our Supplier packs to include a systematic means of communicating and certifying to our requirements on forced labour and modern slavery to manufacturers and supplier.

During 2018 onwards, Clarks will continue to build on these activities, considering the following areas in particular:

- Implementing a global training plan on modern slavery for all in country corporate employees;
- Supporting rollout of the training within franchise stores;
- Giving corporate and store employees, franchise stores, contractors and factories easy access to the Speak-Up facility;
- Updating the Procurement Policy;
- Working with the Mekong Club to improve our understanding of forced labour and modern slavery and how to identify and prevent;
- Reviewing and updating our Code of Practice.

OUR POLICIES RELATING TO MODERN SLAVERY & HUMAN TRAFFICKING

Our Code of Business Ethics and Code of Practice are publicly available via the Corporate Responsibility pages on www.Clarks.com.

Code of Business Ethics for Employees

Our Code of Business Ethics outlines the global values and principles that help shape the way we work and describes our internal accountability standards and expectations. It is primarily aimed at employees and we encourage our business partners, including Suppliers, franchise and joint venture partners, to adopt and apply the Code of Business Ethics wherever they represent or promote the Clarks brand. The key principles include:

We treat all employees and each other fairly, with dignity and respect;

We operate with integrity and honesty;

We base our business relationships on respect; and expect the same from those that we do business with.

As part of a periodic review, the Code of Business Ethics was updated in May 2018 taking into consideration new legislative developments such as the Modern Slavery Act and best practice guidance from the Institute of Business Ethics of which Clarks is a subscriber. The revised Code of Business Ethics specifically references that "No form of forced or compulsory labour or modern slavery is tolerated by Clarks within our own operations or those of our business partners". It has also been updated to include red flags and warning signals that employees should look out for to prevent such issues and gives a link to the International Labour Office's Indicators of Forced Labour for further guidance. It clearly presents the reporting channels available to employees to report any concerns that the Code of Business Ethics is being breached. This includes an externally provided whistleblowing channel.

Code of Practice for Suppliers

Our Code of Practice summarises the minimum standards for working conditions that we expect our Suppliers to adhere to in the production of all Clarks products. The Code of Practice requires compliance with all local legal and regulatory requirements of the country in which the facility is located; to recognise International standards and to uphold the core labour conventions of the International Labour Organization. Where there is any conflict between these we expect the higher standard to be achieved. All Suppliers must agree to comply with the principles and requirements of the Code of Practice, which includes audits. As well as conducting scheduled audits we also complete unannounced visits which encourage our Suppliers to continue to meet standards always and not just when a visit is scheduled.

It contains specific requirements related to forced labour as follows:

"All work must be conducted on a voluntary basis, and not under threat of any penalty or sanctions. The Supplier shall not use any form of forced, bonded, indentured, trafficked, slave or prison labour. Workers must not be required to lodge "deposits" or their identity papers with their employer. All workers should be provided free and unrestricted access to portable water and clean toilet facilities."

As used in the Code of Practice the term "Supplier" includes but is not limited to vendors, agents, factories, sub-contractors and material & component Suppliers.

Clarks strives to ensure that compliance with the Code of Practice forms part of the terms and conditions for all purchase orders. Through our social audit program, Suppliers are required to sign a copy of the Code of Practice as part of the audit process to certify and confirm that they have received, reviewed and understand it, and that they are in or working towards full compliance with these standards.

The Code of Practice is reviewed periodically to ensure it remains relevant and fit for purpose. This was done most recently in 2016 and is scheduled for review during 2018. This will include benchmarking against standard codes, those of peer brands and retailers and review by external organisations.

DUE DILIGENCE: RISK ASSESSMENTS & VERIFICATION, AUDITS AND MONITORING

Geographic Risk Assessments & Verification

Our supply chains are global and complex especially below the first tier of finished goods Suppliers. To ensure we utilise our resources effectively in monitoring compliance with our Code of Practice (which includes the requirement that the Supplier shall not use any form of forced, bonded, indentured, trafficked, slave or prison labour), Clarks uses a geographic assessment of risk as an initial indicator.

Following a review, in early 2017 Clarks adopted the British Standards Institute (BSI) SCREEN system threat ratings which provides a more comprehensive and granular geographic assessment. This includes information sources relevant to the use of forced labour in each country.

Audits Where appropriate based on the level of risk, audits are conducted of any potential new supplier prior to the acceptance of a purchase order for bulk production. For existing Suppliers, we use a tiered approach to the frequency of audits based on their compliance performance and management capability. Based on the audit results we assign a compliance level and risk rating to each facility.

More specifically, in 2017 the Clarks social audit program covered factories producing over 99% of our footwear. In addition to audits at finished goods facilities Clarks undertakes social audits of second tier material and component Suppliers. These audits currently cover tanneries and sole Suppliers that supply at

least 80% of the volume of these materials from Clarks nominated Suppliers as well as other component and material Suppliers.

In common with other brands, audits are conducted either by our in-house specialist audit team or by an independent third-party service provider on our behalf. Currently, our audits are conducted on a scheduled or announced basis. As previously noted, as well as conducting scheduled audits we also complete unannounced visits which encourage our Suppliers to continue to meet standards always.

Our audits are undertaken against criteria that assess the level of compliance by the facility to the working condition standards set out in Clarks Code of Practice. The audit process includes a review of business licences and relevant documentation, interviews with management and workers and an inspection of all areas of the facility site.

In the first instance, we want the information gathered through our audit program to be used by the factories to take action to improve conditions where necessary. It is also used to inform both operational and strategic sourcing decisions at all tiers of our supply chain. The audit results are incorporated in the Balanced Scorecard used for the performance monitoring of footwear suppliers. Audits were updated in 2017 to reflect indicators of forced labour.

Since 2014 we have not used any footwear supplier with the lowest compliance level which is defined as a facility with critical issues including a lack of willingness and commitment by the senior factory management to engage and take appropriate corrective actions.

In 2012 Clarks set increasing targets for the proportion of footwear from supplier facilities with a risk rating of low or medium. This has increased from 63% at the end of 2012 to 97% at the end of 2017. The improvement was a result of both improved conditions with facilities and the reallocation of production to countries and facilities with better working conditions.

Monitoring

Non-compliance

Clarks does not tolerate forced labour, slavery or human trafficking within our direct operations or supply chains. Where any non-compliance to the Code of Practice is identified, we expect and support Suppliers to take action to correct it. We actively work with them to correct any breaches and each facility produces a corrective action plan following an audit to address the issues identified. If a supplier does not take effective action in a timely manner withdrawing our business remains the final sanction. Employees who breach the principles set out in our Code of Business Ethics and related policies may be subject to disciplinary procedures.

Key performance indicators - Whistleblowing

Summary reports from our global external whistle blowing service are provided to our Group Head Compliance in the first instance and subsequently reported on to the Group Head of Legal and the Group Director of Risk Management & Internal Audit and the Board Audit Committee. The Board Audit Committee has responsibility for reviewing the Company's policies and processes on whistleblowing and legal compliance. We monitor the type of incidents and should any occur would report these in our future MSA statements, there were none in 2017. We intend to expand the scope of our Whistleblowing facility to franchises and contractors over 2018 and have already started this in India as it is a high-risk location.

Governance

Governance for the application of our Code of Practice is provided via the Responsible Sourcing GfR Committee chaired by Clarks Group Sourcing Director, which in turn reports into a global Corporate Responsibility Committee comprised of our Senior Leadership Team and reporting into the Board. In

addition, reports from the Group Head of Supplier Working Conditions are made directly to the Board Audit Committee.

We will continue to develop additional KPIs and monitoring on modern slavery and forced labour.

TRAINING

TRAINING AND AWARENESS

In 2017:

We supported the Pacific Links Foundation in the delivery of their Factory Awareness to Counter Trafficking (FACT) program at some of our suppliers in Vietnam. The FACT program offers a series of workshops for factory managers and workers to raise awareness about trafficking prevention. It is a part of the Pacific Links Foundation wider efforts to counter trafficking in Vietnam by increasing access to education, providing shelter and reintegration services, and enabling economic opportunities. Further information on the Pacific Links Foundation and the FACT programme can be found on their website.

An identified cause of involuntary labour is unethical recruitment practices, particularly where third party recruiters are used. Key warning signs have been included within our training. We are an equal opportunity employer and do not discriminate on the basis of any protected characteristic.

We worked with the Mekong Club, which is a leader at uniting and mobilising the private sector for a common cause - to disrupt and end modern slavery. They provide training materials which help raise awareness when used in the workplace.

We have updated our employee training on modern slavery and human trafficking issues, and there are plans to roll this training out globally for all corporate employees. This training will be conducted annually.

Our employees are expected to use our Speak-Up mechanism to report any potential issues and violations and this is reported on monthly. Confidentiality is maintained and anonymity is also an option.

During 2018 we will continue to work to increase awareness of risks and reporting channels, including specific training on modern slavery and human trafficking for all corporate employees, as well as franchisees and contractors.

In accordance with the UK Modern Slavery Act 2015 this Statement has been approved by the Board of C & J Clark Limited on 21st June 2018 and signed on its behalf by:



Stella David

Chief Executive Officer,

25th June 2018

