

MODERN SLAVERY STATEMENT 2021-22

INTRODUCTION

This is our sixth Modern Slavery Statement published in accordance with the Modern Slavery Act 2015 (MSA) and the California Transparency in Supply Chains Act 2010 (CTA).

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 from within our business and also, importantly, those within our supply chain.

OUR MISSION

"Empower Everyone with the freedom to move comfortably"

Our mission is what drives us, it's our purpose and where we are going. It should inspire us every day and be the filter through which we put everything.

The statement is made by C&J Clark (No 1) Limited as parent company of the subsidiaries listed in Appendix I and includes the activities of those subsidiaries. It outlines the measures Clarks has taken to assess and reduce the risk of slavery and human trafficking occurring in our business or supply chains during the financial year 2021/2022. The statement also outlines our commitments to continue to mitigate risk in subsequent years.

CLARKS OVERVIEW – ORGANISATIONAL STRUCTURE

C&J Clark (No1) Limited is a privately- owned limited liability company registered in England and Wales and owned by C&J Clark Limited and LionRock Capital Partners QiLe Limited. The term 'Clarks' as used in this statement refers collectively to C&J Clark (No1) Limited and its subsidiaries as listed in Appendix I.

Clarks was established as a shoemaker since 1825. Nearly 200 years later, Clarks designs, develops, sources and sells footwear and accessories globally, operating in 83 countries. Clarks' products are sold through our own retail and outlet stores as well as through stores operated by our franchise partners, licensees, joint venture partners and wholesale customers. Clarks sell products online via our digital platforms and third-party digital marketplaces. As of the year ending, 29th January 2022, Clarks employed in the region of 6,900 people including part time employees.

Clarks' commercial operating model is structured across six operating regions – UK & Republic of Ireland, Europe, Americas, Middle East and Africa, Greater China and South East Asia, Japan & Korea. Each region is supported by corporate functions providing services in Human Resources, Finance, IT, Legal, Compliance, Marketing and Operations.

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 Vietnam and India.

OUR SUPPLY CHAINS

Clarks undertakes the design and development of our products but outsource the manufacturing. In most factories, the facilities are shared with production for other brands.

Most of Clarks' footwear products are sourced through suppliers overseen by the Clarks' Sourcing Operations team, led by the Head of Global Product Development & Sourcing. Part of this role is ensuring Clarks' business aspires to good ethical and environmentally sustainable practices.

Approximately 85% of Clarks' footwear is sourced through direct managed factories meaning they are managed by our own sourcing operations teams. A further 12% is sourced through eight non-direct managed factories. The final 3% is sourced through



SHOEMAKERS SINCE 1825

specialist agents who also source for other companies and consolidate our orders with others to buy in large volumes. Clarks pay a fee but ensure that appropriate due diligence is carried out to determine that both the agents, and their suppliers, work to required standards.

Clarks has long standing relationships with many of our suppliers.

In 2021, Clarks sourced most of our footwear from suppliers based in Asia (Vietnam, China, Cambodia, India and Indonesia), with small volumes from Bangladesh and Mexico. Clarks also sources small quantities from within Europe. Production was undertaken through 66 factories producing finished shoes. There were 21 stitching units producing partly made uppers, which work in tandem with the factories. This enables them to focus on specific skills. The table below shows where the factories producing goods are located.

Source Country	Footwear	Accessories	Seasonal	Stitching Unit
Albania	1			
Bangladesh	3			
Bosnia	1			
Cambodia	6			
China	20	5	6	
India	14	3	1	20
Indonesia	1			1
Mexico	1			
Portugal	3			
Romania	2			
Vietnam	14		1	
Grand Total	66	8	8	21

For footwear sourced from direct managed factories, Clarks nominates and / or approves who is to supply key materials and components. This includes the tanneries supplying the leather, the 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 Clarks business, representing approximately 2% of total revenues. These are all sourced through specialist agents for each product type. The production of these goods takes place mainly within China and India with some specialist goods produced in Vietnam and the United States.

As at the date of this statement, Clarks has no issues with any of its suppliers, trade unions or other bodies representing workers that it considers should be disclosed in the context of the MSA.

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

OUR POLICIES: ADDRESSING THE RISKS

Clarks has several policies which support the fight against modern slavery and trafficking.

Code of Business Ethics (Employees)

Our Code of Business Ethics outlines the global values and principles that help shape the way Clarks work and describes our internal accountability, standards and expectations. It is primarily aimed at employees and Clarks 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. Clarks attaches real importance to the welfare of our employees and those employed by our suppliers. The key principles include:

- We treat all employees and each other fairly, with dignity and respect;
- We operate with integrity and honesty; and



SHOEMAKERS SINCE 1825

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

The Code includes a link to the International Labour Office's (ILO) Indicators of Forced Labour for further guidance. The 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" and includes indicators and warning signals that employees should be alert to in helping prevent such issues.

Our Code of Business Ethics can be found [here](#)

Modern Slavery Policy (Employees)

Our Policy lays out Clarks' commitment to:

- maintain clear policies and procedures preventing exploitation and human trafficking, and protecting our workforce and reputation
- be clear about our recruitment policy
- check our supply chains
- lead by example by making appropriate checks on all employees, recruitment agencies, suppliers, etc to ensure we know who is working for us
- ensure we have in place an open and transparent grievance process for all staff
- seek to raise awareness so that our colleagues know what we are doing to promote their welfare
- make an annual statement setting out the steps we have taken to ensure slavery and human trafficking is not taking place in our supply chains and to demonstrate that we take our responsibilities to our employees and our clients seriously.

Remediation Process (Employees & Suppliers)

This lays out the process if modern slavery and/or human rights abuses are uncovered within Clarks' operations. The process is intended to end situations of forced labour and labour human trafficking, and as far as possible correct the harms experienced by victims. The process outlines who is responsible for remediation and when.

Clarks will work collaboratively with all relevant parties, including law enforcement authorities to address any instances and ensure that affected workers are not further harmed during the process. The safety and welfare of the victim is of primary importance throughout the whole process.

Clarks will:

- be flexible and responsive to the needs and wishes of the victim
- respond to a local understanding of the factors driving forced labour
- understand the risks and sensitivities present in the local context
- build on the strengths and capacities of partner organisations and national authorities
- be delivered in accordance with applicable national law and international labour and human rights standards
- incorporate means of preventing further abuses

Code of Practice for Suppliers

All suppliers are expected to sign up to our Code of Practice as part of their contract. Clarks' Code of Practice states the minimum working condition standards for that Clarks expect our suppliers to adhere to in the production of all Clarks' products.

The code of practice includes the Consumer Goods Forum priority industry principles of forced labour. The Consumer Goods Forum is a global, parity-based industry network, driven by its members who come from over 70 countries and reflect the diversity of the industry in geography, size, product category and format. It is the only organisation that brings consumer goods retailers and manufacturers together globally to collaborate, alongside other key stakeholders, to secure consumer trust and drive positive change, including greater efficiency.

The Forum devised key principles relating to slavery and working conditions which they encourage their members to include within their Code of Practice, namely:

- “1. Every worker should have freedom of movement – the ability of workers to move freely should not be restricted by the employer through physical restriction, abuse, threats and practices such as retention of passports and valuable possessions;
2. No worker should pay for a job – fees and costs associated with recruitment and employment should be paid by the employer, not the employee; and
3. No worker should be indebted or coerced to work – Workers should work freely, aware of the terms and conditions of their work in advance and paid regularly as agreed.
4. All workers should be provided free and unrestricted access to potable water and clean toilet facilities.”

These principles have been included within our Code of Practice as well as requirements to:

- comply with all local legal and regulatory requirements of the country in which the facility is located; and
- to recognise international standards and to uphold the core labour conventions of the ILO.

Where there is any conflict between these Clarks expect the higher standard to be achieved. The Code contains specific requirements which underpin the principles including “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 involuntary prison labour”.

The Code must be applied to all suppliers regardless of which tier they are within the supply chain.

The Responsible Sourcing Committee (chaired by the Head of Global Product Development & Sourcing) monitors the application of the Code to ensure conformance and reports to our Executive Committee.

The Code of Practice for suppliers can be found [here](#).

Supplier Working Conditions Manual

Audits are a requirement within our Code of Practice. The Supplier Working Conditions Manual clearly defines the supplier factory audit programme and the overall governance of Supplier Working Conditions team and lays down the methodology that defines how the supplier audits are planned and executed.



Facility Authorisation Process

The Facility Authorisation Process was introduced during 2019. The purpose of the process is to demonstrate that the factories used by sourcing agents to produce Clarks branded products meet the standards as laid out within Clarks Code of Practice.

The process is intended to manage and control the standard of working conditions within the factories and requires the Agent to provide a recognised audit reports prior to any production taking place, and periodically thereafter, to demonstrate the facility adequately meets the standards set out in Clarks Code of Practice.

Speak-Up Policy

The Speak-Up / Whistleblowing Policy outlines the different methods available for reporting. The options are:

- Line management;
- ethics@clarks.com (an email to Human Resources);
- An external reporting company which gives webpage, phone and email options (all anonymous and accessed by Compliance personnel within Clarks); and
- Globalauditchair@clarks.com (an email which goes directly and only to the Chair of Clarks' Audit Committee).

The policy also includes information on Clarks' commitment to zero tolerance of any retaliation.

Summary reports from Speak-Up reports are provided to the Chief Legal Officer and the Audit Committee. The Audit Committee has responsibility for reviewing policies and processes with regards to whistleblowing and legal compliance. As well as employees the facility is available to our Joint Venture partners and Clarks continue to rollout this programme to our franchise partners.

Procurement Policy

The Clarks Procurement Policy exists to ensure accountable, efficient, transparent, and ethical practices are used to acquire products and services. The procurement team considers the legal and ethical responsibilities of Clarks (including those of modern slavery) in aspects of supplier sourcing and management including; supplier contracts, tender and purchasing processes, auditing and compliance actions. Due diligence is completed before engaging with a supplier, in the context of a manufacturer these would include a requirement for either a site visit and audit of working conditions or the Facility Authorisation Process.

Our policy is reviewed and communicated regularly, and training records retained.

Breaches and Non-compliance

Clarks will not tolerate forced labour, slavery or human trafficking within our direct operations or supply chains. Where any non-compliance is identified, Clarks expect and support suppliers to act to address it. Clarks will actively work with supplier to make necessary improvements and any affected will be given the opportunity to produce an improvement action plan to address those issues identified. If a supplier does not take effective action in a timely manner, withdrawing our business will be considered as the final sanction.

Employees who breach the principles set out in our policies may be subject to disciplinary procedures.

Governance

Responsibility for the preparation of our Modern Slavery statement sits with the Board of Directors. Management is responsible for addressing the risks associated with human trafficking and modern slavery.

The following departments are responsible for carrying out implementation of policies and procedures that support Clarks' human rights responsibilities: Legal Department, Procurement Department, Operations and Corporate Affairs and Sustainability.

SUPPLY CHAIN DUE DILIGENCE

Due Diligence

Clarks uses supplier on-boarding packs to communicate and certify our requirements on forced labour and modern slavery to manufacturers, agents and suppliers. Suppliers are required to sign a copy of the Code of Practice to confirm that they have received, reviewed and understand it, and that they are in, or working towards, full compliance with its requirements.

Where appropriate and based on the level of risk, audits are conducted, or audit reports provided by agents, for any potential new supplier prior to any purchase order for bulk production being placed.

Clarks strives to ensure that compliance with the Code of Practice forms part of the terms and conditions of all purchase orders.

Clarks Supplier Working Conditions Manual and Guidelines for Suppliers incorporates forced labour and modern slavery requirements. Our Facility Authorisation Process with non-direct managed factories ensures Clarks have input into all and any facilities being used, and the associated working conditions. Clarks has introduced guidelines for a Grievance mechanism into the direct managed factories and have commenced the rollout of this within our non-direct managed factories.

Risk Assessment and Management

Clarks currently trades, operates and sources in many countries and across borders where the risk of modern slavery is perceived to be high. The evidence shows that whilst modern slavery is illegal in every country in the world, it still occurs.

Our supply chains are global and complex especially below the first tier of suppliers. To ensure Clarks utilise our resources effectively in monitoring compliance with our Code of Practice, Clarks uses a geographic assessment of risk as an initial indicator. This includes information sources relevant to the use of forced labour in each country.

We have created a list of Clarks permitted sourcing countries which defines those countries where Clarks would permit sourcing without routine auditing and those where we would undertake routine auditing prior to sourcing. We do not permit any sourcing of products, materials or components from countries that are not on our permitted sourcing list.

Clarks' approach to risk assessment comprises of research, supply chain mapping, auditing, training and stakeholder engagement. Most of Clarks manufacturing takes place within the Asia Pacific region and this is where the largest amount of forced labour (6.1 per 1000) is believed to exist according to the 2017 ILO's Report. Manufacturing is regarded to be a high-risk activity and accounts for 15% of those individuals in modern slavery. Therefore, Clarks works with stakeholders who help us to ensure Clarks are continuously reviewing and mitigating our risk in the supply chain.

The following have been identified as vulnerable to the risks of modern slavery:

- those in poverty or homeless
- minority groups
- those with substance abuse issues
- those with mental illness
- homeworkers
- migrant workers
- contract, agency, temporary or outsourced workers

The following indicators have been identified as potential indicators of modern slavery and have been included within our Code of Business Ethics and training materials to raise awareness:

- someone who does not have their own passport, ID or travel documents;
- someone who always allows others to speak for them or talks as though being instructed or coached by someone else;
- someone who may be withdrawn or appear frightened and may have injuries;
- a person who has limited social interaction and may always be dropped off or collected from work (they may not be able to contact friends or family freely);
- a person with very few possessions or who lives in a very poorly maintained, overcrowded place (and is often overcharged for this);

- a person who has little control over their finances or no access to a bank account;
- recruitment fees and labour agents;
- cash in hand payments;
- no unions; and/or
- no access to grievance mechanisms.

Gap Analysis

Clarks has previously worked with the Slave Free Alliance to conduct a gap analysis and gain further insight into all aspects of modern slavery and human trafficking and how to mitigate these. This feedback will continue to form part of our committed actions in the future.

Stakeholders

Supplier Working Conditions Team

As the year end of 29th January 2022 there were 4 auditors working within the Clarks Supplier Working Conditions team across both direct managed and non-direct managed factories in China, India and Vietnam. In all other locations Clarks use reputable third-party audit service providers to conduct audits within the factories. Each of the employees is salaried and is not incentivised on audit results. The companies providing the audits undergo due diligence checks as part of their onboarding. Clarks has a Facility Authorisation Process which requires non-direct managed suppliers (agents) to provide us with a recent audit report for a facility before it is used for production of any Clarks products and periodically thereafter. This was implemented in 2019.

Supplier Relationships

Head of Global PD & Sourcing is accountable for supplier relationships. The Director of Global Sourcing Operations is responsible for the relationships with the direct managed factories. Product buyers are responsible for the relationships within their specific product division. If there are concerns over performance these individuals decide whether to continue to do business.

- Clarks works with the Mekong Club to improve our understanding of forced labour and modern slavery and how to identify and prevent, and have commenced the rollout of their Apprise mobile phone application which helps us to identify indicators of forced labour when conducting worker interviews as part of our audit.
- Clarks has worked with Slave Free Alliance to conduct a gap analysis and gain further insight into all aspects of modern slavery and human trafficking and how to mitigate these.
- Clarks works closely with the Institute of Business Ethics to ensure that ethics are at the core of our policies and practices.

Audit & Evaluation

Audits are conducted either by our in-house Supplier Working Conditions team or by independent and reputable third-party service providers on our behalf. As well as conducting scheduled audits Clarks also implemented semi-announced audits (where Clarks notify the factory a fortnight prior to the audit) and unannounced visits which encourage our suppliers to continue to meet standards.

During 2020 and 2021 audit activities in all countries were severely impacted by the restrictions caused by the Covid 19 pandemic. This at times prevented access to factories even where they were able to operate in line with local guidelines. During this period, we maintained contact with our suppliers and provided guidelines for them to help ensure adequate hygiene and safety precautions were in place. We introduced precautions and checks to ensure the health and wellbeing of both our own auditors and those of 3rd party when they were able to undertake on site audits. It has not been appropriate to undertake unannounced audits during the pandemic, where possible audits have been undertaken as semi-announced. As far as has been possible we have endeavoured to maintain our audit frequency as closely as possible, Prioritising those which previously have had a lower standard or working conditions and extending the audit interval for those that have historically shown a higher standard.

In 2021 factories producing over 99% of our footwear were included in our audit programme. In addition to audits at finished goods facilities, Clarks undertake audits of second tier material and component suppliers. These audits cover tanneries and sole suppliers that supply most of the volume of these materials from Clarks nominated or approved suppliers as well as other component and material suppliers.

Overall, 164 social audits were conducted across our entire supply base during 2021, Of these. 146 were undertaken in China, India and Vietnam by our own internal audit team. While an additional 18 audits were undertaken by 3rd party audit service providers.

In addition to the social audits conducted, 38 security audits were undertaken at finished goods suppliers in support of customs requirements and 6 out of them were conducted by 3rd party audit service providers.

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 licenses and relevant documentation, interviews with management and workers and an inspection of all areas of the facility site. Auditors also look for ILO indicators of forced labour and modern slavery which form part of our assessment criteria.

For existing suppliers, Clarks uses a tiered approach to determine the frequency of any audits based on their compliance performance and management capability. Clarks assigns a compliance level and in 2020 revised our risk rating to a performance assessment to better understand and articulate the standard of working conditions at each facility.

Clarks expects the information gathered through our audit programme 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. Clarks do not use any footwear supplier with the lowest compliance level (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).

Certification

For products sourced through Clarks' direct managed suppliers. The majority of materials and components used in the production are from suppliers nominated or approved by Clarks. All nominated or approved Clarks suppliers are required to meet the working condition standards set out in Clarks Code of Practice. For key suppliers such as the tanneries supplying the leather and factories supplying the sole units for Clarks specified products we undertake social audits at those supplying over 95% by volume to monitor the working conditions against Clarks Code of Practice. Audits were also conducted at other non-leather material and component suppliers.

KEY PERFORMANCE INDICATORS

During 2021 100% of suppliers were signed up to our Code of Practice and factories producing over 99% of our footwear were included in our audit programme.

Our audit programme uses a 1-7 scale to measure a supplier's compliance with our code of practice, where 1 and 2 are assessed as acceptable, 3 & 4 are assessed as improvement required and 5,6, & 7 assessed as unacceptable.

During 2021, 76% of audits were assessed as reaching level 3 or above, in line with previous years.

TRAINING

Clarks has undertaken activities to support greater awareness and mitigation towards modern slavery and trafficking. These include:

Internal (employees)

- Implementing corporate training on modern slavery to raise awareness as to what to look out for and to ensure employees their responsibilities; and
- Introduced e-learning modules:
 - - a basic module for all employees to be aware of modern slavery indicators and risks
 - - an advanced module for high-risk roles



SHOEMAKERS SINCE 1825

- The Supplier Working Conditions Team attended workshops to support improved understanding of the risks to enable these to be addressed within policies, processes and culture

External

- Clarks works with Slave Free Alliance to improve our understanding of the risks and mitigation surrounding modern slavery.
- Clarks works 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. Clarks has used aspects of this within our internal training.

Clarks is proud of the steps we have taken to mitigate the risk of modern slavery within our business and supply chain. We have invested in training and raising awareness and are working to create the right culture throughout our organisation. We realise that modern slavery does not stand still and are committed to tackling the root causes through engaging with stakeholders and ongoing monitoring of activity.

During 2022/2023 Clarks will continue to work to increase awareness of risks and reporting channels. It is essential that Clarks continue to develop and adapt our approach to encompass emerging issues. Clarks continues to work with industries towards combatting modern slavery within our supply chain and operations.

This Statement has been approved by the Board of C & J Clark (No. 1) Limited.



Jonathan Ram
Chief Executive Officer
July 2022

The logo for Clarks, featuring the brand name in a stylized, cursive script font.

SHOEMAKERS SINCE 1825

Appendix I

The following companies are commercial organisations which are part of the group of companies ultimately owned by C&J Clark (No.1) Limited and which carry on business in the UK, where (i) business gives rise to global turnover of more than £36 million or (ii) which retail in California and have annual worldwide gross receipts exceeding US \$100,000,000.

C&J Clark Americas, Inc

C.&J. Clark International Limited