

Modern Slavery



AND TRANSPARENCY IN THE SUPPLY CHAIN STATEMENT

2018/19

FOREWORD FROM OUR CEO

AT DR. MARTENS, WE BELIEVE IN *integrity*. WE ARE *fair*, WE DO THINGS THE RIGHT WAY, AND WE DO NOT CUT CORNERS. THESE *values* MEAN WE DO NOT ACCEPT MODERN SLAVERY IN ANY FORM. NO ONE SHOULD BE FORCED TO WORK AGAINST THEIR WILL OR HAVE TO PAY FOR A JOB, BUT TODAY MILLIONS OF PEOPLE GLOBALLY ARE VICTIMS OF MODERN SLAVERY. AS A BUSINESS, WE ARE *committed* TO RESPECTING HUMAN RIGHTS AND IDENTIFYING, INVESTIGATING, ENGAGING AND REMEDIATING ANY ISSUES UNCOVERED.

We are pleased to share our third modern slavery statement, which gives an update on our previous achievements and details of further action we want to take in 2019.

DURING THE PAST YEAR WE:

- + Updated our policies to strengthen our expectations from our employees and our suppliers
- + Expanded our modern slavery training to key suppliers in our supply chain
- + Established a confidential employee hotline
- + Became signatory of Better Retail Better World, an initiative supporting global efforts to achieve the UN Sustainable Goals
- + Extended our CSR audits to the lower tiers of our supply chain

NEXT YEAR, WE WILL CONTINUE TO:

- + Map risks in our supply chain and own operations
- + Collaborate further with others in the industry
- + Provide more training to our own employees

This document builds on last year's statement (you can find it [here](#)) and explains the steps we are taking at Dr. Martens to prevent, detect and respond to slavery in our business and supply chain. This statement covers Dr. Martens Airwair Group Ltd. and other group companies. This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and California Transparency in Supply Chains Act of 2010 (SB 657) and covers the activities between October 2017 and January 2019.



KENNY WILSON

CEO, Dr. Martens



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WHAT IS 'MODERN SLAVERY'?

The Ethical Trade Initiative refers to modern slavery as an umbrella term that includes: forced labour, bonded labour, human trafficking and slavery. The term "modern" is used to distinguish the complexity of today's slavery from historical slavery associated with the legal possession of one person by another.

ABOUT US

Dr. Martens is a footwear brand that was established in Wollaston, UK in 1960, and has had a manufacturing unit there ever since. Our global head office is in Camden, London.

Our products are sold in 243 Dr. Martens branded stores located all around the world, of which 108 of them are owned by us. We also sell through wholesale and via our website, which ships internationally. In 2018, our group revenue was £348.6m. We employ over 2000 people directly who are based in our stores, offices and warehouses.

Location of employees				Stores	
UK Head office London	10.79%	USA office	5.29%	Owned stores	108
UK Factory & Office Wollaston	7.14%	USA DC	2.95%	Franchises	135
UK DC	2.85%	USA Stores	14.84%	Concessions	57
EMEA office	0.60%	Asia Office	7.29%	Pop-Up	11
EMEA & UK Stores	40.76%	Asia stores	7.49%		

HIGHLIGHTS OF 2018:

- + **Strengthened** our policies by introducing a new Migrant Worker Policy and updated our Supplier Code of Conduct.
- + **Incorporated** human rights and ethical trade into our business Code of Conduct (DOC-trine).
- + **Conducted** compliance audits further upstream in our supply chain.
- + **Extended** our contractual requirements with service contractors to include compliance with modern slavery commitment.
- + **Expanded** modern slavery training to our key finished goods and raw material suppliers in China.
- + Became a signatory of **Better Retail Better World** to support global efforts to deliver UN SDG 8.7 calling for the **eradication of forced labour and modern slavery**.



OUR SUPPLY CHAIN

WHERE WE PRODUCE AND SOURCE OUR PRODUCTS (1ST TIER SUPPLIERS)

We are a footwear brand, which manufactures and sources footwear, clothing and accessories. Our owned and operated footwear factory is located in Wollaston, UK.

We source the majority of our finished footwear, clothing and accessories from factories in China, Thailand, Vietnam, Lao, Portugal and the UK. There are more than 25,000 workers in our 1st Tier factories.



COMPONENT SUPPLIERS (2ND TIER SUPPLIERS)

We also work directly with a large number of our material and component suppliers, including leather and textiles, which are located across Asia, Europe and South America.

Where possible, these suppliers are nominated by us, which allows us to have better oversight and controls of the materials used in our products and the working conditions.



SERVICE CONTRACTORS

We also purchase services, consumables and marketing materials from various contractors. These include labour agents in our warehouses, logistic operators and not-for-sale product suppliers.

We are in the process of mapping and assessing the risk of the supply chain of our operations in our headquarters and regions. While we continue mapping, we have introduced a modern slavery clause in our new contract agreements. Where contracting on supplier's terms, we will negotiate compliance with modern slavery commitments.



OUR COMMITMENTS AND POLICIES

EXISTING POLICIES:

- + Updated our Supplier Code of Conduct (to include Subcontractor and Homeworker Policy)
- + Anti-Slavery and Human Trafficking Policy

NEW IN 2018:

- Migrant Worker Policy
- Doc-trine (business Code of Conduct)

SUPPLIER CODE OF CONDUCT

Our suppliers must adhere to and are audited upon our Supplier Code of Conduct (you can find it [here](#)), which has been in place since 2006.

It has been updated annually to reflect best practices. In 2018, we further updated our Supplier Code of Conduct to include our Subcontractor and Homeworker Policy, which was originally developed as a stand-alone policy. We also included greater detail to help suppliers better understand what constitutes modern slavery/forced labour. Our Supplier Code of Conduct is based on the Ethical Trading Initiative's Base Code, international norms and industry standards.

This year, in addition to sharing our policies with all of our first tier suppliers, we extended this to our key material and component suppliers, such as tanneries and outsole suppliers.

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

As stated in our previous report, to ensure that our own employees are aware of their obligations under the Modern Slavery Act, we introduced an Anti-Slavery and Human Trafficking Policy in 2016.

We conduct modern slavery awareness training on a regular basis for our relevant employees, including those at our sourcing offices in Asia. Alongside this, we wanted our employees to have the opportunity and ability to speak up. In 2018, we introduced a confidential hotline as an additional means for employees to raise concerns relating to human rights, modern slavery, or any other area covered in our business Code of Conduct (DOC-trine).



MIGRANT WORKER POLICY

Migrant workers in supply chains are more vulnerable to modern slavery because they are unlikely to raise grievances with their employers or the authorities – especially if they are undocumented.

This is a shared concern within the industry and requires a collective and collaborative approach to tackle this issue. This year we introduced a Migrant Worker Policy and implementation guidelines (which you can find here). These are based on the Dhaka Principles, which were developed by the Institute of Human Rights in Business (IHBR) and are based on international best practices, which address the issues migrant workers may face. We introduced these specific policy requirements across all our key suppliers, focussing first on the suppliers who are based in countries where there is a higher risk of migrant workers.

THE DOC-trine

In addition to updating our Supplier Code of Conduct, we have also introduced a global code of business conduct called The DOC-trine which raises awareness and expectations amongst our employees regarding human rights and modern slavery.



SPEAK UP

We have introduced a confidential hotline as an additional means for Dr. Martens employees to raise concerns relating to human rights, modern slavery, or any other area covered in our business Code of Conduct.



OUR FOCUS AREAS

1. SUPPLY CHAIN RISK ASSESSMENT

- + 1st Tier: Compliance audits extended to non-footwear suppliers.
- + 2nd Tier: Fully mapped component and material suppliers and extended compliance audits to key component and material suppliers such as tanneries and outsole manufacturers.

2. CAPACITY BUILDING:

Modern slavery training to Chinese footwear and key component suppliers as well as our sourcing team who are based in China.

3. INTERNAL ENGAGEMENT AND AWARENESS BUILDING.



SUPPLY CHAIN RISK ASSESSMENT

In addition to the compliance audit risk assessments at our 1st Tier suppliers explained in the previous report, we have now extended these audits to cover our non-footwear suppliers.

Non-footwear suppliers, which represent around 3% of our total production value, include manufacturers producing our leather and textile accessories, bags and garments.

As a result of our efforts, we have seen:

- ☑ Suppliers in China **strengthen** their own control mechanisms around recruitment of agency workers in order to verify employment conditions, as well as to ensure required wages are paid.
- ☑ Suppliers in Thailand are now either **employing local staff** or directly recruiting migrant workers instead of using recruitment agencies, which has resulted in greater protection of worker rights.
- ☑ **Increased transparency** from suppliers regarding workers' wages, supporting the elimination of unauthorised monetary deductions.

In 2017 we carried out a 2nd Tier material and component supplier mapping survey, covering all our finished good suppliers. Following this work, this year we mapped all of our 2nd Tier suppliers, including those that are nominated by our suppliers. This has led us to consolidate and assess the compliance of these suppliers against our standards.



SUPPLIER MAPPING STATUS

	1st Tier Suppliers	2nd Tier Suppliers	Service Contractors
MAPPING STATUS	<input checked="" type="checkbox"/> Fully mapped	<input checked="" type="checkbox"/> Fully mapped	<input checked="" type="checkbox"/> Partially mapped
AUDIT STATUS <small>Audit against Supplier Code of Conduct and Modern slavery criteria</small>	<input checked="" type="checkbox"/> All footwear audited, most non-footwear audited	<input checked="" type="checkbox"/> Partially audited	<input type="checkbox"/> Not yet audited



**Audits conducted in 2018/19 at 1st and 2nd Tier: 102*

SUPPLY CHAIN CAPACITY BUILDING

In 2018, we collaborated with Ethical Trading Initiative (ETI) to provide modern slavery training to our key footwear and material suppliers in China. The training provided an opportunity for our key suppliers to engage in the topic and get an overview of what modern slavery is, the global legislative work around it, and how it links to our Supplier Code of Conduct. During the training, suppliers looked at real examples of modern slavery in China, learning how to identify these risks in their daily operations and what an acceptable remediation process looks like.

After attending this training, our suppliers committed to further enhance their controls over their own supply chains as well as providing modern slavery training to their employees. We plan to follow up on these commitments and will continue to provide support to our suppliers on this topic.

In 2019, we will extend the modern slavery training to our key suppliers and employees from our other sourcing countries.

INTERNAL ENGAGEMENT AND AWARENESS BUILDING

We continue to raise awareness and understanding of modern slavery within other business areas, especially those directly involved in our sourcing operations and recruitment. As part of this engagement, we extended our partnership with Ethical Trade Initiative, to provide training to our team based in China who manage relationships with our suppliers. This was a separate training session from the one held for

suppliers, as it was intended to give a broader understanding on modern slavery to our team, as well as to underline the due diligence mechanisms to identify potential risks in our supply chain. Most importantly, the training focused on the impact sourcing practices have on a supplier's ability to operate ethically. In the year ahead, we will look for opportunities to extend this training to other areas of our business.



COLLABORATION:



We are proud that in 2018 we became a signatory of the British Retail Consortiums industry initiative, Better Retail Better World.

This is a voluntary scheme, which aims to mobilise the retail industry to tackle some of the biggest global challenges of the coming decades, highlighted by the UN Sustainable Development Goals. These include respecting human rights, supporting sustainable markets and developing skills, which are fundamental to businesses.



We also joined, along with other major UK retailers', a CEO forum on modern slavery, organised by ASOS, one of our key customers.

The aim was to identify and address the risks of forced labour and human trafficking in collective supply chains. Discussion points included the modern slavery challenges, risks companies face and ideas for addressing them. All participants agreed to greater transparency, improved reporting, increased collaboration and training for different stakeholders.



HERE AT DR. MARTENS, WE ARE *committed* TO ERADICATING FORCED LABOUR AND MODERN SLAVERY BY WORKING WITH OTHERS AND PROMOTING GOOD PRACTICES IN OUR OWN OPERATIONS AND SUPPLY CHAIN.



PROGRESS AT A GLANCE

As a business, we are committed to the continuous improvement in our approach to tackle modern slavery, forced labour and human trafficking. We have achieved good progress against the commitments we set last year. Here is a summary of what we have accomplished so far:

2017/18 COMMITMENT

Extend our CSR assessments in all non-footwear factories to get a better understanding of the labour standards and working conditions.



We are creating a structure to enable our regional sales and stores teams to recognise modern slavery risks in their own operations. This includes services, consumables, and the marketing materials they receive from contractors.



Modern slavery training will be provided at all our finished product suppliers and our own regional offices.



Developing a Migrant Worker Policy that will cover principles and requirements to guide our internal teams and suppliers towards best practices when employing migrant workers.



We are increasing our resources in Asia to start assessing our second tier suppliers to understand the conditions in those factories.



2018/19 PROGRESS



CSR audits extended in non-footwear suppliers in Asia, as well as European suppliers including UK.



Updated our requirements for Gift with Purchase suppliers to incorporate ethical trading standards, including their own statement on modern slavery.



Partnered with ETI to conduct modern slavery training to key suppliers in China.



Working with internal teams to map our service, marketing materials and consumables contractors, starting with those in the UK, followed by those in Asia and the Americas.



We have recruited an Asia CSR officer who is responsible for assessing 2nd Tier suppliers and supporting our 1st Tier suppliers.



Migrant Worker Policy and implementation guidelines are developed and shared with all finished good suppliers and key raw material suppliers.



WHAT IS NEXT?

NEXT YEAR, WE WILL:

- + Continue the previous years objectives. Further map the risks deeper in our supply chain and operations.
- + Provide more training to our own employees and our suppliers in sourcing countries beyond China.
- + Tackle the root causes of modern slavery by implementing responsible recruitment best practices and using more in-depth/stringent assessment techniques during the audits.
- + Identify and partner with key external stakeholders and seek further collaboration with other industry members and NGOs.

Additional information can be found on the social responsibility section of our website:

www.drmartens.com/uk/social-responsibility



This statement was approved by the Board of Directors of Dr Martens AirWair Group Limited.

KENNY WILSON

CEO, Dr. Martens

