WFSGI COMMUNICATION ON ACTION

Reporting Template

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Pentland Brands Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Company:</td>
<td>Brand</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>1700</td>
</tr>
<tr>
<td>Country:</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>

Filled in by:

<table>
<thead>
<tr>
<th>Name:</th>
<th>Karina O’Gorman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position:</td>
<td>Head of CR</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:karina.ogorman@pentland.com">karina.ogorman@pentland.com</a></td>
</tr>
<tr>
<td>Phone number:</td>
<td>Click here to enter text.</td>
</tr>
<tr>
<td>Date:</td>
<td>24th August 2018</td>
</tr>
<tr>
<td>Reporting period:</td>
<td>2017</td>
</tr>
</tbody>
</table>

After you complete this document, please send a copy to WFSGI (preferably by email) to:

Karolina Brazyte
Email: kbrazyte@wfsgi.org

or

Marc-Ivar Magnus
Email: mmagnus@wfsgi.org

WFSGI – World Federation of Sporting Goods Industry
Obere Zollgasse 75,
P.O. Box 1664,
3072 Ostermundigen/Bern
Switzerland

Fax: +41 31 939 60 69
Part A

Commitment to the WFSGI Code of Conduct: Statement by Senior Decision-Maker

Provide a statement from a senior decision-maker of the organization (e.g. CEO, Chair, Senior Corporate Responsibility Manager, etc.) that expresses continued support for the WFSGI Code of Conduct and ongoing commitment to its provisions. Please include the individual’s name and job title at the bottom of the statement. The statement could include:

- The importance of commitment to the principles of the WFSGI Code of Conduct
- Key corporate responsibility issues for the company
- An outlook on the organization’s main challenges
- An overview of CR governance at the company
- Broader trends (i.e. political or economic) that affect the company and its corporate responsibility performance, etc.

The statement can include links to the relevant section of the member’s corporate website where more detailed information is available.

As a family business we take a long-term view on developing and positioning our brands. We are passionate about our people (Pentland employees, customers, and everyone in our value chain) and committed to being good corporate citizens. People are at the heart of what we do. We focus on creating products our customers can be proud to wear, demanding high standards for workers in our supply chain, supporting our own people so they can achieve their best, and giving back to our communities. We are tremendously proud of what we have achieved this year. Pentland Brands has continued its efforts to tackle modern slavery risks in the supply chain, publishing three new policies to protect vulnerable workers, training over 90 staff in factory-facing roles to identify risks, and working with the Issara Institute to improve working conditions at factories in Thailand. Its longstanding support through product donations earned an award from charity partner In Kind Direct and 400 people across the business volunteered their time and skills to give back to their communities.

Our brands have continued to introduce more eco-friendly fabrics in their latest ranges, such as Berghaus’ signature Made Kind™ products and Speedo’s use of ECONYL® made from recycled ocean waste in its H2O Active range.

We remain committed to playing our part in tackling some of the world’s greatest challenges – as expressed in the UN Global Compact and the UN Sustainable Development Goals – and we look forward to further progress next year.

We are proud to be a part of the WFSGI whose code of conduct is closely aligned to our intrinsic values of doing the right thing and we pledge to continue to work alongside them in acting responsibly.

For more on our work please visit http://www.pentland.com/our-responsibility.html

Karina O’Gorman - Head of Corporate Responsibility, Pentland Brands

Part B

Description of Actions Taken during the Reporting Year to Implement the WFSGI Code of Conduct

B.1 Programs and Actions
Provide a description of practical actions that the company has taken (or plans to undertake) to implement the WFSGI Code of Conduct. This includes programs or activities that address specific areas such as human rights, decent working conditions, community involvement, the environment, etc. For example:

- Operating programs to implement own or other Codes of Conduct
- Operating environmental programs (including waste reduction, responsible usage of water and energy resources, recycling practices, hazardous waste management policies, fuel reduction, etc.)
- Employee education and training programs
- Supplier capacity building and training programs (including human resources management, health, safety & environment)
- Community Affairs programs (including charities, sponsorships, corporate volunteering, corporate giving, etc.)

The statement can include links to the relevant section of the member’s corporate website where more detailed information is available.

Maximum word count: 400 words

Environmental Responsibility

We’re working with other brands, manufacturers and NGOs for industrywide change as a member of the Sustainable Apparel Coalition (SAC). The SAC’s Higg Index is an important tool in our efforts to protect the environment by measuring impacts in our supply chain. It’s a standardised tool to help brands understand the impact of making and selling their products.

We’re working to source more sustainable materials that help us reduce the environmental impact of our products.

Our suppliers use chemical treatments and processes to turn raw materials into finished products. We don’t want workers, the environment or customers to be harmed in the process so we have a programme to manage restricted substances. Any potentially harmful chemicals are restricted or completely banned in production. We set out these requirements in a Restricted Substances List. Suppliers can’t work with us unless they comply with the list and provide evidence that they’re putting our standards into practice. As a member of the industry group, AFIRM, we’re supporting efforts to reduce the impact of harmful substances in the wider apparel and footwear sectors. Our list of restricted substances aligns with AFIRM’s and our brands are making progress in reducing the use of harmful substances in their supply chains.

Human Rights

Before a finished shirt, shoe or other product reaches us for retail and distribution, it passes through the hands of many workers and several tiers of the supply chain around the world. We engage with our suppliers and partners to ensure they provide safe working conditions and fair pay to their employees and contract workers. In 2017 we focussed on remediation of homeworking in India and Modern Slavery in Thailand, working in partnership with our suppliers to improve the lives for our workers. You can read more in our modern slavery report here http://www.pentland.com/downloads/modern-slavery/Pentland-Modern-Slavery-Report-2018.pdf

Employee Education Programmes

We have created e-learning and internal training on modern slavery for all of our employees that has launched and will continue to roll out. We also deliver CR induction training to all new starters.

Community Engagement

Giving back is baked into our DNA. Every year, Pentland Brands gives at least 1% of its net profit after tax to charitable causes through product donations and financial contributions. In 2017, Pentland Brands completed the second year of our three-year partnerships with the global charity partners chosen by our employees. We support projects that are relevant to our brands and mean the most to our people:

1. Improving access to clean water in Kenya for more than 65,000 people so far with the British Red Cross
### B.2 Policies

Briefly describe any company policies that are relevant to the WFSGI Code of Conduct. For example:

- Non-discrimination policy
- Environmental policy
- Child labor policy, etc.

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have an employee code of conduct which focuses on ethical behaviours within the workplace.</td>
<td><a href="http://www.pentland.com/our-responsibility.html">http://www.pentland.com/our-responsibility.html</a></td>
</tr>
<tr>
<td>We also have ethical trade policies to protect vulnerable workers.</td>
<td></td>
</tr>
<tr>
<td>We have a restricted substance list and policy on skins, furs and feathers</td>
<td></td>
</tr>
<tr>
<td>Our business standards set out our expectations for our employees, partners and suppliers.</td>
<td></td>
</tr>
<tr>
<td>They can be seen here</td>
<td><a href="http://www.pentland.com/our-responsibility.html">http://www.pentland.com/our-responsibility.html</a></td>
</tr>
<tr>
<td>Internally we also have a charity policy that provides guidance on our charitable donations.</td>
<td></td>
</tr>
</tbody>
</table>

### B.3 Collaborations & Memberships

List any relevant collaborations and memberships of corporate responsibility initiatives and programs. For example:

- Business Social Compliance Initiative (BSCI)
- Ethical Trading Initiative (ETI)
- Fair Labor Association (FLA)
- Fair Wear Foundation (FWF)
- Social Accountability International (SAI), etc.

The statement can include links to the relevant section of the member’s corporate website where more detailed information is available.

<table>
<thead>
<tr>
<th>Collaboration</th>
<th>Link</th>
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<tbody>
<tr>
<td>Alongside our commitment to WFSGI we are also part of:</td>
<td></td>
</tr>
<tr>
<td>ACT Living Wages</td>
<td></td>
</tr>
<tr>
<td>Action, Collaboration, Transformation (ACT) Foundation brings together brands, retailers and a global trade union, IndustriALL, under the terms of an MoU to address the issue of living wages in the textile and garment supply chain. We are a founding member and our Head of Ethical Trade is a founding Director.</td>
<td></td>
</tr>
<tr>
<td>AFIRM Group</td>
<td></td>
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</table>
AFIRM exists to reduce the use and impact of harmful substances in the apparel and footwear supply chain. In 2016 we adopted the AFIRM Restricted Substances List (RSL), the aim being to promote a common standard for industry adoption.

Better Work
This scheme aims to achieve lasting improvements to working conditions while creating a more profitable business model for factories. In 2016, we collaborated with Better Work in ten factories, across Vietnam, Cambodia and Indonesia.

bluesign® system
The bluesign® system aims to eliminate dangerous chemicals from supply chains. It checks for environmentally friendly and safe production standards.

Oeko-tex®
Oeko-tex® is an auditing and testing system for detecting harmful chemicals in the supply chain. All Speedo swimwear abides by the Oeko-tex® 100 standard.

The Pentland Centre for Sustainability in Business
In 2015, we launched the Pentland Centre with Lancaster University. The centre tasks businesses and academics to find practical solutions to environmental and social problems.

The Sustainable Apparel Coalition
This is an industry alliance that focuses on sustainable products in the apparel, footwear and home textile industries. In 2016 Berghaus was part of a pilot of the Higg Index tool – which aims to provide an industry wide approach to measuring and reporting.

The Ethical Trade Initiative
The Ethical Trade Initiative (ETI) is an alliance of companies, trade unions and voluntary organisations collaborating to improve the lives of workers.

Responsible Down Standard
This body defines a standard that companies can use to certify that the down in their products has been sourced responsibly.

The Leather Working Group
The Leather Working Group (LWG) aims to promote improvement in the tanning industry by creating alignment on environmental priorities, bringing visibility to best practices and providing suggested guidelines for continual improvement.

Verite
Verite are a supply chain consultancy who help tackle serious challenges in modern supply chains including child labour, slavery and unpaid work. We continue to work with them to develop and deliver modern slavery training, as well as to investigate and remediate issues within our supply chains.

CIVIDEP
CIVIDEP is an Indian NGO based in Bangalore. We work with them to map and improve conditions for homeworkers within our Indian footwear supply chains.

AFIRM

B.4 Certifications & Awards

List any relevant corporate responsibility certifications or awards that your company has received. For example:

- OHSAS 18000 certification
- ISO 26000 certification
Part C

Progress against Previously Set Targets

Provide information about the company’s progress against relevant targets or performance, or other qualitative and/or quantitative measurements of results. For example:

- Reduction in the number of accidents at the workplace
- Progress against energy saving targets, water saving targets, emission reduction targets
- Use of more environmentally-sound materials
- Phase-out of critical chemicals, etc.

The statement can include links to the relevant section of the member’s corporate website where more detailed information is available.

Our objectives that were set in 2016 had three clear areas. Our 2017 Corporate Responsibility report showcases the achievements we have made against this. Highlights have been:

* Building brands with social purpose: We want our brands to have a positive role in society and add social value, focusing on getting more people active.

  Our charity partnerships with WWF, Red Cross and United Purpose have driven community impacts in our operating communities.

  Berghaus and Speedo have continued to grow their brand purpose, identifying opportunities to have more products with a social or environmental positive impact.

* Future proofing our supply chain: We want to make our supply chain environmentally sustainable, reduce negative environmental impacts and minimise waste.

  In 2017 we published our transparency list for our Tier 1 factories and have started to work with suppliers to track the baseline of their environmental footprint through the Higg Index tool.

*Respecting human rights and tackling inequality: We want to make sure living wages are paid, tackle modern slavery and connect with supply chain workers.

  We have continued with our robust approach to managing the compliance of our supply chain. Alongside this we have seen great success with two focused remediation projects on homeworking in India and Modern Slavery in Thailand. We also launched our modern slavery training for all employees. More can be seen in our modern slavery report available online.
Part D

Goals & Targets

List your long-term goals and priority targets for the next reporting period, and highlight priority areas the company intends to focus on in the next planning cycle. This section should illustrate the continuous improvement that the company is striving to achieve.

The statement can include links to the relevant section of the member’s corporate website where more detailed information is available.

Maximum word count: 400 words
For future reporting periods we have created top an integrated CR Framework that will set our direction and we will report against this in our next report. The framework sets out our purpose across the entire CR agenda in a simple way through three pillars:

Our Company
As a business we take our responsibilities seriously, ensuring we are considering our impact on people and planet in the following ways:

- Reducing the environmental impact of our operations:
- Being a diverse and inclusive employer and supporting our employees to achieve their best
- Partnering with academia and industry bodies on the sustainability agenda:
- Doing business ethically

Our Products
We want everyone to be proud to wear Pentland products. That’s why we aim to protect people and the environment through every stage in a product’s lifecycle, from sourcing raw materials, to design, production and use by:

- Working to find innovations for the materials of tomorrow:
- Ensuring our products meet the highest standards in quality and safety
- Reducing the environmental impacts of the materials and processes used to make our products
- Protecting the human rights of those within our supply chain

Our Communities
Giving back is baked into our DNA. By taking a strategic approach to giving it means we can do better work, with a more lasting impact. Our products can help people to put their best foot forward and we want to have a positive impact in our operating markets by forming strategic charitable partnerships for Pentland Brands and where appropriate continuing or building partnerships for individual brands that will help us to:

- Empower disadvantaged communities
- Help society to live a more active and healthy lifestyle.

Submission Deadlines for the Communication on Action (COA)

All member organizations are asked to submit their COA to the WFSGI by December 31, 2017. This submission should cover one year’s actions and progress and should align with your standard reporting year. Any company wishing to become a member has to submit a COA along with their membership application.

Thereafter, member companies will be asked to report at least every two years. Companies can choose to report annually – this may be easier for those with annual reporting cycles. Each COA will have to cover actions and progress over the previous one or two years and the submission deadline is six months after the end of the company’s reporting period. For example, if you are reporting for the period from April 1, 2016 to March 31, 2018, the COA is due on or before September 30, 2018.

In the event of an anticipated delay in submitting the COA, the organization may request an extension of the deadline by three months, providing a reasonable explanation for the delay and stating the date when the COA will be available. In the event that the member organization is not able to provide the COA, it should explain the reason to the WFSGI (the so-called “Comply or Explain” principle).

For further information on the COA, please contact Mr. Marc Magnus at m.magnus@wfsgi.org or Ms. Karolina Brazyte at k.brazyte@wfsgi.org.