



## RESPONSIBLE SOURCING POLICY FOR ANIMAL DERIVED MATERIALS

### INTRODUCTION

At Clarks, everything we do is built on our strong ethical heritage and the way we do business is underpinned by a strong sense of our responsibilities as a global footwear brand.

The Clarks Code of Business Ethics sets out the ethical principles we expect all employees to demonstrate to ensure that the highest standards are maintained. These include:

“We operate with integrity and honesty”

“We are committed to making social and environmental responsibilities a key part of how we make decisions”.

As part of this, Clarks places a high priority on responsibly sourcing animal derived materials within our product supply chains. We have a zero-tolerance approach to sourcing practices that would affect the environment and request that all Clarks suppliers accept and follow the requirements set out in this policy and produce due diligence down their supply chain.

### PURPOSE

Clarks Responsible Sourcing Policy for Animal Derived Materials ensures that our suppliers:

- Review environmental risks in the supply chain.
- Review environmental risks of the raw material stage and the feedstock.
- Aim to have good visibility of where the materials are coming from for Clarks own products back to country of origin.
- Align to global legislations that have direct and indirect connections to Responsible Sourcing of Animal Derived materials.
- procedures for demonstrating compliance to the policy throughout the supply chain.
- Social- Deforestation Respect legal and regulatory social standards in the sourcing and processing of animal derived materials. Specifically, hides are not sourced from farms involved in the use of any form of forced, bonded or child labour; the invasion of indigenous lands and/or protected areas through deforestation or where deforestation has had a negative impact on local communities or from farms or areas subject to any governmental embargoes.

Suppliers are expected to sign a declaration of conformity each year to confirm that they have received and will comply with the requirements set out in this policy.

### POLICY

Clarks promotes industry actions towards better supply chain practices to reduce the environmental impacts of the footwear and accessories industry. The following requirements must be applied to animal-derived materials used in our products. Clarks will not knowingly source materials which are not in compliance with this policy. The requirements stipulated in this policy, are effective immediately unless specifically stated. Whilst we will endeavour to implement this policy for recycled materials, we recognise traceability challenges in these products, and will discuss specific challenges (e.g., for recycled leather or wool) on a case by case basis with suppliers. Sourcing from recycled feedstock would also come with complications of chemical compliance as different batches might find traces of globally restricted chemicals. We may ask for suppliers to produce extra due diligence for different batches of the material.

Suppliers must describe and label, materials, components and finished goods carefully. Any materials used to imitate other animal/animal fur or skin patterns must be clearly labelled as “print”, “synthetic” or “faux”. For example, “Leopard print”.



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### Leather

- Clarks will only accept leather that is a by-product of food production. Please review our Animal Welfare policy for types of leathers we accept and have banned.

We aim to source “responsible leather” defined by Clarks as:

- Leather from tanneries that are working towards reducing their environmental footprint, complying with industry environmental standards of leather production, are certified and audited by industry recognised initiatives such as the Leather Working Group.
- Global Recycled Standard or Recycled Content Standard or SCS Recycled Content certified recycled or regrind leather.

### Country of Origin for Leather

- When disclosing tanneries supplier list to Clarks, suppliers must declare the country in which the animals were slaughtered
- Due to animal welfare concerns cow hides must not be from animals reared or slaughtered in India and Bangladesh
- Due to effluent treatment practice concerns no leather should be sourced from tanneries operating in Bangladesh

### Deforestation and Conversion Free sourcing

Clarks foresees Deforestation and Conversion Free legislations will be established in the upcoming years globally. We strongly suggest our suppliers to source leather from tanneries that can trace leathers physically or / and paper trail back to cattle. Suppliers may be asked to provide evidence to ensure that our produce do not come from Deforestation and Conversion lands.

### Leather sourcing from Brazil

Clarks is committed to eliminating deforestation and conversion of natural vegetation in our bovine leather supply chains originating from Brazil, where cattle ranching is a leading driver of forest loss and conversion. Cow hides must not be sourced from animals farmed on ranches involved in any deforestation in the Brazilian Amazon biome after October 5, 2009. We also require that hides are not sourced from ranches involved invasion of indigenous lands and/or protected areas, or have any governmental embargoes.

Wet blue tanneries, agents and other suppliers must source cow hides exclusively from slaughterhouses or suppliers that have established and can provide evidence of credible supply chain monitoring systems for their direct suppliers to ensure zero deforestation cattle sourcing, and they must have plans in place to expand their monitoring systems to include indirect suppliers.

To achieve this commitment, Clarks has specific requirements and guidance for sourcing from Brazil.

### Brazil (Overall)

- If you provide any articles with a country of origin of Brazil, you must make Clarks aware, in advance, please contact us.

Suppliers sourcing Brazilian material must be able to:

- Provide the names, locations and Leather Working Group (LWG) medal rating (if applicable) or Brazilian Leather Certification of Sustainability (CSCB) certification of their wet blue tanneries or agents.
- Have their wet blue supplier provide slaughterhouse names, locations, federal or state ID numbers (SIF).
- Provide information on the slaughterhouses’ due diligence process to ensure they are not sourcing cattle from deforested areas. This includes at a minimum, legal compliance procedures to check farms not included on IBAMA embargo list.

Examples of steps slaughterhouses are taking to implement due diligence checks could include:



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- Signatories to the G4 agreement; or signatories to the TAC with plans underway to adopt G4-aligned zero deforestation sourcing criteria
- Utilizing tools to track direct and indirect cattle ranches, such as VISIPEC
- Requiring complete property boundary maps (i.e. CAR) for supplying farms
- Explanation of plans and/or activities to improve visibility of indirect supplying ranches (e.g., Calving and backgrounding farms)
- Explanation of plans and/or activities to expand due diligence checks and supply chain monitoring systems to other regions in Brazil (beyond the Amazon biome), such as the Cerrado biome.

### Social

We require suppliers to ensure they are not sourcing materials produced using any form of forced, bonded, indentured, trafficked, slave or involuntary prison labour and adhere to the standards set out in Clarks Code of Practice.

## POLICY SCOPE

Clarks suppliers are responsible for ensuring that the requirements within the Responsible Sourcing Policy for Animal Derived Materials are complied with. This also requires that they ensure that they are satisfied that their suppliers and their supply chain also meet these requirements.

### Compliance

Clarks suppliers must have documented evidence in place to demonstrate compliance to this policy and to conduct routine checks with their suppliers (e.g., of materials) on a seasonal basis.

If Clarks determines that a material does not conform to the terms of this policy, the non-compliant party agrees to:

- Begin an investigation into the cause and extent of the non-conformity;
- Undertake corrective action, as approved by Clarks;
- Clarks will take any steps required to ensure that the corrective action has successfully addressed the non-conformity;
- Clarks reserves the right to cease the use of the non-compliant material and charge any costs as a result of a non-compliant materials back to the supplier of that material; and
- Corrective action will be taken if any breaches are brought to our attention. For materials that are found to be non-compliant, Clarks reserves the right have material returned to suppliers at the suppliers cost and terminate our relationship with that supplier.

## DEFINITIONS

### Term: Supplier

“Supplier” includes but is not limited to vendors, agents, licensees, factories and sub-contractors.

### Term: Environmental

**Definition:** refers to all topics relating to the natural world and the impact of human activity on its condition. Top high-risk topics includes for Clarks:

- Carbon footprint
- Water footprint
- Waste
- Chemical management



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- Biodiversity
- Air pollution

### Terms Specific to Brazil Sourcing, with accompanied translations:

#### **Term: The G4 Cattle Agreement**

Explanation: Following NGO reports in 2009, detailing the links between deforestation and the cattle industry in Brazil, Brazil's largest meatpackers (JBS, Marfrig, Minerva, and Bertin – Bertin was subsequently purchased by JBS) signed a zero-deforestation agreement with Greenpeace, known as the G4 Cattle Agreement. This agreement goes above and beyond legal requirements. Under the agreement, these meatpackers committed to set up systems to monitor their suppliers in the Brazilian Amazon biome and block purchases from ranches with post-2009 deforestation. They also check to ensure suppliers are not on the slave labor list, have embargoes, or have encroached on indigenous lands or protected areas.

#### **Termo: Prazo: Acordo da Pecuária G4**

Explicação: Após relatórios de ONGs em 2009, detalhando os vínculos entre o desmatamento e a pecuária no Brasil, os maiores frigoríficos do Brasil (JBS, Marfrig, Minerva e Bertin - posteriormente comprado pela JBS) assinaram um acordo de desmatamento zero com o Greenpeace, conhecido como o Acordo da Pecuária G4. Este acordo vai além dos requisitos legais. Pelo acordo, esses frigoríficos se comprometeram a montar sistemas para monitorar seus fornecedores no bioma amazônico brasileiro e bloquear compras de fazendas com desmatamento pós-2009. Eles também verificam se os fornecedores não estão na lista de trabalho escravo, têm embargos ou invadiram terras indígenas ou áreas protegidas.

#### **Term: IBAMA**

Explanation: Brazilian Institute of the Environment and Renewable Natural Resources is the Brazilian Ministry of the Environment's administrative arm. Its acronym is "IBAMA". IBAMA supports anti-deforestation of the amazon and implements laws against deforestation.

#### **Termo: IBAMA**

Explicação: O Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis é o braço administrativo do Ministério do Meio Ambiente. Sua sigla é "IBAMA". O IBAMA apóia o combate ao desmatamento da Amazônia e implementa leis contra o desmatamento.

#### **Term: Terms of Adjustment of Conduct (TAC)**

Explanation: In 2009, the Federal Public Prosecutor's Offices (Ministério Público Federal, or MPF), sued large ranchers who cleared forest illegally and the slaughterhouses that bought from them, and used threats of litigation to convince Brazilian retailers to disengage with slaughterhouses connected to illegal deforestation. In response, individual meatpacking companies began signing legally binding TAC agreements with the MPF (Terms of Adjustment of Conduct) in July 2009. Under these agreements, meatpackers set up systems to avoid purchases from suppliers with illegal deforestation.

#### **Termo: Termos de Ajuste de Conduta (TAC)**

Explicação: Em 2009, o Ministério Público Federal (MPF) processou grandes fazendeiros que desmatavam ilegalmente e os abatedouros de gado que compravam deles e usaram ameaças de litígio para convencer os varejistas brasileiros a se desligarem de abatedouros ligados a atividades ilegais de desmatamento. Em resposta, abatedouros começaram a assinar acordos TAC juridicamente vinculantes com o MPF (Termos de Ajuste de Conduta) em julho de 2009. Seguindo esses acordos, os frigoríficos montaram sistemas para evitar compras de fornecedores de gado com desmatamento ilegal.

#### **Term: VISIPEC**

Explanation: VISIPEC is a cloud-based traceability tool that provides the meatpacking industry in Brazil with enhanced visibility into their supply chains, including links between direct and indirect supplying ranches. It integrates information from public databases and serves to complement existing supply chain management systems used by meatpackers to help further strengthen environmental and social governance within the sector.

#### **Term: VISIPEC**



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Explicação: O VISIPEC é uma ferramenta de rastreabilidade baseada em nuvem que fornece ao setor de frigoríficos no Brasil uma visibilidade aprimorada de suas cadeias de suprimento, incluindo vínculos entre as fazendas de fornecimento direto e indireto. Ele integra informações de bancos de dados públicos e serve para complementar os sistemas existentes de gerenciamento da cadeia de suprimentos usados pelos frigoríficos para ajudar a fortalecer ainda mais a governança ambiental e social dentro do setor.

### **Term: CAR**

Explanation: In 2010, the Brazilian government made it mandatory that all rural properties be mapped and registered in a database, known as the CAR (Cadastro Ambiental Rural). The CAR database holds geospatial data on property boundaries as well as environmental information on rural agricultural production. This database is intended to be a strategic tool for controlling, monitoring, and reducing deforestation in Brazil. Registration in the CAR is also used by financial institutions as a criterion in the consideration of credit worthiness for both public and private agricultural loans.

### **Termo: CAR**

Explicação: Em 2010 o governo brasileiro tornou obrigatório que todas as propriedades rurais fossem mapeadas e registradas em um banco de dados, conhecido como CAR (Cadastro Ambiental Rural). O banco de dados do CAR contém dados geoespaciais sobre limites de propriedade, bem como informações ambientais sobre a produção agrícola rural. Esta base de dados destina-se a ser uma ferramenta estratégica para controlar, monitorar e reduzir o desmatamento no Brasil. O registro no CAR também é usado pelas instituições financeiras como um critério para a consideração do valor do crédito para empréstimos agrícolas públicos e privados.

## RELATED POLICIES

Code of Business Ethics

Code of Practice

## SUPPORTING INFORMATION

<http://www.iucnredlist.org/technical-documents/categories-and-criteria>

<https://cites.org/>

<https://www.fws.gov/endangered/laws-policies/>

<http://law.justia.com/codes/california/2014/code-pen/part-1/title-15/chapter-2/section-6530>

<http://responsiblewool.org>

<http://www.ibama.gov.br/>

<https://www.leatherworkinggroup.com/>