



RESPONSIBLE SOURCING POLICY FOR ANIMAL DERIVED MATERIALS

MATERIAL SOURCING POLICY FOR MATERIAL SUPPLIERS, SUB-CONTRACTORS AND SERVICE PROVIDERS.

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” and “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 importance on animal welfare and is committed to the responsible sourcing of animal derived materials. We work with our suppliers and through multi-stakeholder groups such as the Leather Working Group and Textile Exchange Responsible Leather Roundtable to build understanding and collaboration in order to support the wider industry to continue to make improvements within animal welfare.

Our Responsible Sourcing Policy for Animal Derived Materials sets out the minimum standards we expect our suppliers to adhere to in the production of Clarks products (shoes and accessories). It is designed to convey to Clarks material suppliers the seriousness and importance that Clarks places on animal welfare in our product supply chain, the expectation that suppliers will take steps to promote good animal welfare, that they follow Clarks material requirements and demonstrate compliance to the policy.

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.

This policy will be periodically reviewed to ensure it reflects industry developments and our material sourcing profile. 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.

All Animal Derived Materials

The following requirements must be applied to animal-derived materials used in our products. Clarks recognises that material suppliers do not always have influence or traceability of animal derived materials down to individual farm level. However, Clarks expects all suppliers of animal derived materials to take steps to promote good animal welfare based on the Five Freedoms (see Definitions) within their supply chains.

REQUIREMENTS FOR ALL ANIMAL DERIVED MATERIALS

- I. Animal derived materials must not be from endangered wild species as defined by:
 - a. The International Union for Conservation of Nature and Natural Resources (IUCN) – red list categories critically endangered, endangered, vulnerable or near threatened. This does not include species categorised as ‘least concern’. www.redlist.org
 - b. The Convention on International Trade in Endangered Species (CITES) www.cites.org (Where applicable skins to be accompanied by relevant CITES or export documentation to demonstrate compliance).
 - c. The U.S. Endangered Species Act
 - d. Species banned by the US State of California Penal Code section 653o(a)

MATERIAL SPECIFIC REQUIREMENTS

Leather

- i. Clarks will only accept leather that is a by-product of food production and from domesticated animals such as from cow, buffalo, sheep and goat. Suppliers must declare country of origin of raw material.
- ii. Clarks bans the use of leather from:
 - a. Animals killed as part of game hunts or population culls this includes Deer, Elk and Kudu.
 - b. Exotic skins including but not limited to; snake, alligator, crocodile, lizard, or kangaroo.
 - c. Cat or Dog species
 - d. Astrakhan/Karakul
 - e. Skins produced as a result of live boiling or live skinning
- iii. Clarks has phased out the use of pig skin leather for newly developed styles from Spring/ Summer 2019. We are working with our license partner in Australia to phase out the use of pig skin leather for products distributed in Australia. For any specific material enquires relating to a product, please contact our Customer Care team.
- iv. Due to animal welfare and/or environmental concerns cow hides must not be from animals reared or killed in India and Bangladesh.
- v. Due to effluent treatment practice concerns no leather should be sourced from tanneries operating in Bangladesh.
- vi. Clarks preference is to source from tanneries which have achieved a medal rating, through an independent Leather Working Group Environmental Audit, which assesses a tanneries environmental management practices and scores them on traceability of raw material.

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.

To review our policy requirements in 2018/19 we consulted with conservation organisation, National Wildlife Federation (NWF) to develop the following requirements relating to sourcing leather from Brazil.

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 in slave labour, 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.

Suppliers sourcing Brazilian material must be able to:

- Provide the names, locations and Leather Working Group (LWG) medal rating (if applicable) to their wet blue tanneries or agents, and,
- 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.

Our preference is sourcing material from LWG medal rated tanneries which have scored high on their traceability audit (e.g., >80%)

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

- 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.

Fur

- i. No “fur” from any species to be used in specified Clarks product, except only for “hair on” cow or sheep leather only where the hair is intact on the original leather base.

Wool

- i. All wool must not be sourced from sheep that have undergone mulesing. Suppliers must declare the country of origin of wool.
- ii. Clarks products must not be derived from angora wool derived from the angora rabbit.

COMPLIANCE

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.

DEFINITIONS

The Five Freedoms of Animal Welfare

An internationally recognised set of guiding principles on animal welfare, as follows:

1. Freedom from hunger and thirst – by ready access to fresh water and a diet to maintain full health and vigour;
2. Freedom from discomfort – by providing an appropriate environment including shelter and a comfortable resting area;
3. Freedom from pain, injury and disease – by prevention or rapid diagnosis and treatment;
4. Freedom to express normal behaviour – by providing sufficient space, proper facilities and company of the animal’s own kind; and
5. Freedom from fear and distress – by ensuring conditions and treatment which avoid mental suffering.

The International Union for Conservation of Nature and Natural Resources (IUCN) – red list categories

A widely recognised global approach to evaluate the conservation status of species. The red list categories are critically endangered, endangered, vulnerable or near threatened. This does not include species categorised as ‘least concern’.

www.redlist.org

The Convention on International Trade in Endangered Species (CITES)

CITES is an international agreement between governments, which works to ensure protect endangered animals and plants.

The U.S. Endangered Species Act

Signed in 1973, the Act was developed to conserve species that are endangered or threatened.

US State of California Penal Code section 653o(a)

California's Penal Code forms the basis of criminal law in the American state of California. Section 6530 (a), stipulates bans on the import into the state for commercial purposes, to possess with intent to sell or sell within the state, the dead body, or any part or product thereof of a polar bear, leopard, ocelot, tiger, cheetah, jaguar, sable antelope, wolf (*canis lupus*), zebra, whale, cobra, python, sea turtle, colobus monkey, kangaroo, vicuna, sea otter, free-roaming feral horse, dolphin or porpoise (*Delphinidae*), Spanish lynx, or elephant.

Responsible Wool Standard (RWS)

An independent standard and certification scheme which certifies use of wool within a final product from farms which implement the five freedoms of animal welfare. In addition, the standard promotes responsible land management techniques. Through the processing stages, certification ensures that wool from certified farms is properly identified and tracked.

Mulesing

The removal of strips of skin from around the breech and tail of a sheep to prevent flystrike.

Karakul

Whereby the karakul sheep is killed whilst pregnant and the lamb is removed, it is also called, astrakhan or Persian lamb.

The G4 Cattle Agreement

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.

IBAMA

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.

Terms of Adjustment of Conduct (TAC)

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.

VISIPEC

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.

CAR

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.

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-653o>

<http://responsiblewool.org>

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

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