

## Introduction

This statement is published pursuant to section 54(1) of the Modern Slavery Act 2015 (the "Act"). It sets out the steps that have been taken by or on behalf of Crocs Europe B.V., and its parent and subsidiaries, in the fiscal year 2018 to ensure that modern slavery and human trafficking is not taking place in its business and supply chain.

The steps Crocs has taken in 2018 to prevent modern slavery and human trafficking serve as a reinforcement of our long-standing policy of conducting business with partners (including but not limited to agents, vendors, manufacturers, factories suppliers and subcontractors) who share the same values and high ethical standards as we do.

## Business

Crocs is a world leader in innovative casual footwear for men, women and children. Crocs offers a broad portfolio of all-season products, while remaining true to its core molded footwear heritage. Since its inception in 2002, Crocs has sold more than 300 million pairs of shoes in more than 90 countries around the world. Crocs sells its products in three channels: (i) wholesale, (ii) retail; and (iii) e-commerce.

## Company Structure

Crocs, Inc. (NASDAQ: CROX) is the ultimate parent of all Crocs group of companies and is located in Niwot, Colorado U.S.A. Crocs Europe B.V. located in The Netherlands is the European subsidiary of Crocs, Inc. Crocs Europe B.V. has a direct 100% interest in a number of European subsidiaries including Crocs UK Limited.

## Supply Chain

We purchase our raw materials and goods from third party suppliers located worldwide. Crocs products are manufactured in third party factories in China, Vietnam, and Bosnia-Herzegovina.

## Crocs' Policies

Crocs' *Worldwide Code of Ethics* and its *Social Compliance Code of Conduct*<sup>1</sup> (collectively, "Codes") reaffirm our commitment to conducting ethical business by observing local labor standards and internationally recognized human rights standards throughout our supply chain. All employees are governed by the Codes. Additionally, Crocs has a whistleblower hotline (called the "Ethics Line") for our employees and third parties with whom we partner to use if they find themselves in a situation which may lead to a violation of the Crocs' Codes or applicable laws or regulations. It is the responsibility of all Crocs employees to follow the Codes and to report issues. Crocs will promptly review any report, and will not tolerate threats or acts of retaliation against any person for reporting a concern.

## Due Diligence Process for Slavery and Human Trafficking

We evaluate potential contracted factories against our rigorous standards and require them to agree to Crocs' terms of engagement prior to entering our supply chain. By doing so, these factories are also bound by our Codes. Combined, these documents provide clear guidance on our expectations and

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<sup>1</sup> To be found at <https://investors.crocs.com/governance/governance-documents/default.aspx>.

address topics such as child and forced labor, wages, hours, discrimination and harassment-free workplaces.

Crocs will not knowingly work with factories that use forced labor and utilize an independent external resource and an internal monitoring team to conduct unannounced periodic social compliance audits of our business partners' factories to evaluate and address risks pertaining to slavery and human trafficking in accordance with Worldwide Responsible Accredited Production Principles (WRAPP). Crocs also conducts unannounced audits to ensure compliance with labor and employment requirements contained in third party licensing agreements. Additionally, Crocs' social compliance team is responsible for actively monitoring and assessing our business partners' factories. Any failure of employees or business partners to abide by either the Worldwide Code of Ethics or Social Compliance Code of Conduct will result in corrective action or termination of employment or contract.

### **Assessing and Managing Risk of Modern Slavery and Human Trafficking**

The issue of where potential slavery and human trafficking risks may lie in our supply chain and operations, and how Crocs assesses and manages those risks, are addressed through our due diligence and audit processes. Our terms of engagement make it clear that factories must conduct business in full compliance with all applicable laws, rules and regulations and comply with our Codes.

In 2018, Crocs audited all eight (8) third party factories it sources products and materials from in Asia (China (5), Vietnam (3)). Internal audits were performed twice per factory during the course of the year and one external audit (through Elevate) was also conducted of these factories. All audits were performed against the WRAPP<sup>2</sup> and Crocs' Social Code of Conduct.

Crocs is also member of the Global Apparel and Footwear Textile Initiative (GAFTI) and our Vietnam factories participate in the Better Work program.

GAFTI is an initiative to bring retailers, brands, mills and factories together to improve efficiencies and set standards globally. Because there is no single source of standards, there is a lack of standardization in the apparel, textile, and footwear industry. This gap creates conflicting requirements across customers. GAFTI's goal is to reduce complexity. Various parties in the industry involved in the development, manufacture and distribution of apparel, textiles and footwear are involved in the establishment and ongoing operations of this organization.

The Better Work program is a collaboration between the United Nation's International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group – it is a comprehensive program bringing together all levels of the garment industry to improve working conditions and respect of labor rights for workers, and boost the competitiveness of apparel businesses. The program has three components: (i) compliance assessment activities, including factory audits evaluating whether factories are adhering to ILO core labor standards and national labor laws; (ii) continuous improvement discussions and facilitation with factories; and (iii) stakeholder engagement at all levels, including government, employers, unions, workers, and international buyers.

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<sup>2</sup> <http://www.wrapcompliance.org/12-principles>

## **Effectiveness of Program**

Of the factories audited in 2018, no acts of modern slavery or human trafficking were identified.

## **Training**

Crocs employees are required to complete on-line training on our Worldwide Code of Ethics during their first 30 days of employment, and on a yearly basis thereafter, and sign an agreement to abide by its principles. We also have a broad social compliance-training program in place that covers the topics of human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products. Crocs also continued to provide compliance training to its suppliers in 2018.

This statement has been approved by the Board of Directors of Crocs Europe B.V.

**Neil Parker**  
**Managing Director**  
**Crocs Europe B.V.**



**Hendricus Visser**  
**Finance Director**  
**Crocs Europe B.V.**



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