

## **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 subsidiaries have taken in the fiscal year 2016 to ensure that modern slavery and human trafficking is not taking place in its business and supply chain.

The steps Crocs has taken in 2016 to prevent modern slavery and human trafficking serve as a reinforcement of our 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 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 the majority of 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. Certain footwear styles are manufactured in Crocs owned factories in Mexico and Italy.

## **Crocs' Policies**

Crocs' *Code of Business Conduct and Ethics*<sup>1</sup> and *Social Code of Conduct* reaffirm our commitment to conducting ethical business by observing local labor standards and internationally recognized human rights standards throughout our supply chain. Additionally, Crocs has a Whistleblower Policy for our employees 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 reports, and will not tolerate threats or acts of retaliation against any person.

## **Due Diligence Process for Slavery and Human Trafficking**

Crocs utilizes an independent external resource and an internal monitoring team to conduct unannounced periodic social compliance audits of our business partners and owned supply chain facilities to evaluate

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<sup>1</sup> To be found at: <http://company.crocs.com/wp-content/uploads/2013/01/Crocs-Business-Code-of-Conduct-and-Ethics-Dec-2015.pdf>

and address risks pertaining to slavery and human trafficking in accordance with Worldwide Responsible Accredited Production principles. 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 and owned factories. Any failure of employees or business partners to abide by the Code of Conduct will result in corrective action or termination of employment or contract.

#### **Assessing and managing risk of Modern Slavery and Human trafficking**

In 2016, Crocs audited all seven (7) third party factories it sources products and materials from in Asia (China (4), Vietnam (3)). The audits were performed twice per factory during the course of the year. All audits were performed against the Worldwide Responsible Accredited Production Principles<sup>2</sup> and Crocs' Social Code of Conduct.

Crocs is a member of the Fair Labor Association and Global Apparel and Footwear Textile Initiative.

The Fair Labor Association (FLA) provides a model of collaboration, accountability, and transparency and serves as a catalyst for positive change in workplace conditions. As an organization that promotes continuous improvement, the FLA strives to be a global leader in establishing best practices for respectful and ethical treatment of workers, and in promoting sustainable conditions through which workers earn fair wages in safe and healthy workplaces.

Companies that join the FLA commit to the Principles of Fair Labor and Responsible Sourcing (and/or Production) and agree to uphold the FLA Workplace Code of Conduct<sup>3</sup> in their supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and seeks to protect the workers who manufacture i.a. clothing and footwear. The FLA monitors compliance with the Workplace Code by carefully examining adherence to the Compliance Benchmarks<sup>4</sup> and the Principles of Monitoring<sup>5</sup>. The Compliance Benchmarks identify specific requirements for meeting each Code standard, while the Principles of Monitoring guide the assessment of compliance. The FLA expects affiliated companies to make improvements when Code standards are not met and to develop sustainable mechanisms to ensure ongoing compliance.

Global Apparel, Footwear and Textile Initiative (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.

#### **Effectiveness of Program**

Of the factories audited in 2016 no acts of modern slavery or human trafficking were identified.

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

<sup>3</sup> <http://www.fairlabor.org/our-work/code-of-conduct>

<sup>4</sup> [http://www.fairlabor.org/sites/default/files/fla\\_complete\\_code\\_and\\_benchmarks.pdf](http://www.fairlabor.org/sites/default/files/fla_complete_code_and_benchmarks.pdf)

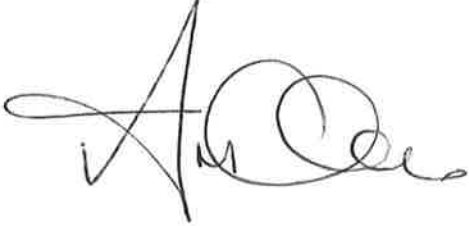
<sup>5</sup> [http://www.fairlabor.org/sites/default/files/monitoring\\_guidance\\_and\\_compliance\\_benchmarks\\_0.pdf](http://www.fairlabor.org/sites/default/files/monitoring_guidance_and_compliance_benchmarks_0.pdf)

**Training**

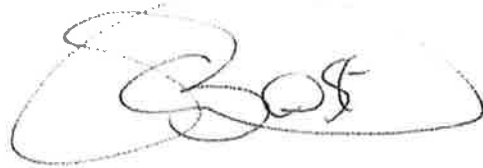
Crocs has a broad social compliance-training program in place that covers the topics of human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products. Crocs provided trainings to its suppliers twice per year in 2016.

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

**Ann Chan**  
**Managing Director**  
**Crocs Europe B.V.**

A handwritten signature in black ink, appearing to read 'Ann Chan', with a large, stylized initial 'A'.

**Alida de Best**  
**Finance Director**  
**Crocs Europe B.V.**

A handwritten signature in black ink, appearing to read 'Alida de Best', with a large, stylized initial 'A'.

February 2017