

SUPPLY CHAIN DISCLOSURE

California Transparency in Supply Chains Act and UK Modern Slavery Act Disclosure

TOMS' mission is to use business to improve lives. This core value is embedded in everything we do. We believe in partnering with others who share these values and who conduct business ethically.

This Statement relates to our fiscal year ended December 31, 2021 ("fiscal 2021"). This Statement describes the activities of TOMS SHOES, LLC and its consolidated subsidiaries (collectively "TOMS," the "Company," "we" or "our"). We distribute our products in over 60 countries and most of our consolidated subsidiaries are not subject to the California Transparency in Supply Chains Act or the UK Modern Slavery Act. We have prepared this Statement on a consolidated basis because we employ the same policies and compliance program relating to anti-human trafficking and forced labor (sometimes referred to herein as "modern slavery") across our entire business.

Business Overview

TOMS is a global footwear and lifestyle brand. At the end of fiscal 2021, we had approximately 208 total employees, consisting of approximately 192 full-time employees and approximately 16 part-time employees in the retail stores. As of the end of fiscal 2021, most of the Company's employees were located in the Americas (primarily in the United States), with the remainder located in Europe and Asia. Our commercial manufacturing base, which consists of third-party contractors, is located mostly in China and Vietnam.

TOMS is committed to using business to improve lives. Since 2006, our community has impacted over 100,000,000 lives through supporting the work of non-profit organizations around the world.

We believe in a future where all people have a chance to thrive, that's why we commit 1/3 of our profits for grassroots good, supporting people working to build a more equitable tomorrow. Because we believe in a future where all people have a chance to thrive, our support is focused on boosting mental health, increasing access to opportunity, and ending gun violence—all elements we believe are essential for progress to take root.

[To learn more about our giving, please click here.](#)

TOMS takes seriously the global efforts to end all kinds of forced labor, whether in the form of prison labor, indentured labor, bonded labor, human trafficking or otherwise. At TOMS, we believe we have a responsibility to conduct our business in an ethical way. We expect the same from our business partners, and focus on working with long-term, strategic suppliers that demonstrate a commitment to engaging with their workers and ensuring safe working conditions and environmental responsibility. We are affiliated members of the Fair Labor Organization (FLA), which guides TOMS to adhere to international and national labor laws. TOMS has been a member of FLA since 2018. Please click here to learn more about the process of accreditation.

Risks of Slavery and Human Trafficking in Our Supply Chain

We believe that the risk of modern slavery in our own business is minimal, given our internal procedures. Our compliance efforts are therefore focused on our supply chain. TOMS has established the compliance and other procedures discussed in this Statement to mitigate the risks of slavery and human trafficking in our supply chains for our products.

We focus primarily on our direct factory suppliers, since this is the level of the supply chain where we believe that we have the most influence and can therefore be the most effective. We expect our suppliers will uphold the same values that are associated with TOMS, i.e., using business to improve lives.

We recognize the need to continually evaluate the effectiveness of our operating procedures relating to modern slavery to confirm compliance with laws, disclose legally mandated and/or voluntary information and, most importantly, ensure that effective preventive mechanisms are in place.

Transparency in our Supply Chain:

Transparency in the manufacturing supply chain better enables TOMS to collaborate with civil societies and other organizations to identify, assess, and avoid actual or potential adverse human rights impacts. TOMS is committed to publishing finished goods supplier factory information to help advance workers' human rights, ethical business practices, and human rights due diligence in the apparel, eyewear, and footwear supply chains, in line with the United Nations Guiding Principles on Business and Human Rights. [Please see our finished goods supplier list here.](#)

Policies and Contractual Terms and Conditions

We have a Code of Business Practices (the "Employee Code") that sets forth the standard of conduct that is to govern the actions of every employee of TOMS. In addition to indicating that employees must respect and obey the laws, the Employee Code indicates that we are committed to a work environment in which all individuals are treated with respect; that we prohibit discriminatory practices; and that we are committed to providing a safe, healthy and comfortable workplace for all employees. New employees are provided with a copy of the Employee Code upon hire, which each employee must sign and acknowledge. A copy of the Employee Code is also available on the TOMS Intranet. Failure to comply with the Code may result in corrective action up to and including termination of employment with the Company. [For a copy of the Employee Code, please click here.](#)

We also require all suppliers to adhere to the Supplier Code (the “Supplier Code”) when producing TOMS merchandise. The Supplier Code is a statement of values and expectations meant to guide decisions in factories where TOMS shoes are manufactured and addresses topics such as child labor, forced labor, excessive overtime, legal wages, discrimination, harassment-free workplace policies and freedom of association. We evaluate potential contracted factories against our Supplier Code standards and require them to agree in writing to these standards prior to entering our supply chain. We have progressively raised the expectations of our factory partners through the evolving standards of our Supplier Code of Conduct. [The Supplier Code can be viewed here.](#)

Our mechanisms for reporting violations of our Employee Code and Supplier Code and other grievances are discussed below under “Internal Accountability and Training.”

Our supplier contracts provide that contracted factories must conduct business in full compliance with all applicable laws, rules and regulations and comply with the terms of the Supplier Code. In addition, these contracts specifically forbid the use of forced labor and prohibit discrimination or harassment in the workplace. Each factory is required to certify compliance with these terms and conditions prior to becoming an approved contracted factory.

In addition, to mitigate the risks of slavery and human trafficking at indirect suppliers, TOMS prohibits contracted factories from engaging subcontractors without the written permission of TOMS and a subsequent audit of the facility.

Verification of Product Supply Chains to Address and Evaluate Risks of Human Trafficking and Slavery

When assessing the risks of modern slavery at any one factory, we take into account various factors, including the factory’s geographic location(s) and the nature of its manufacturing activities for TOMS (including consideration of the anticipated output). As part of our risk assessment, we also conduct preliminary inspections of each new factory’s facility and require detailed questionnaires from potential factories.

Audits

TOMS audits 100% of finished-goods factories (Tier 1 of the supply chain) for social and environmental concerns. Audits are performed through our internal corporate social responsibility audit team (“CSR Team”), a third-party monitoring firm or—to reduce audit fatigue in factories—co-audit with other brands or obtain recent audit reports from a credible source. TOMS also monitors its raw-material suppliers (Tier 2 of the supply chain) and employs an audit and remediation process at these facilities similar to those in Tier 1 factories.

Before conducting business with TOMS, each factory must undergo an unannounced factory audit. Our on-site process includes audits by our trained factory compliance auditors and third-party audit companies. Issues such as health and safety, wage and compliance, forced labor, child labor issues, harassment-free workplace policies, and environmental issues are reviewed. The entire factory, including dormitories, if applicable, is audited. The auditors will interview groups of employees, as well as individuals, without management presence, to allow them to freely comment on their work conditions. Commencing in 2017, anonymous factory employee surveys have been included as part of our audit process to increase transparency within our supply chain.

Audits also are performed annually and scored on a graded scale. To receive an “accepted” rating, a factory must not have any serious health, safety or labor issues in its facility. A factory receiving an “accepted” rating is authorized to produce TOMS products for one year, at which time it must again undergo an annual review and full audit. A factory receiving a “Needs Improvement” rating may still produce our products, but is audited again within six to nine months and must show continuous improvement in health, safety, and labor issues. Factories with a lower rating are evaluated on a case-by-case basis. Our CSR Team will work with factories receiving a “Needs Improvement” or lower rating to build a Corrective Action Plan and address the issues in a proactive manner. A factory with persistent safety, health, or labor issues that fails to remediate these issues in an acceptable manner will be rejected as our supplier and will not be authorized to supply products for TOMS.

Auditing our suppliers helps to bring accountability and deliver credibility to the supply chain by providing a verification point and by helping us to understand the overall direction of improvement. However, audits are not an end in themselves, providing only a snapshot in time, and we believe work best as part of a broader approach to engagement, collaboration and continuous improvement.

Internal Accountability and Training

TOMS has a zero-tolerance policy for violations involving any form of modern slavery. Vendors or factories found to be in violation of this policy will be immediately terminated. Our CSR Team works closely with our senior leadership and General Counsel to help ensure that our suppliers follow our Supplier Code.

TOMS conducts annual global compliance training with its employees and the management teams of its key factories, focusing on monitoring the risk for modern slavery and adherence to the Supplier Code. Our CSR Team and supply chain employees meet regularly with factories and key suppliers to reiterate TOMS' zero tolerance policy for suppliers who engage in modern slavery. They are also encouraged to utilize a compliance checklist when visiting factories, which helps to identify any issues which may require correction. Suppliers have been informed that they must make every effort possible to ensure that workers in their factories are employed at their free will. Any supplier found in violation of this policy will be terminated.

TOMS takes issues involving human rights seriously and we expect our suppliers to do their best to ensure that forced labor in any form is not used in the production of our goods. We will continue to evaluate and update our policies and procedures as needed to make certain that the appropriate safeguards are in place to prevent any mistreatment of persons involved in our supply chain.

Additionally, our employees are encouraged to raise any concerns they may have about human rights issues, and they have multiple channels to do so, including through a confidential mailbox in each office and an email address (craig.gosselin@toms.com) that goes directly to our SVP and General Counsel/HR, as well as the CSR management team. All complaints are confidential but reporting anonymously could limit TOMS ability to collect relevant information about the concern.

This statement is made pursuant to section 54(1) of the U.K. Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement for TOMS UK for the financial year ending 31 December 2021.

A handwritten signature in black ink, consisting of a series of overlapping loops and a long horizontal stroke extending to the right.

Craig Gosselin
