

MOUNTAIN WAREHOUSE INTERNATIONAL LTD

MODERN SLAVERY STATEMENT 2021/22

CONTENTS:

1. INTRODUCTION
2. OUR BUSINESS
3. OUR SALES PARTNERSHIPS
4. OUR SUPPLY CHAIN – STOCK SUPPLIERS
5. OUR SUPPLY CHAIN – NON-STOCK SUPPLIERS
6. OUR POLICIES
7. OUR TRAINING
8. RISK ASSESSMENT
9. DUE DILIGENCE
10. EFFECTIVENESS
11. COMMITMENTS

INTRODUCTION

Mountain Warehouse operates a zero-tolerance policy to modern slavery and human trafficking and is committed to making every effort to eradicate the impact of this crime from our business and supply chain. We recognise that modern slavery and human trafficking are a global issue, and no industry can be considered immune.

This statement is made on behalf of Mountain Warehouse International Ltd and brands registered under this business entity. This statement is published in accordance with the UK Modern Slavery Act 2015.

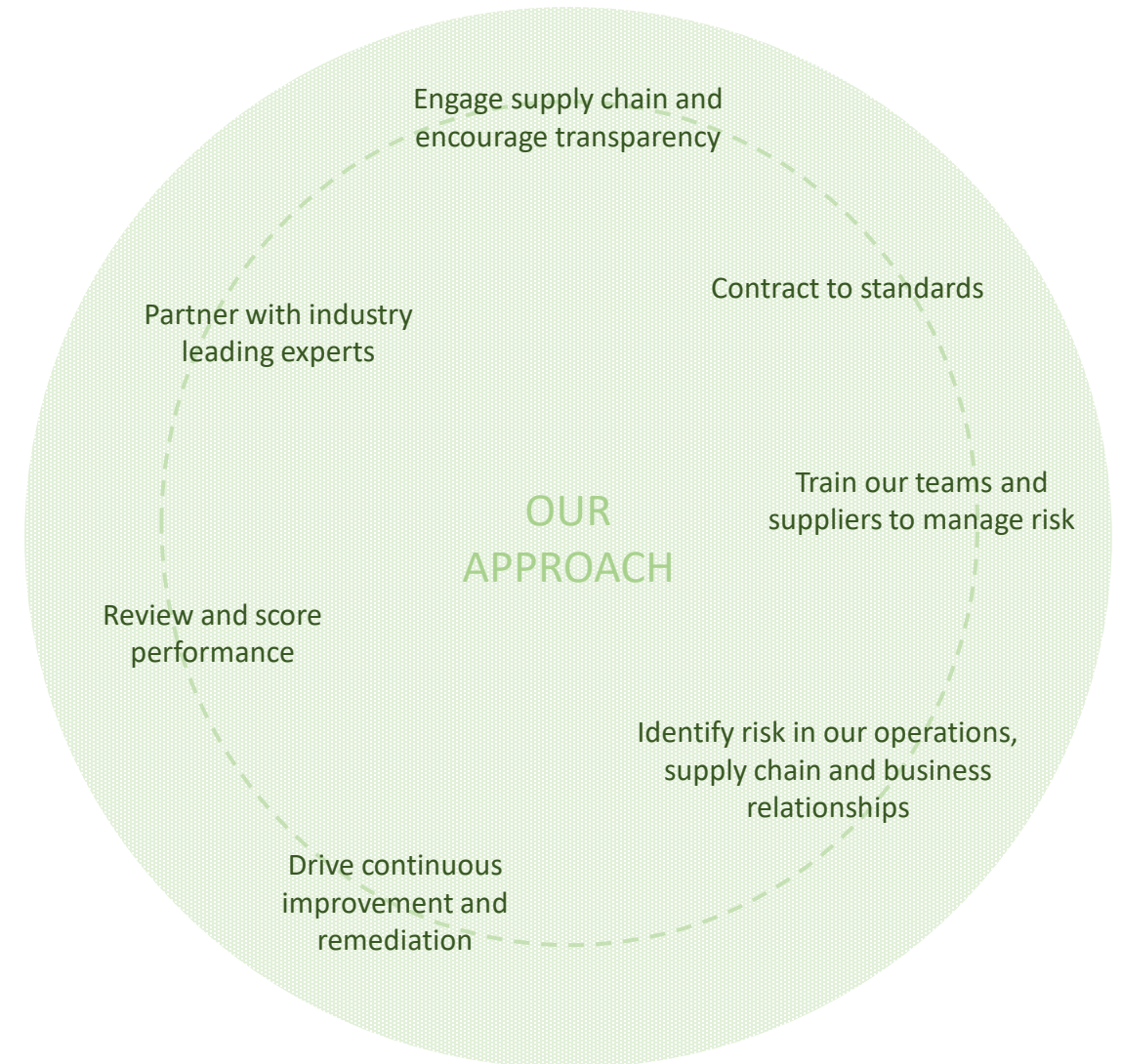
This is our fifth statement and builds on the work and commitments from our last statement, it outlines the steps we have taken to prevent modern slavery during our 2021/2022 financial year ending 28th February 2022.

We define modern slavery in line with the United Nations Guiding Principles on Human Rights as *“One person depriving another of their liberty in order to exploit them for personal or commercial gain”*.

This statement outlines the commitments and steps we have made to minimise the risk of modern slavery in our business and supply chain. It has been prepared by the Mountain Warehouse ethical team with collaboration from key business stakeholders and has been approved by the board of Mountain Warehouse International Ltd.



Mark Neale
Chief Executive Officer
August 2022



OUR BUSINESS

MOUNTAIN WAREHOUSE

At Mountain Warehouse we want everyone to enjoy the great outdoors, keeping the whole FAMILY warm, dry and active – including the dog! Founded in 1997, we're the UK's largest dedicated outdoor clothing and equipment retailer and have been offering our customers unbeatable VALUE and quality for 25 years. Our product is sold internationally through our own branded stores and websites as well as a few carefully selected third-party ecommerce retailers.

ANIMAL

Born in British waters back in 1987. The story began in the South-West when two surfers designed the first product, quickly gaining recognition within the surfing and action-sports community. Over the past three decades Animal has grown to become a leading lifestyle clothing brand. Mountain Warehouse took ownership in 2020 and started retailing in 2021 through a standalone website and concessions in our Mountain Warehouse stores. Our first Animal standalone store was opened in February 2022 in Pitlochry, Scotland.

NEON SHEEP

Neon Sheep is a stationery, homeware, jewelry and gifting brand offering a fun trend-led lifestyle range. Neon Sheep operated through stand alone stores and website. We have taken the decision to close this business and focus on our outdoor/ sports brands. Stores started to close in February 2022.

We recognise that Modern Slavery can happen anywhere in the world including countries where we directly operate and employ staff. We therefore maintain robust ethical hiring management practices. Our dedicated people team mitigate risk by:

- Checking all right to work documents before employment.
- Providing clear contractual terms in local language.
- Providing access to remedy.
- 24 hour external employee assistance program.
- Limiting recruitment agencies to a small number where their values align with ours.

Mountain Warehouse is committed to protecting employees when disclosing malpractice and will ensure that all disclosures made in good faith are treated confidentially and without fear of retaliation.

Our staff supported by the board of Directors are dedicated to upholding our fundamental business principles to ensure the rights of all workers in our business and supply chain are respected.



368 STORES
IN **8** COUNTRIES



12
GLOBAL WEBSITES
IN **26** SALES COUNTRIES



WE EMPLOY
C3000
PEOPLE INTERNATIONALLY

OUR SALES PARTNERSHIPS

We recognise an increased risk with non-controlled operations, we only partner with market leaders whose business practices align with our code of conduct and ethical standards. We are committed to maintaining these relationships and collaborating to minimise risk.

SALES CHANNELS

As well as our own brand stores and websites we also sell our products through third-party ecommerce marketplaces. In this period we have maintained relationships with all existing partners.

- Amazon (International sales platforms)
- eBay (International sales platforms)
- CDiscount (France)
- TradeMe (New Zealand)
- Catch (Australia)
- Next (UK)

We also sell third-party brands which made up 16% of our total sales value in this period.

Our dedicated channels team manages these relationships and ensures we only work with business that align with our business ethics.

- We take full responsibility for the product.
- We distribute directly to customers who purchase through these channels with c50% of orders being fulfilled in this way.
- We review ethical media output related to these companies to identify risk.

We are not aware of any instances of modern slavery being attributed to our partners. All UK based partners publish their own Modern Slavery Statements.

We intend to maintain our current processes and relationships with these partners.

OUR SUPPLY CHAIN – STOCK SUPPLIERS

We define the tiers of our supply chain as outlined in this diagram.

We have mapped tier 1 and are in the process of mapping tier 2 and 3.

We are a member of SEDEX, one of the world's leading organisations for management of responsible sourcing. We use SEDEX tools to ensure our suppliers are upholding safe, ethical, and sustainable business practices. This helps us to protect the working conditions for people within our supply chain. We use SEDEX to map our supply chain audits and identify risk.



*For example: Printing/ laundry/ embroidery/ etc

**For example: Fabric mills/ trim suppliers/ tanneries/ packaging/ etc

***For example: Chemicals/ yarn/ natural & manmade materials

OUR SUPPLY CHAIN – STOCK SUPPLIERS



Our own brand products are designed and sourced by us from our office in London. We operate tight sourcing controls building relationships with all our direct suppliers. We contract orders to manufacturing factories and strive to work directly with these factories for enhanced traceability and reduced risk of transparency challenges.

Our dedicated ethical team maintain a continual focus on driving transparency, mutual understanding and aligned business practices in our supply chain. We continually engage with our suppliers to uphold our policies and processes and drive continual improvements. We encourage our suppliers to take the same actions with their downstream suppliers.

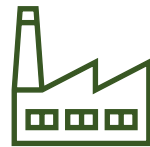
We use factory audits and SEDEX analytics to identify risks in our factories management procedures and focus our efforts on driving down these risks.

We aim to foster long term relationships and support our suppliers to encourage collaboration and shared learnings. We hold our suppliers to account through performance reviews and work together to achieve key targets for improvement.

See risk assessment and due-diligence section for the actions we have taken this year to mitigate the risk of modern slavery in our supply chain.



11
SOURCING
COUNTRIES



337
MANUFACTURING
FACORIES



127,801
WORKERS



52%
FEMALE



48%
MALE



98%
PERMANENTLY
EMPLOYED



2%
TEMPORARY
STAFF



2%
MIGRANT
WORKERS



TOP 50 SUPPLIERS
ACCOUNT FOR
76% OF ORDERS

OUR SUPPLY CHAIN – NON-STOCK SUPPLIERS

NON-STOCK SECTORS	
Sector 1: Landlords	Sector 6: Professional Services
Sector 2: Councils	Sector 7: Logistics
Sector 3: Utilities	Sector 8: Marketing
Sector 4: Maintenance/ Cleaning	Sector 9: IT/ Training
Sector 5: Non-stock products	Sector 10: Travel



9 SOURCING COUNTRIES

Austria, Canada, Germany, Ireland, Netherlands, New Zealand, Poland, UK, USA



We work with c2000 non-stock suppliers which we categorise in to 10 spend types. Our product is distributed through third-party distribution centres in the UK, Canada and New Zealand.

These countries are considered low risk for forced labour, however we maintain due-diligence to ensure minimal risk. We are committed to only working with reputable businesses that align with our business ethics. Our finance team manage these supplier relationships including on-boarding. All suppliers sign a non-stock contract which includes Modern Slavery expectations.

We are not aware of any instances of modern slavery being attributed to our non-stock suppliers. We intend to maintain our current processes and relationships with these suppliers.

OUR POLICIES – OUR SUPPLY CHAIN

Embedding ethical practices into our business and supply chain is fundamental part of our business. We clearly document accepted business practices through our ethical policies which are updated annually. Our dedicated ethical team cascade these standards through our supply chain and work to ensure the standards are upheld.

Our suite of ethical policies align with the International Labour Organisations expectations on human rights and has been reviewed by a leading human rights organisation, with their recommendations actioned. Our policies include:

- Code of conduct covering:
 - Employment is freely chosen.
 - Freedom of Association.
 - Working conditions are safe and hygienic.
 - Child labour shall not be used.
 - Legal minimum wages are paid.
 - Working hours are not excessive.
 - No discrimination is practiced.
 - No harsh or inhumane treatment is allowed.
- Onboarding policy
- Subcontracting policy
- Audit policy
- Child labour policy
- Migrant worker and refuge policy
- Home worker policy
- Access to remedy (Whistleblowing)

Our ethical team, supported by the wider procurement teams, constantly engages our suppliers to ensure that we are making every effort to source responsibly and foster a responsible and ethical supply chain.

We have a strict process that all existing and new suppliers and their factories must adhere to:

- By signing our purchase orders, suppliers agree to abide by the terms in our ethical policies.
- Provide accurate factory information for the purchase order.
- Share in-date factory risk profile and SMETA/ BSCI* audit through SEDEX and maintain annual updates.
- Deliver continuous improvements through timely corrective actions.
- Notify us of any breaches of policy and work with us and our human rights partner to address.

We partner with a leading human rights business to mitigate any instances of modern slavery in our supply chain. We set out expectations for remediation in our policies and provide contacts for reporting of abuses. If an instance of modern slavery occurs, we are committed to supporting the victim, conducting a thorough investigation and following through corrective actions to ensure that risk is remediated.

We prioritise orders to suppliers who uphold our policies and demonstrate good ethical management. If a supplier breaches our policy and works with us, we will work collaboratively to deliver corrective actions so that their entire workforce is not unfairly penalised by loss of orders. We will cease working with suppliers who consistently breach policy or refuse to support remediation and corrective actions.

OUR POLICIES – OUR WORKFORCE

Our staff receive an Employee Handbook and sign up to these standards, which include policies related to equal opportunities, diversity, harassment and whistle blowing.

*SMETA (Sedex members ethical trade audit) and BSCI (Business Social Compliance Initiative) – Audit programs based on the International Labour Organisation standards and the United Nations Charter of Human Rights.

OUR TRAINING – OUR EMPLOYEES

We recognise the importance of raising awareness of the different types of modern slavery so that our staff and supply chain have the tools to act if necessary. We train our staff on modern slavery through our in-house e-learning portal. The training covers:

- What modern slavery is and who it affects.
- Warning signs to look out for.
- The role of tech with modern slavery and learn how it can be used to combat it.
- Business responsibilities under the UK Modern Slavery Act 2015.
- Reporting methods to refer potential victims.

This training forms part of the mandatory annual trainings for all staff and is part of all new starter's induction training.

There are several other ethical trainings to ensure processes are maintained:

- All buying and product technology teams are trained seasonally on the supplier onboarding process.
- The buying team are trained on the importance of accuracy of the factory information on the purchase order.
- The People Team trains all hiring managers on the recruitment system and hiring practices.
- Finance trains all non-stock procurement teams on the process for onboarding non-stock suppliers.

Our ethical team completed the Stronger2Gether Tackling Modern Slavery in Global Supply Chains workshop.

OUR TRAINING – OUR SUPPLY CHAIN

We are committed to training our supply chain to support understanding, engagement and to ensure our business ethics are aligned.

Our dedicated ethical team constantly engage our supply chain and provide support where risk is identified. This takes the form of one-to-one training, modern slavery training through the SEDEX e-learning portal or specialist training and factory engagement through our 'Beyond Audit Program'.

Suppliers are selected for the 'Beyond Audit Program' if they score poorly for ethical management in our ethical scorecard, or a significant risk indicator is identified. This training is run by our human rights partner in market and covers:

- Supplier engagement to review their ethical management processes, systems, awareness, knowledge and skill.
- Factory review in a training capacity with key ethical managers, teaching them how to identify risk indicators in their operations.
- Capacity building training focused on the key risk indicators identified, providing the factories the knowledge and skill to address the gaps identified. Common training topics are:
 - How to manage labor risks at factories:
 - How to evaluate the production capacity of each factory.
 - How to conduct due diligence and regular assessments.
 - How to develop the corrective action plan.
 - Monitoring and checking ongoing compliance
- Ongoing one to one support to deliver corrective actions.

CASE STUDY

After scoring poorly during our risk assessment supplier A was selected for the Beyond Audit Program.



The supplier has subsequently completed the following actions:

- Expanded their ethical team and assigned dedicated ethical support for our orders.
- Ethical team sharing training and learning with factory.
- Creation of company and factory instructional documents for training purposes, used in conjunction with our ethical policies.

BEYOND AUDIT TRAINING AT SUPPLIER A

They have completed the following training:

- ✓ Effective risk identification
- ✓ Identifying zero tolerance issues
- ✓ Common health and safety risks
- ✓ Worker interview skills
- ✓ Corrective action plans and factory engagement

RISK ASSESSMENT

Risk assessments are a fundamental part of our ethical practices, these risk assessments inform our due-diligence focus and form a baseline for quantifying effectiveness. We take multiple approaches and use different data sets to inform these risk assessments. We consider inherent risks in the countries, regions, sectors and commodities we operate in. We also assess specific site risks and forced labor indicators.

We monitor and track performance using SEDEX Analytics and SEDEX RADAR as well as our own data trackers and industry reports. We conduct the following risk assessments quarterly and share results with key business stakeholders to drive ethical sourcing decision making.

- Pre-screen for inherent risks
- Forced labour indicator report
- Site risk assessment overview
- Focused site assessments
- Ethical key performance indicator tracker
- Hidden factory tracker

These assessments enable us to produce heat maps and grading which informs business decision making and corrective action focus.

The table on the following pages outlines the key risk factors we have identified, along with the due-diligence actions we have taken between the 1st March 2021 and 28th February 2022.

Example site overview

Supplier B, ratings out of a total score of 10, with 10 being the worst score

High-level scores



Combined
risk score



Inherent
risk score



Site
risk score



Management
controls

Pillar-level risk scores

	Labour standards	Health and Safety	Business ethics	Environment
Inherent risk score	3.5	1.8	1.8	3.3
Site characteristics risk score	3.1	1.0		1.0

RISK ASSESSMENT AND DUE-DILIGENCE IN OUR SUPPLY CHAIN

RISK	COUNTRY	DUE-DILIGENCE 01.03.21 – 28.02.22
Tier 1 & 2: Product manufacturing and secondary manufacturing sites. - Transparency and unauthorised subcontracting - Forced labour indicators - Excessive overtime - Abusive living and working conditions - Withholding wages - Management system failures - Violations of labour rights in Myanmar due to military coup. - Global pandemic (Covid-19)	All sourcing countries	We have maintained our ethical supplier management processes for all manufacturing factories: - All factories mapped and registered on SEDEX with risk management profiles completed. - All factories operated with acceptable level ethical audits. Factories that did not achieve acceptable levels were put on hold until remediations were lodged and approved by the auditor. - All suppliers contracted to our ethical standards and code of conduct when signing the purchase order. - Knowledge of where all our products are manufactured with the factory assigned to the purchase order. We cross reference other business report that contain factory details to assess accuracy. - Risk data reviewed quarterly driving supplier engagement, training and corrective action focus. The pandemic has prohibited us from visiting factories, so we have relied on in-market audits, our ‘Beyond Audit’ training program and an increased focus on one-to-one supplier engagement using video conference. We focused our efforts on our supplier scorecard and engagement program to drive corrective actions focussing on forced labour indicators. We do not have any production manufacturing sites in Myanmar.

RISK ASSESSMENT AND DUE-DILIGENCE IN OUR SUPPLY CHAIN

RISK	COUNTRY	DUE-DILIGENCE 01.03.21 – 28.02.22
Tier 3: Component production (fabric/ trim/ non-textile materials/ packaging/ etc) Transparency Labour violations	All sourcing countries	Our direct suppliers are contracted to disseminate ethical sourcing practices down their supply chain and flag up and manage risk. We started work to map beyond our direct manufacturing factories. We identified a significant level of change through supplier managed sourcing so increased our focus on nominated trim suppliers while maintaining engagement with our suppliers on their direct sourcing. All clothing suppliers were mandated to use nominated zipper suppliers. Nomination was only achieved through compliance to our ethical management policies and acceptable quality management. We engaged our supply chain to draw out trim nomination candidates if ethical and quality criteria could be met.
Tier 4 & 5: Raw material suppliers, growers and farmers Risk of forced and child labour connected to Cotton sourcing	China, India, Brazil, Pakistan, Turkey, Uzbekistan, Benin, Egypt, Burkina Faso, Tajikistan, Azerbaijan, Argentina, Kazakhstan, Kyrgyzstan, Zambia, Mali, Turkmenistan	Cotton is one of our three most used fibers and has the highest inherent labour risk associated so we have focused our raw material efforts on our Cotton sourcing. We ban Cotton from the highest risk countries which have consistently demonstrated labour violations – Uzbekistan and Turkmenistan. We focused our supplier mapping beyond tier 1 on our Cotton sourcing suppliers. We adopted more sustainable fibre sourcing policies focusing on Organic Cotton, which is sourced following strict ethical standards and supply chain traceability requirements. 23% of the Mountain Warehouse Cotton styles sold in 2021 were made from Organic Cotton and 98% of the Animal Cotton styles.

EFFECTIVENESS

In this period we have had no reports of forced labour through our whistleblowing channels. Our due-diligence processes have drawn out non-declared factories which we have remediated. We have reduced the number of potential cases by 78% with the remaining 22% working towards remediation. All remediations have been confirmed by the auditor.

01.03.21 – 28.02.22	Number of potential cases identified	Number of potential cases remediated
Grievance repots for forced labour	0	Not applicable
Hidden factories identified	20	11 remediated and onboarded/ 9 rejected, and orders moved to approved factories
Excessive overtime	7	3 remediated/ 4 sites working towards remediation
Restriction of annual leave	1*	1
Management risks:	10**	10

*Employees required to take collective annual leave on specific dates during annual factory shutdowns.

**Inadequate systems to identify and minimise impacts and missing records.

COMMITMENTS

We are committed to minimising and managing modern slavery risk in our business and supply chain, providing access to remedy to ensure workers are protected if malpractice occurs. We are committed to maintaining supplier and partner relationships and upholding our business principles through mutual respect, understanding, and training.

We will constantly monitor and engage our supply chain to manage and draw out risk, training our teams and supply chain to foster aligned business ethics. As well as maintaining our current good practices we intend to deliver the following in the next year (01.03.22 – 28.02.23):

- Launch independent access to remedy service with leading industry expert.
- Focus tier 2 supplier mapping on high-risk supply chains.
- Expand our nominated zipper suppliers beyond clothing.
- Expand nominated trim and packaging suppliers.

We look forward to updating our progress in the next statement.

