

MOUNTAIN WAREHOUSE INTERNATIONAL LTD

MODERN SLAVERY STATEMENT 2022/23

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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.

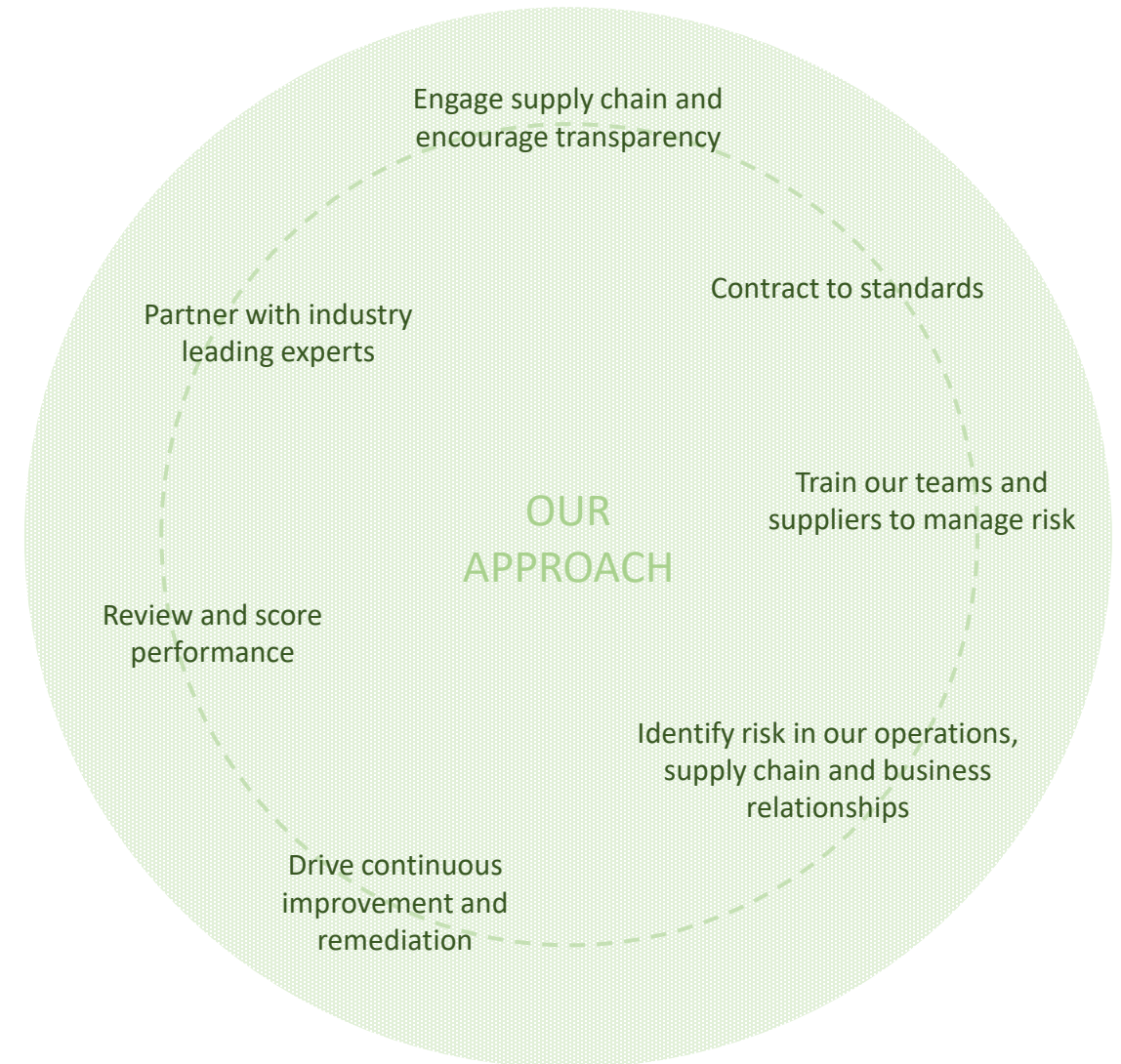
This is our sixth statement and builds on the work and commitments from our last statement, it outlines the steps we have taken to prevent modern slavery during our 2022/2023 financial year ending 26th February 2023.

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 2023



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 channel 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 of the Animal brand in 2020 and started retailing products in 2021. Animal products are now sold internationally through 6 standalone Animal stores, our Animal website as well as concessions in our Mountain Warehouse stores.

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 independent employee assistance program.
- Limiting recruitment agencies to a small number, ensuring our values align.

Mountain Warehouse is committed to protecting employees when disclosing malpractice, we 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.



362 STORES
IN **8** COUNTRIES



11
GLOBAL WEBSITES
IN **63** SALES COUNTRIES



WE EMPLOY
C3500
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 AND BRANDS

As well as our own brand stores and websites we also sell our products through third-party ecommerce channels. All UK incorporated channels publish their own Modern Slavery Statements. We have maintained relationships with all previously 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 via our Marketplace.

Our dedicated channels and marketplace teams manage these relationships and ensures we only work with business that align with our business ethics.

- 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 and manage risk.

We are not aware of any instances of modern slavery being attributed to our channels or brand partners.

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, focusing on high-risk supply chains – Cotton and Animal origin.

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.



7
SOURCING
COUNTRIES



209
TIER 1
FACTORIES



153,212
WORKERS



54%
FEMALE



46%
MALE



96%
PERMANENTLY
EMPLOYED



4%
TEMPORARY
STAFF



2%
MIGRANT
WORKERS



TOP 50 SUPPLIERS
ACCOUNT FOR
83% OF ORDERS

OUR SUPPLY CHAIN – NON-STOCK SUPPLIERS

NON-STOCK SECTORS	
Sector 1: Capex	Sector 6: Warehousing
Sector 2: Property (landlords/ rates)	Sector 7: Logistics
Sector 3: Overheads (utilities/ etc)	Sector 8: Marketing
Sector 4: Maintenance/ site costs	Sector 9: Other
Sector 5: Transactional (Non-stock products)	



23 SOURCING COUNTRIES

We work with 2266 non-stock suppliers which we categorise in to 9 spend types. Our product is distributed through third-party distribution centres in the UK, Canada and New Zealand.

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.

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 practices. 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. 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 adhere to:

- By signing our purchase orders, suppliers agree to abide by the terms in our ethical policies.
- Maintain accurate factory information on 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 in the best interests of the worker.

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) – Industry leading 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.
- 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 orders.
- 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 SEDEX training updates to maintain skill level.

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, training on how to identify and manage risks 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:
 - Effective risk identification.
 - Identifying zero tolerance issues.
 - Worker interview skills.
 - Evaluating production capacity and ensuring suitable working hours.
 - Corrective action plans and factory engagement.
- Ongoing one to one support to deliver corrective actions.

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. Specific site risks are also a fundamental part of our decision making.

We monitor and track performance using SEDEX Analytics as well as our own data trackers and industry reports. We conduct the following risk assessments on our supply chain monthly:

- In-date and accurate SEDEX profiles and audits.
- Supplier non-conformities.
- Forced labour indicators.

The information is discussed with our procurement teams monthly to drive ethical sourcing decisions. Suppliers with better scores maintain and grow business levels while suppliers with poorer scores see a decline in orders until their scores are resolved. Or cease of business if engagement in remediation is not forthcoming.

We review inherent risks when onboarding suppliers in new countries/ states and annually for all markets.

These assessments 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 28th February 2022 and 26th February 2023 (our financial year 22/23).



Example of a SEDEX Analytics risk score.

Risk score summary		Risk scores				
4.5 Combined risk score	6.9 Inherent risk score	Inherent risk scores	7.8 Labour standards	5.5 Health and safety	5.2 Business ethics	6.1 Environment
3.2 Site risk score	2.6 Management control score	Site characteristics risk scores	3.7 Labour standards	3.5 Health and safety		2.4 Environment

These scores are out of 10 with 1 being the best and 10 being the worst.

The inherent risk scores relates to the wider risk in the country/ sector which our suppliers cannot independently control.

The site risk relates to factory risk. Our ethical team engage with our supply chain to drive these scores down.

If the inherent risk is high but the factory is shown to be managing their risk well through a Green score, we continue to use the factory.

RISK ASSESSMENT AND DUE-DILIGENCE IN OUR SUPPLY CHAIN

POTENTIAL RISK	COUNTRY	DUE-DILIGENCE 28.02.22 – 26.02.23
<p>Tier 1 & 2: Product manufacturing and secondary manufacturing sites.</p> <ul style="list-style-type: none"> - Transparency and unauthorised subcontracting. - Forced labour indicators <ul style="list-style-type: none"> - Excessive overtime. - Management system failures. - Child labour. - Violations of labour rights in Myanmar due to military coup. - Violations of labour rights in Xinjiang, China. - SEDEX platform update, transition of old platform to new – risk of inaccurate reports. 	<p>All sourcing countries</p>	<p>We have maintained our ethical supplier management processes for all manufacturing factories:</p> <ul style="list-style-type: none"> - Tier 1 factories mapped and registered on SEDEX with risk management profiles completed. - Maintained up to date factory profiles and trackers, ensuring accuracy of reporting. - 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. - Factory assigned to the purchase order and cross referenced to other reports that contain factory details to assess accuracy. - SEDEX Analytics reviewed monthly driving supplier engagement, training and corrective actions. - Continuous engagement with our supply chain to drive correction of non-conformities. <p>We do not have any production manufacturing sites in Myanmar or Xinjiang China, and we continuously monitor our supply chain for this.</p> <p>We have worked closely with SEDEX, raising data errors to ensure our ethical reports are up to date and reflective of our supply chain.</p>

RISK ASSESSMENT AND DUE-DILIGENCE IN OUR SUPPLY CHAIN

POTENTIAL RISK	COUNTRY	DUE-DILIGENCE 28.02.22 – 26.02.23
<p>Tier 3: Component production (fabric/ trim/ non-textile materials/ packaging/ etc)</p> <p>Transparency</p> <p>Labour violations</p>	<p>All sourcing countries</p>	<p>Our direct suppliers are contracted to disseminate ethical sourcing practices down their supply chain and flag up and manage risk.</p> <p>We continue work to map beyond our direct manufacturing factories and address risk. We have identified a significant level of change through supplier managed sourcing therefore, we have increased our focus on nominated trim suppliers while maintaining engagement with our suppliers on their direct sourcing.</p> <p>Nomination is only achieved through compliance to our ethical management policies and acceptable quality management. We have nominated suppliers for zippers, other trims, chemical treatments (sustainable waterproofing and UV), labelling and packaging. We continue to engage our supply chain to draw out further nomination candidates.</p>
<p>Tier 4 & 5: Raw material suppliers, growers and farmers</p> <p>Risk of forced and child labour connected to Cotton sourcing</p>	<p>China, India, Brazil, Pakistan, Turkey, Uzbekistan, Benin, Egypt, Burkina Faso, Tajikistan, Azerbaijan, Argentina, Kazakhstan, Kyrgyzstan, Zambia, Mali, Turkmenistan</p>	<p>Cotton is one of our top three most used fibers and has the highest inherent labour risk therefore, we have focused our raw material efforts on our Cotton sourcing.</p> <p>We ban Cotton from the highest risk countries which have consistently demonstrated labour violations – Uzbekistan and Turkmenistan.</p> <p>We predominantly source Cotton products from Bangladesh. We have focused our supplier mapping beyond tier 1 on our Cotton sourcing suppliers.</p> <p>We continue to grow our use of more sustainable fibers, focusing on organic Cotton. Our organic Cotton is sourced following strict ethical standards and supply chain traceability requirements for the full chain of custody.</p>

EFFECTIVENESS

Our dedicated Ethical Team continuously monitors our supply chain conducting monthly risk assessments and continuously engaging our supply chain. We have focussed our efforts on driving down non-conformities identified in ethical audits and educating our factories. This has seen an improvement in overall non-conformities by 65%, see below summary for details.

28.02.22 – 26.02.23	Reduction in non-conformities	Summary
Grievance reports for forced labour	No grievance reports in this period	We encourage workers in our supply chain to report any instances of malpractice. We are pleased to report we have had no such reports in this year.
Hidden factories identified	10 hidden factories identified, 8 bought on board following proper protocols, 2 moved to approved factories.	These hidden factories have been drawn out through conversations with suppliers or through cross checking factory info on the purchase order to pre-shipment AQL reports. Where suppliers had not had a previous transparency infringement and demonstrated willingness to work with us on future transparency, we onboard the factories with suitable ethics scores.
Reduction in audit non-conformities	65%	See below for breakdown.
Reduction in business-critical audit non-conformities	No business-critical non-conformities	We do not work with factories that have business critical non-conformities. This demonstrates an unacceptable level of ethical management therefore, new factories with business-critical non-conformities are barred from use and existing factories that obtain a new audit with a business-critical non-conformity are delisted.
Reduction in critical audit non-conformities	78%	<p>We do not use factories with critical non-conformities, but we give them the opportunity to resolve the non-conformity within a realistic timescale.</p> <p>Examples of aspects that are classified as critical non-conformities:</p> <ul style="list-style-type: none"> - Expired licences/ permits. - Incomplete working records. - Overtime hours exceeding the permitted level of 48 hours a month.
Reduction in major audit non-conformities	57%	<p>We use factories with major non-conformities if they are engaged in remediation.</p> <p>Examples of aspects that are classified as major non-conformities are:</p> <ul style="list-style-type: none"> - Grievance policy not communicated to employees. - Insufficient social insurance.
Reduction in minor audit non-conformities	68%	<p>We use factories with minor non-conformities if they are engaged in remediation. Examples:</p> <ul style="list-style-type: none"> - Not all workers familiar with Ethical Trade Initiative base code. - Satisfaction survey on grievance procedure not conducted.

COMMITMENTS

We are committed to minimising and managing modern slavery risk in our business and supply chain, and 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 (27.02.23 – 25.02.24):

- Launch independent access to remedy service with leading industry expert (Note: at time of writing this statement this had gone live).
- Focus tier 2 supplier mapping on high-risk supply chains – Cotton and Animal Origin.
- Expand our nominated suppliers.
- Expand risk assessment to cover SEDEX new management scores and work with suppliers to remediate poor management practices as well as maintaining continued focus on audit risk mitigation.

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

