

Mountain Warehouse operates a zero-tolerance policy to modern slavery and human trafficking and is committed to making every effort to eradicate the horrendous impact of this hidden 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. 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”*.

# MOUNTAIN WAREHOUSE MODERN SLAVERY REPORT

Financial Year 2019/2020 (01.03.2019 – 29.02.2020)

**We engage and educate our supply base to ensure our ethics are aligned and expectations clear.**

**We train our people to identify and raise up risk.**

**We encourage transparency and penalise repeated acts of deceit.**

**We monitor and score ethical performance to drive out risk.**

**We constantly engage our supply base to deliver continuous improvement.**

**We share learnings with our supply base to drive improvements.**

**We partner with leading modern slavery companies and systems.**

This is our third statement and builds on the work and commitments from our 2018 statement, it outlines the steps we have taken in our 2019/2020 financial year ending 29<sup>th</sup> February 2020 to meet our obligations under section 54(1) of the Modern Slavery Act 2015.

This statement relates to Mountain Warehouse Ltd companies. References to Mountain Warehouse are intended to encompass all brands registered under this business entity during the timeframe of this report.

## OUR BUSINESS AND WORKFORCE

Mountain Warehouse is an international retailer of affordable outdoor clothing, footwear, accessories, and equipment for all the family. We are passionate about our people and the environment and on a journey to design sustainability and ethics into everything we do. We sell our product through more than 350 stores and 10 ecommerce platforms supplying customers in 25 countries.

Our Neon Sheep brand sells stationery, gifts, homeware, beauty, footwear, and clothing. We operate c20 Neon Sheep stores and 1 website solely in the UK. Neon Sheep operates from the Mountain Warehouse head office in London and uses the same logistics network and shares many of the same suppliers/ factories.

We have c3500 staff internationally. Our staff are split across 2 head offices, 1 customer service centre and our stores. >99% of our staff are directly employed and contracted by us on permanent or fixed term contracts. The remainder are contractors employed at our head office and seasonal staff that work in our UK stores. These seasonal staff are mainly students we have employed directly for more than one season. We use a small number of recruitment agencies for screening of a limited number of specialist Head Office roles, we maintain control of the hiring processes for these staff.

All Mountain Warehouse employees have access to dedicated channels through which to voice concerns. 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. Our dedicated Corporate Social Responsibility team works with business teams and suppliers to ensure continual improvement in working practices and risk mitigation.

**c3500**  
Employees

**25**  
Sales  
Countries

**7**  
Sourcing  
Countries

**c380**  
Stores

## OUR SALES PARTNERSHIPS

We have maintained established relationships with 4 third party e-commerce partners whose business practices align with our ethics and code of conduct.

- Amazon (International sales platforms)
- eBay (International sales platforms)
- CDiscount (France)
- TradeMe (New Zealand)

We retain ownership of the product and manage the direct logistics for c50% of the orders through these channels.

## OUR SUPPLIERS

### OWN BRAND

We source our product from 7 different countries from 299 tier 1 suppliers using 400 tier 2 factories, employing 116,478 workers of which 54% are female and 46% male. We strive to work directly with the manufacturing factories for enhanced traceability and reduced risk of transparency challenges. We have fostered long term relationships with our top 50 suppliers which account for 76% of our orders.

We define the tiers of our supply chain as referenced in the diagram opposite. We constantly engage our supply chain to encourage transparency and ensure our business ethics are aligned, we have mapped tier 1 and tier 2. We personally visit our biggest suppliers annually to build relationships, share knowledge, set goals, and discourage bad practice.

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.

### THIRD PARTY BRANDS

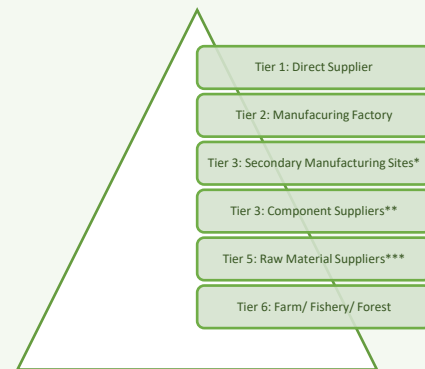
8% of our suppliers are third party brands. We use branded suppliers for specialist heavily legislated product. These suppliers are experts in their fields and supply products like gas cannisters, camping stoves, mosquito repellent, food, toys, and cosmetics.

Our Buying teams manage these brand relationships closely to ensure our business ethics are aligned.

### NON-STOCK SUPPLIERS

We work with 2576 non-stock suppliers in 10 different sectors and 9 countries (chart opposite). Since our last report, our customer service centre teams have been bought in house. Our product is distributed through third-party distribution centres, 2 in the UK and 1 in Canada.

	STORES	OWN ECOMM	SALES PARTNERS
Austria	X	X	
Australia		X	X
Belgium		X	
Bulgaria		X	
Canada	X	X	X
Czech Republic		X	
Denmark		X	
France		X	X
Germany	X	X	X
Gibraltar		X	
Greece		X	
Ireland (ROI)	X	X	
Israel		X	
Italy		X	X
Luxembourg		X	
Malta		X	
Netherlands	X	X	
New Zealand	X	X	X
Norway		X	
Poland	X	X	
Spain		X	X
Switzerland		X	
UK	X	X	X
Ukraine		X	
USA	X	X	X



\*For example: Printing/ laundry/ embroidery/ etc

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

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

OWN BRAND SUPPLIERS		
Country	Percentage of orders	No of factories
China	78.8%	327
Bangladesh	11.5%	45
India	4.7%	20
Italy	3.8%	2
UK	1.2%	4
Belgium/ Pakistan	<0.006%	2

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 (fixtures/ fittings/ stationary)	Sector 10: Travel

COUNTRY	NON-STOCK SUPPLIERS
Austria	30
Canada	234
Germany	157
Ireland	71
Netherlands	55
New Zealand	122
Poland	105
USA	114
UK	1688

We have opened a fourth distribution centre in New Zealand this year which is also third party operated.

## OUR POLICIES – OUR SUPPLY CHAIN

Embedding anti modern slavery practices into our business and supply chain is fundamental to our business ethics and as such we clearly document accepted business practices through our Code of Conduct. Our dedicated CSR team make every effort to cascade these standards through our supply chain and obtain commitments from our suppliers to uphold these standards.

Our code of conduct covers the following areas:

- 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.

Our CSR team, supported by the wider business, is constantly engaging with 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:

- Sign up to our code of conduct and supplier manual and cascade to all downstream suppliers.
- Provide accurate factory information for the purchase order.
- Share in-date factory profile and SMETA\* or BSCI\* audit through SEDEX and maintain annual updates.
- Deliver continuous improvements through timely corrective actions.
- Notify us about any breaches of policy and work with our human rights partner to address.

We have partnered with a leading human rights business to mitigate any instances of modern slavery in our supply chain, should the scenario arise. This company has reviewed our policies and we have acted on recommendations for improvements.

## OUR POLICIES – OUR WORKFORCE

Our directly employed staff receive an Employee Handbook as part of their offer and sign up to these standards, which include policies related to equal opportunities, diversity, harassment, disciplinary, whistle blowing and anti-bribery.

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

## SEDEX

We are a member of SEDEX, joining a growing community of over 60,000 companies in 180 countries. SEDEX is one of the world's leading organisations for management of responsible sourcing. We use SEDEX tools and services to help us 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, identify high risk suppliers so we can work to mitigate the risks and provide training.

## OUR TRAINING

All our senior management have completed modern Slavery training through SEDEX, and we have rolled this out to the rest of Head Office and Customer Service centre staff. There is also a process to loop in all new starters.

There are several other ethical trainings for existing staff and new starters:

- All new starters in buying and product technology roles are trained on the supplier on-boarding process. The CSR team hosts regular refreshers for existing staff.
- Buying team members are trained on the importance of accuracy of the factory information on the purchase order.
- HR trains all hiring managers on the recruitment system and hiring practices.
- Finance trains all new starters on the process for onboarding non-stock suppliers and picks up with existing manager when they identify that the processes are not being maintained.

If the CSR team identifies a gap in supplier practices, they provide one to one training to support understanding and engagement. They also employ the specialist training provided through the SEDEX training site to enhance understanding. If specialist assistance is required in market our partner human rights agency conducts a full review, training, and remediation programme.

## RISK ASSESMENT & DUE-DILIGENCE

We score our suppliers on key ethical performance indicators to identify risk, focus our efforts and track effectiveness of actions.

The table on the following pages outlines the actions we have taken this year to identify risk and our due diligence including a review of effectiveness and future commitments.

RISKS	DUE-DILIGENCE/ PROGRESS	EFFECTIVNESS & COMMITMENTS
<p><b>OUR WORKFORCE:</b></p> <p>Our HR team maintain tight control over the recruitment of our people. We recognise there is a risk of slavey if we do not have 100% visibility of the hiring process, we therefore maintain control of all interviewing and contracting including contractors and staff put forward by agencies. Risk could also be introduced by HR processes being delegated to hiring managers, so HR maintains final contracting and documentation review and approval powers.</p>	<ul style="list-style-type: none"> <li>➤ Our board and management foster a zero-tolerance approach to unethical behaviour.</li> <li>➤ Our dedicated recruitment team contract directly with all employees including contractors and agency hires. They personally check right to work documents and proof of identity before an employee starts.</li> <li>➤ All staff have signed our code of conduct as part of their contract. Mechanisms to report concerns are included in this document.</li> <li>➤ The HR team have conducted a review of hiring practices leading to the introduction of a new recruitment system to track and manage applicant data as well as training all hiring managers on the system and expected recruitment process.</li> <li>➤ Our links with recruitment agencies have been reviewed and consolidated with contracts put in place.</li> </ul>	<p>We deem our hiring practices low risk due to the tight controls we have implemented. We have had no reports of modern slavery in any of its forms in our workforce.</p> <p>We intend to maintain our recruitment practices and strengthen our record keeping by monitoring the effectiveness of the new recruitment system.</p> <p>See the ‘Training’ section for further HR actions and commitments.</p>
<p><b>SALES PARTNERS</b></p> <p>We recognise that there is increased risk with non-owned and staffed operations so we only partner with market leaders in lower risk countries for ethics abuses - UK/ EU/ US/ Canada/ New Zealand and Australia.</p>	<ul style="list-style-type: none"> <li>➤ Our dedicated marketplaces team manages these relationships and ensures we only work with business that align with our business ethics.</li> <li>➤ We host our own sales pages on these partner websites maintaining ownership of the products.</li> <li>➤ We have introduced direct distribution to customers who purchase through these platforms with c50% of orders being fulfilled in this way.</li> <li>➤ Our dedicated marketplaces team maintain good relationships to encourage transparency.</li> <li>➤ We review ethical media output related to these companies to identify risk.</li> </ul>	<p>We are not aware of any instances of modern slavery being attributed to our third-party sales partners.</p> <p>We intend to maintain our current processes and relationships with these sales partners.</p>
<p><b>OUR OWN BRAND SUPPLIERS</b></p> <p>To date we have focused our resource on efforts that will drive transparency and understanding of our supply chain and ensuring mutual understanding and aligned business practices. We recognise the high risk associated with inadvertently working with suppliers that are not operating ethically so we continually engage with our supply chain to uphold our policies and processes and make continual improvements. We encourage our</p>	<ul style="list-style-type: none"> <li>➤ All tier 1 and 2 suppliers have registered to SEDEX and given us viewing rights.</li> <li>➤ We hold ethical audits for all tier 1 and 2 factories, these are conducted by industry experts and uploaded directly to SEDEX. Our CSR team reviews the results to ensure we only work with factories that are operating ethically.</li> <li>➤ We use factory data from other sources to check the accuracy of the factory details on our purchase orders, for example: QC inspection reports, compliance certificates,</li> </ul>	<p>We recognise that audits and signed documents cannot be 100% relied upon so we constantly engage with our suppliers to drive continuous improvements and corrective actions. Through our due diligence we have identified 49 hidden factories. We have worked with our suppliers to either on-board these factories or resource to a more suitable factory.</p> <p>To discourage deception, we plan to update the terms and conditions on our purchase orders to reference our</p>

<p>suppliers to take the same actions with their downstream suppliers. 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.</p> <p>We recognise that there are higher risks associated with specific countries and types of workforce, for example: migrant labour in Bangladesh, child labour in India and working hours in China. We use our suppliers audit data and other information to identify risk and prioritise corrective actions.</p>	<p>nominated supplier records, factory visits and supplier engagement.</p> <ul style="list-style-type: none"> <li>➤ Our CSR team keeps up to date with ethical news to identify risks and review suppliers accordingly. This year we engaged with our suppliers in China regarding the risk of forced prison labour in the Shanghai region, with a particular focus on suppliers with factories in this region.</li> <li>➤ We have introduced a fix to our order system to hide no longer used factories so they cannot be selected.</li> <li>➤ We have restricted who can add new suppliers and factories to approved management and the CSR team.</li> <li>➤ We use trackers and SEDEX to score our top suppliers bi-annually for ethical metrics, producing a supplier score card. Scores have been discussed with suppliers during visits or by video conference and corrective actions agreed.</li> <li>➤ We visited our key suppliers in China to review practices, build relationships and understanding of our ethical aims.</li> <li>➤ See 'Our Polices' and 'Training' sections for more details of supplier engagement.</li> </ul>	<p>ethical policy and penalties for non-compliance.</p> <p>We identified that our factory lists on our order system had become outdated as there was no way to remove unused factories. A system fix has been implemented and we plan to hide all unused factories without losing their historic data, this will aid accuracy of data on the purchase orders.</p> <p>Over the next year we intend to maintain our due-diligence efforts and conduct a supplier amnesty to draw out hidden factories.</p>
<p><b>THIRD PARTY BRANDS</b></p> <p>There is increased risk with third party stock suppliers as we have no control and limited visibility of their supply chains. Therefore, we only use specialists in their field with an established business history.</p>	<ul style="list-style-type: none"> <li>➤ Our Buying and CSR teams foster a collaborative relationship with these suppliers to minimise the risk of modern slavery in our shared supply chains.</li> <li>➤ We have maintained accuracy of our third-party brand map.</li> <li>➤ We engage with new branded suppliers to check that our business ethics are aligned.</li> <li>➤ We review ethical media output related to these companies to identify risk.</li> </ul>	<p>We are not aware of any instances of modern slavery being attributed to our branded suppliers.</p> <p>We intend to review our third-party supplier on-boarding process to identify if further on-boarding actions are required.</p>
<p><b>NON-STOCK SUPPLIERS</b></p> <p>We do not have direct control of these organisations therefore there is an increased risk associated to their practices/ employees. These companies cover a variety of sectors each with their own risk profile.</p>	<ul style="list-style-type: none"> <li>➤ We have a dedicated non-stock supplier contract that specifically references Modern Slavery.</li> <li>➤ Our finance team manage the onboarding of all new non-stock suppliers which includes a set up from and contractual terms.</li> <li>➤ All Head Office new starters are trained on the onboarding process for non-stock suppliers.</li> </ul>	<p>Non-stock suppliers with long running relationships onboarded before the new contracts were drawn up do not have the latest version, we plan to address this in the coming 18 months.</p>
<p><b>OUR POLICIES</b></p> <p>We strive to eradicate the risk of misunderstanding and to ensure our policies are disseminated through our supply chain. We understand that clear</p>	<ul style="list-style-type: none"> <li>➤ We have written detailed ethical policies which expand on our code of conduct. These policies have been reviewed by a third-party human rights agency with their</li> </ul>	<p>We have personally communicated our ethical expectations to our existing suppliers and new suppliers through our SEDEX onboarding with an</p>

<p>up to date policies are essential to clarify our business ethics and expectations of our supply chain. We recognise that we must take responsibility for championing good practice.</p>	<p>recommendations included in the final draft.</p> <ul style="list-style-type: none"> <li>➤ We are in the process of conducting a review to ensure all tier 1 and 2 suppliers have signed our code of conduct. All new suppliers sign up to this before they can be on-boarded.</li> <li>➤ We have introduced an onboarding process for stock suppliers that requires a minimum of transparency of supply chain, acceptable audit and signing of our code of conduct.</li> <li>➤ All new non-stock suppliers signed up to terms and conditions that include our code of conduct.</li> <li>➤ Our HR team maintains contractual terms with our employees including the signing up to our employee policies which cover ethical standards.</li> </ul>	<p>additional bi-annual reminder on the importance of up-to-date information.</p> <p>We have spent time to ensure that our ethical policies are clear, fair, and robust but recognise that until we publish these standards there is a risk the supply base may claim they are not clear on our expectations. We plan to publish these policies in the coming year.</p> <p>We plan to update the terms and conditions on our purchase orders to reflect adherence to these policies so that when a supplier signs the purchase order they are bound by these policies.</p> <p>We have identified that we need a more robust supplier exit process to keep our internal systems and SEDEX up to date. We plan to work on this over the next year.</p> <p>We are committed to maintaining the policies and processes we have put in place and will focus on collating outstanding codes of conducts from existing tier 1 and 2 suppliers.</p>
<p><b>TRAINING</b></p> <p>We recognise the vital importance of raising awareness of the different types of modern slavery and how to identify the signs of risk so that our staff and supply chain have the tools to act if necessary. We devote time and resource to training our people and our supply chain.</p>	<ul style="list-style-type: none"> <li>➤ All senior management have completed SEDEX modern slavery training.</li> <li>➤ 43% of Head Office and Customer Service Staff have completed SEDEX modern slavery training and are aware of the mechanisms to raise concerns through the Modern Slavery helpline 'Stop the Traffik'.</li> <li>➤ The CSR team have trained the buying team on the importance of accuracy of factory data on the purchase order and on the new stock supplier on-boarding process. There are checks in place to ensure the process is being upheld and regular touch points for continued support.</li> <li>➤ A process has been implemented to include all new starters in the training modules.</li> <li>➤ Our partner human rights agency conducted specialist training of a tier 3 trim supplier where we had identified a potential risk.</li> <li>➤ Our CSR team constantly engages with our supply chain to identify lack of understanding and provide training where necessary, fostering transparency and openness.</li> <li>➤ Our HR team has trained all hiring managers on expected recruitment processes.</li> </ul>	<p>We have identified challenges with rolling out and maintaining modern slavery training through SEDEX. We are in the process of developing content with a different provider that will link to our internal e-learning platform. We plan to launch this training next year and aim for 100% completion by Head Office and Customer Service centre staff. This training will be included in new starters probation sign off requirement and there will be an annual refresher where completeness can be tracked.</p> <p>All new suppliers have completed the on-boarding process with full compliance to our requirements.</p> <p>The specialist training of the tier 3 trim supplier resulted in a marked change in business practices and enabled us to continue business with this supplier through our tier 2 sourcing factories.</p>

	➤ The CSR team updates the business quarterly on actions via the CSR working group and quarterly breakfast meetings.	
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This statement was prepared by the Mountain Warehouse CSR team with collaboration from key business stakeholders and has been approved by the board of directors in March 2020.

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

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Marcus Ward  
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