

# RAPHA'S HUMAN RIGHTS COMMITMENT

*As a business that's committed to a singular goal – to inspire the world to live life by bike – we are constantly assessing our impact. But beyond encouraging more people to experience the joys, benefits, and empowerment found through cycling, we also have a responsibility to ensure our impact is a positive one. To learn more click here to read our full statement.*

## MODERN SLAVERY STATEMENT

*This statement has been published in accordance with the UK Modern Slavery Act 2015, the Australian Commonwealth Modern Slavery Act 2018, and the California Transparency in Supply Chains Act 2012. It sets out the steps taken by Rapha Racing Ltd (Rapha) during the financial year ending 31st January 2024 to prevent modern slavery and human trafficking in its business and supply chain. This is the 7th iteration of this report, approved by Francois Convercey and the board of directors on 24/06/2024.*

## INTRODUCTION TO RAPHA

Rapha was established in 2004 as an online retail company with a mission to inspire the world to live life by bike. Rapha has since expanded to include physical retail spaces known as Clubhouses, which can currently be found in 22 vibrant cycling locations around the world, as well as temporary Pop-Ups and Mobile Clubhouses out on the road.

At Rapha, we have built a reputation for maintaining the highest possible quality and the most technically advanced production techniques in cycling apparel manufacturing, with a nod to the nostalgia and culture of road cycling. To achieve consistent high standards, Rapha works only with the best in the industry, delivering products ranging from performance Trailwear to WorldTour-winning racing apparel.

Rapha created the Rapha Cycling Club – a global community of over 17,000 passionate, active cyclists that come together for weekly led group rides and organised challenge events.

In 2019 Rapha created the Rapha Foundation, which has provided over \$4 million in grants to organisations around the world committed to inspiring, empowering and supporting the next generation of riders and racers. Since 2021, 60% of these grants have been allocated to groups under-represented in cycling - women, and people of colour.

Rapha is headquartered in London, where it was founded. In 2022 Rapha operated from three global distribution centres in the US, UK and Hong Kong, but during Q1 of 2023 moved to one central distribution centre in the UK with a new 3PL partner. Rapha has 406 employees. The company is privately owned by Carpegna Ltd (UK registered), which owns 100% of the share capital of Rapha Racing Ltd. The company is owned by a number of private shareholders and companies, the ultimate controlling party being Lawrence Classics LLC, incorporated in the USA. Rapha's board consists of five directors: Simon Mottram, Nicholas Evans, Matthew Tarver, Sean Clarke and, Stuart Walton, and one non-executive director, Dave Cheesewright.

## TRANSPARENCY WITHIN RAPHA'S OPERATIONS AND SUPPLY CHAIN

For this period, Rapha worked directly with 23 tier 1 (finished goods) suppliers globally, including 38 supplier owned facilities and 41 subcontractor facilities, in 16 countries; Cambodia, China, Hong Kong, Indonesia, Italy, Japan, Philippines, Portugal, Romania, South Korea, Sri Lanka, Sweden, Taiwan, UK, USA, and Vietnam. In the last year we focused on mapping our accessories supply chain which has increased the number of subcontracted suppliers.

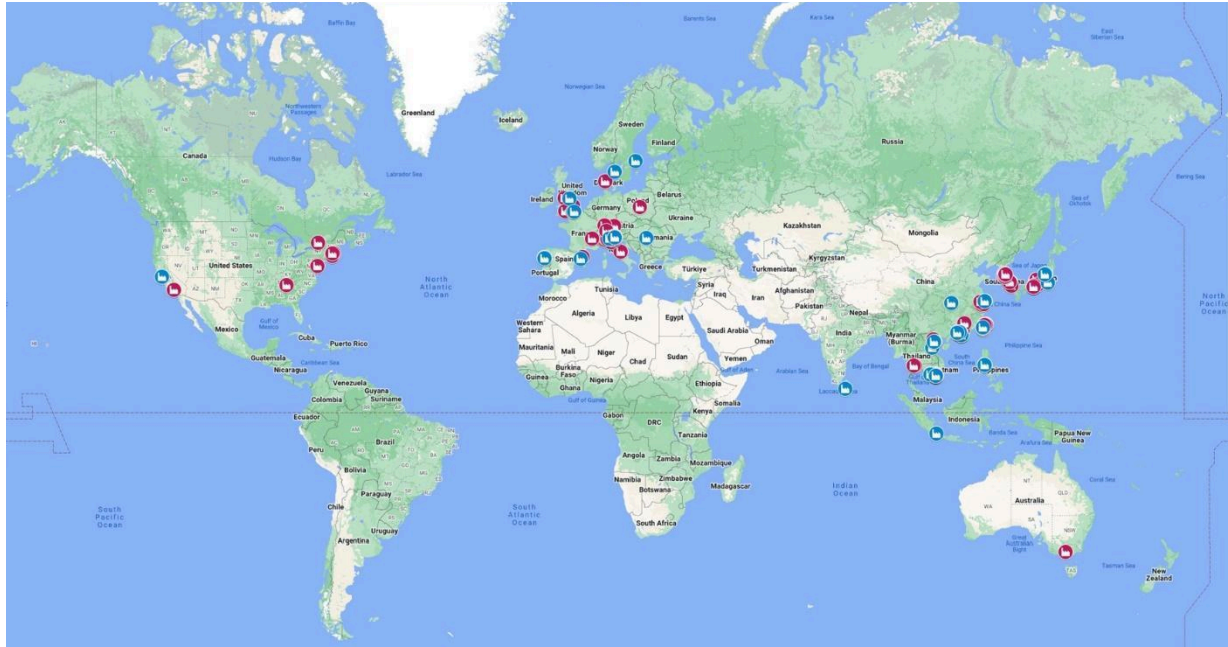
Rapha worked with 120 tier 2 (textile and component formation) suppliers across the globe including 195 facilities, in 19 Countries; Australia, Canada, China, Denmark, France, Germany, Hong Kong, Italy, Japan, Poland, Portugal, South Korea, Spain, Switzerland, Taiwan, Thailand, UK, USA, and Vietnam. In 2023, we continued to map our tier 2 supply chain, with a specific focus on their subcontractors, and confirmed the subcontractors and local source suppliers of our tier 1 suppliers. We have now mapped 84 tier 1 local source suppliers across 8 countries: China, Hong Kong, Italy, Portugal, South Korea, Taiwan, United Kingdom and Vietnam. Our suppliers represent leaders in their field and are an integral and valued part of realising our product vision. Our suppliers typically provide excellent working conditions for their employees, due to their reputation and high standards of workmanship. We recorded 38,214 workers in our tier 1 supply chain, this number includes the local source and subcontractors of our tier 1 Suppliers, and 89,291 in tier 2. We continued monitoring the percentage of business Rapha makes with each supplier, because we recognise that as our volumes grow, our level of responsibility

increases. This knowledge empowers us to understand the impact our purchasing practice has on our suppliers' ability to protect the welfare of their workforce.

### 2024 Production Season Supplier Map

Tier 1 suppliers – blue

Tier 2 suppliers – red



We understand the very real risk of forced labour, fraud or coercion among employees in global business supply chains and are committed to help combat modern slavery wherever possible. We understand the slavery risk in each of our sourcing countries and have ranked them using the **Global Slavery Index**. The majority of our sourcing countries are low and medium risk, and we understand the unique factors contributing to modern slavery risk in each country. To evidence our consideration of modern slavery risk in sourcing countries when allocating orders, we have listed our volume per country and modern slavery risk rating below for tier 1 and tier 2. Whilst we only have a direct financial relationship with our tier 1 suppliers, we will continue to map our tier 2 supply chain for greater transparency.

SUPPLY CHAIN RISK ASSESSMENT						
Production Country	Tier 1 Volume % Spend	Tier 2 Volume % KG material	Sourcing Risk	Prevalence & Number 100 worse	Vulnerability 100 worse	Government Response 0 worse
Vietnam	46.35%	0.74%	Medium	4.1	43.9	47.4
Taiwan		39.49%	Medium/Low	1.7	21.3	47.3
China	24.42%	19.58%	Medium	4	45.5	39.7
Portugal	15.04%		Low	3.8	6.2	66.7
Indonesia	8.77%		Medium	6.7	48.6	50
Cambodia	2.37%		Medium	5	57.6	42.3
Italy	2.20%	10.24%	Low	3.3	21.7	59
United Kingdom	0.44%		Low	1.8	14.3	67.9

United States	0.36%	1.88%	Low	3.3	24.5	66.7
Sri Lanka	0.05%		Medium	6.5	55.7	48.7
Japan		10.33%	Medium/Low	1.1	11.4	43.6
Spain		7.73%	Low	2.3	10.4	62.8
South Korea		4.12%	Medium/Low	3.5	28.6	38.5
Thailand		3.00%	Medium	5.7	46.5	55.1
Denmark		2.77%	Low	0.6	5.7	61.5
Switzerland		0.12%	Low	0.5	13.6	50

Prevalence & Number – Measuring the scale of modern slavery in 160 countries. These national estimates of the prevalence per thousand people and number of people were calculated using individual and country-level risk factors of modern slavery.

Vulnerability – Measuring the level of vulnerability to modern slavery in 160 countries. The vulnerability model estimates how vulnerable people in a country are to modern slavery and in what ways.

Governance Issues – Represents data on political instability, political rights, government responses to modern slavery women’s physical security, regulatory quality, disability-based workplace harassment and weapons access.

SOURCING COUNTRY RISK	Tier 1 Volume % Spend	Tier 2 Volume % KG material
High	0.00%	0.00%
Medium	81.96%	23.32%
Medium/ Low	0.00%	53.94%
Low	18.04%	22.74%

Outside of our product supply chain, Rapha uses a network of ‘non-stock’ suppliers, providing services such as cleaning and maintenance in our offices, distribution centres and clubhouses, and legal advice. We began mapping our non-stock supply chain, starting with our Rapha repairs partners. We work with three different repair partners, Interform in the USA, United Repair Centre in both the UK and the Netherlands and Remote Repairs located in Australia.

### Cotton Supply Chain Salient Risks

Over the last couple of years it has been widely reported that forced labour took place in global cotton supply chains.

The cotton supply chain is broad and complex, and gaining transparency is widely recognised to be challenging. Rapha does not directly source cotton at tier 4, or farm level, however we understand that to gain visibility and control over our cotton we must work with nominated, trusted tier 2 suppliers. In 2022, we published our first [Cotton Sourcing Policy](#), which detailed our plans to move to GOTS organic certified cotton by 2023. Through our nominated tier 2 partners, we have been able to hit this impact commitment for the 2023 production season and this has continued into the 2024 production season. GOTS certification enables transparency of supply, and through organic status, minimum social and labour standards as set out by the ILO, including no forced labour, are met. At the end of 2023 we made an update to our Cotton Sourcing Policy to include in-conversion cotton, allowing us to support farmers through the conversion process.

## SUPPLY CHAIN VALUES AND PROCESS

### The human rights due diligence process

We monitor our suppliers' social and labour performance through the Higg Index FSLM. This began in 2019, when we identified an opportunity to conduct an in-depth review of our supply base, to identify potential human rights and modern slavery risks. Building on our increasing knowledge and learnings, we redesigned our social audit process from the ground up. During the audit standard selection process, we designed a methodology to assess the major social audit standards, based on their thoroughness and accuracy in assessing suppliers' abilities to meet the ETI Base Code and ILO Conventions. We conducted interviews with each audit standard, to understand how audit teams were structured, and how audits were carried out including the number of days taken and quality of information gathered. We recognise that to rely on data gathered by a third-party auditor, the integrity of the information must be assessed to prevent cognitive bias influencing the result.

We concluded that the best method to proceed with was a self-assessment tool that suppliers use to gather information, which can then be collated and shared with multiple brands to conduct their own analysis. This method frees up factories from fulfilling various different audit standards required by individual brands and allows more time to focus on remedial action and capacity building. The tool is the Facility Social Labour Module (FSLM), part of the Worldly (formally called Higg Index) suite of tools, which is provided to Rapha through its membership to Cascale (formerly the Sustainable Apparel Coalition (SAC)), which we became full members of during 2019. The FSLM is based on the Converged Assessment Framework (CAF) developed by the independent organisation the Social Labour Convergence Program (SLCP) whose mission is to generate comparable, high-quality and verified data. We use the FSLM as a tool to assess our suppliers, the cadence of these assessments is annually. In addition, an independent, announced verification of the self-assessment is conducted by our third-party partner Elevate, called a vFSLM. This provides us with a list of flagged critical action points, which are added to a Critical Action Plan, the supplier must then work to remediate. The resolution of the critical action is verified by the following year's vFSLM. In instances where issues are discovered in either a self or independent audit that are identified as serious, Rapha works to remediate the action immediately and verify this, depending on the severity of the issue we may look to exit the supplier.

In the 2020 financial year, we began to onboard strategic suppliers and centralise social audits through this platform. Since then we have increased the coverage within our supply chain. For the 2024 production seasons, which were sourced during the 2023 financial year, 15 of our tier 1 supplier facilities reported on the Higg FSLM, representing 96.37% of our 2024 volume, this is up from 85.7% in the previous financial year.

During 2023 we increased our coverage of suppliers using the Higg modules, 89.61% of our nominated tier 2 raw material suppliers are now on boarded onto Worldly, this is 24 of our tier 2 facilities and 19 facilities have completed an FSLM module equating to 76.87% of our business, this is up from 67% in the previous year.

Rapha works with a number of collaboration partners for special product releases. We identified a need to define and strengthen our onboarding process for collaboration partners, to ensure our code of conduct is upheld. This included defining a social and labour checklist, which requests whether the brand has a Supplier Code of Conduct based on the ILO conventions, a formal social responsibility process, a supply chain transparency process, a public modern slavery statement, and awareness of the UN Global Compact. We defined a requirement for long term collaboration partners to onboard their suppliers making Rapha product to the Higg FSLM, and one-off suppliers to provide either a Higg FSLM or a social audit that Rapha approves based on its adherence to the ILO conventions, and whether it is recognised as a reputable sustainability standard by the [ITC Sustainability Map](#). Rapha will vet potential new collaboration partners based on their social and labour compliance checklist prior to sending POs, to avoid entering into a relationship with any brand that does not uphold our values.

Alongside the social and labour auditing, we require a Master Service Agreement with every tier 1 supplier. The Master Service Agreement was built on an assessment of our existing policies related to Modern Slavery, in conjunction with legal consultation. This Master Service Agreement expands on and strengthens our Code of Conduct and enforces our position on conditions and working practices related to Modern Slavery. It has been designed to give support and stability to our suppliers, including delivery lead times and cost agreements. This document is now integral to our ongoing supplier partnerships and in the rare instance that a Rapha supplier would not be willing to agree to this document, we will mutually agree a time to part ways.

At Rapha, we insist that our suppliers share our fundamental ethics and values. These values are presented in our [Code of Conduct](#), which is in line with the [Ethical Trading Initiative's \(ETI\) Base Code](#), and the conventions of the International Labour Organisation (ILO), including the ILO Indicators of Forced Labour, since 2021. All our nominated suppliers, local source suppliers and subcontractors are asked to sign this document during the initial on-boarding process, along with an annual refresh. It covers but is not limited to Rapha's expectations of Anti-Bribery, Worker Discrimination, Working Hours, Freedom of Association and Child Labour. The information and guidance shared by NGOs, such as ETI is a resource used to keep up to date with these risk topics.

In onboarding new direct suppliers (tier 1) we require all suppliers to share a social and labour audit. The minimum we expect of this is a self-assessment through the Higg FSLM. Following on from this the expectation is that the supplier will have a verified third party audit completed within a year of working with Rapha. As we have built our knowledge of our Tier 2 suppliers we are endeavouring to collect verified social and labour audits for all these suppliers. In 2023 this was for

approximately one quarter of our supply base. The businesses focus in 2024 is to increase this to ensure coverage of the majority of our Tier 2 suppliers.

During 2023, we conducted a Materiality Assessment in partnership with Leadership & Sustainability. The assessment followed the framework required for the CSRD guidelines. The focus of the assessment was on our internal policies and strategy, as well as our Chinese and Vietnamese Supply Chains which is where we produce our biggest volume of products and where we have the most influence. The overall results of the assessment highlighted no major risks with current policies and strategies. There were a number of improvement suggestions around our ways of working which are being addressed in 2024.

Our focus in 2024 and beyond is to continue to map and build a more complete understanding of our supply base. As we do this there is a likelihood that we will become aware of a number of issues or risks which may require remedial action. As a business we are committed to working with our suppliers and adhering to the ILO conventions to ensure these issues are resolved effectively.

### **Training**

We have conducted Responsible Purchasing training with an external expert recommended to us by the Ethical Trading Initiative. We trained team members involved in the buying process in the finance, merchandising, supply chain and product operations functions, delivering 6 hours of training each. The training covered ethical trade, a practical awareness of risk including modern slavery in supply chains and how to deal with it, as well as the role of purchasing practices and how buying decisions can affect suppliers, exploring good practice when dealing with suppliers and how to embed ethical trade as part of everyday practice across the business.

One member of the Supply Chain Sustainability team is a SA8000 accredited Lead Auditor. This training gave them valuable knowledge and insights into the SA8000 standard, including a detailed section on how child and forced labour occurs in modern supply chains.

### **Public Commitments & Accountability**

During 2020, we published our goal to use the Higg Index FSLM to measure more than 90% of our annual production volume by 2023 via our [Impact and Sustainability](#) webpage. At the end of 2023 we achieved 91.64% of our 2023 annual production volume on Higg FSLM and we are on track to meet this target for 2024 as well. For the last 5 years Rapha has been a member of Cascale (formerly the Sustainable Apparel Coalition), this has enabled access to the Higg tools which help us to measure impact on both people and planet.

We committed to ensuring the wellbeing and long-term development of all people in our company and our supply chain, and to do so by sharing how our products are made in a transparent and accessible format. During 2021 we published [our Code of Conduct](#) on our website and every year since have shared our [Tier 1 Supplier List](#), using [the ODSAS guidance](#) for best practice on supply chain disclosure, and the list covers published to the Open Supply Hub in November 2023 is 96.68% of our 2023 production volume.

We pledge to hold ourselves accountable to these targets by publishing an annual 'Impact Report'. We have published impact reports for the last 3 years; please find the links for "Rapha Impact Report 2022" and "Rapha Impact Report 2023". The "Rapha Impact Report 2024" will be published later this year.

Rapha became foundation members of the Ethical Trading Initiative in Q1 2022. ETI are recognised leaders in driving human rights best practice. We will undertake a full human rights risk assessment of our operations, identify salient risks, and outline a plan for improvements. We will formalise this into a Human Rights Due Diligence policy and implement a grievance mechanism in our supply chain. To measure the effectiveness of our actions, we will identify supply chain KPIs related to modern slavery and set goals for improvements, harnessing our increasingly broad data from vFSLM assessments. We are committed to working with the ETI to become a graduate member. ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights. Membership will help tackle and resolve issues that could arise in relation to workers rights and violations and ensure compliance with rapidly broadening global legislation on human rights due diligence.

### **Supplier Relationships**

Rapha has shared a working relationship with many suppliers since the formation of the company. To maintain relationship integrity, wherever possible, we encourage face to face communication between our staff and suppliers at all levels of seniority. We send regular forecasts to enable our suppliers to effectively plan capacity and staffing levels and update our

suppliers on changes to the wider business model, and Rapha's projected growth. We encourage open discussion with our suppliers to avoid unrealistic cost targets and lead times; factors which may cause or contribute to modern slavery. We are working towards standardising our ways of working in purchasing across all product streams, to provide better transparency on buying practices. We visit our tier 1 suppliers at least once a year touring the factory and its facilities, allowing us to assess first-hand the conditions of the facility on a regular basis. Our staff are aware of the standards we deem acceptable and their feedback following a visit contributes to the ongoing assessment of our suppliers.

To further improve engagement and accountability, communication with our tier 1 and 2 suppliers is divided between the members of our Supply Chain Team. This ensures that all orders, quality inspections and social audits are requested and received by the same individual, giving them a holistic understanding of a supplier's performance and any grievances they may have. This depth of relationship allows for the highest quality of communication. It also gives us the capacity to adopt new and more effective ways of working.

To gain feedback on our ways of working, we conduct an annual supplier survey with tier 1 and nominated tier 2 suppliers. The results allow us to track our performance year on year, and identify processes that negatively impact suppliers, such as order lead times and amendments. Based on the Better Buying Initiative methodology, the survey invites suppliers to assess Rapha across the following categories:

- Planning and Forecasting
- Design and Development
- Cost and Cost Negotiation
- Sourcing and Order Placement
- Payment and Terms
- Management of the Purchasing Process
- Win-Win Sustainable Partnership

## LOOKING FORWARD

By the end of the year we aim to have graduated to full ETI membership and published our nominated Tier 2 supplier list on our website and the Open Supply Hub.



Francois Convercey, CEO