

RAPHA RACING LTD MODERN SLAVERY & TRANSPARENCY IN SUPPLY CHAINS 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 2021 to prevent modern slavery and human trafficking in its business and supply chain. This is the 4th iteration of this report, approved by Simon Mottram and the board of directors on 14.07.2021.

INTRODUCTION TO RAPHA

Rapha was established in 2004 as an online retail company, and has since expanded to include physical retail spaces known as Clubhouses. These can currently be found in 21 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 vintage merino tracksuits to WorldTour-winning racing apparel. Rapha created the Rapha Cycling Club – a global community of over 20,000 passionate, active cyclists that come together for weekly led group rides and organised challenge events. In 2019 Rapha expanded its operations to include the Rapha Foundation, which funds more than ten organisations around the world committed to inspiring, empowering and supporting the next generation of riders and racers from under-represented communities in the sport. Rapha is headquartered in London, where it was founded, and has regional offices in the US, Australia, Japan and Hong Kong. In addition, Rapha has a non-retail presence in Switzerland, France and Singapore. Rapha operates three global distribution centres in the US, UK and Hong Kong through our logistics partner Tigers. Rapha has 632 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 four directors: Simon Mottram, Nicholas Evans, Matthew Tarver and, Steuart Walton, and one non-executive director, Dave Cheesewright.

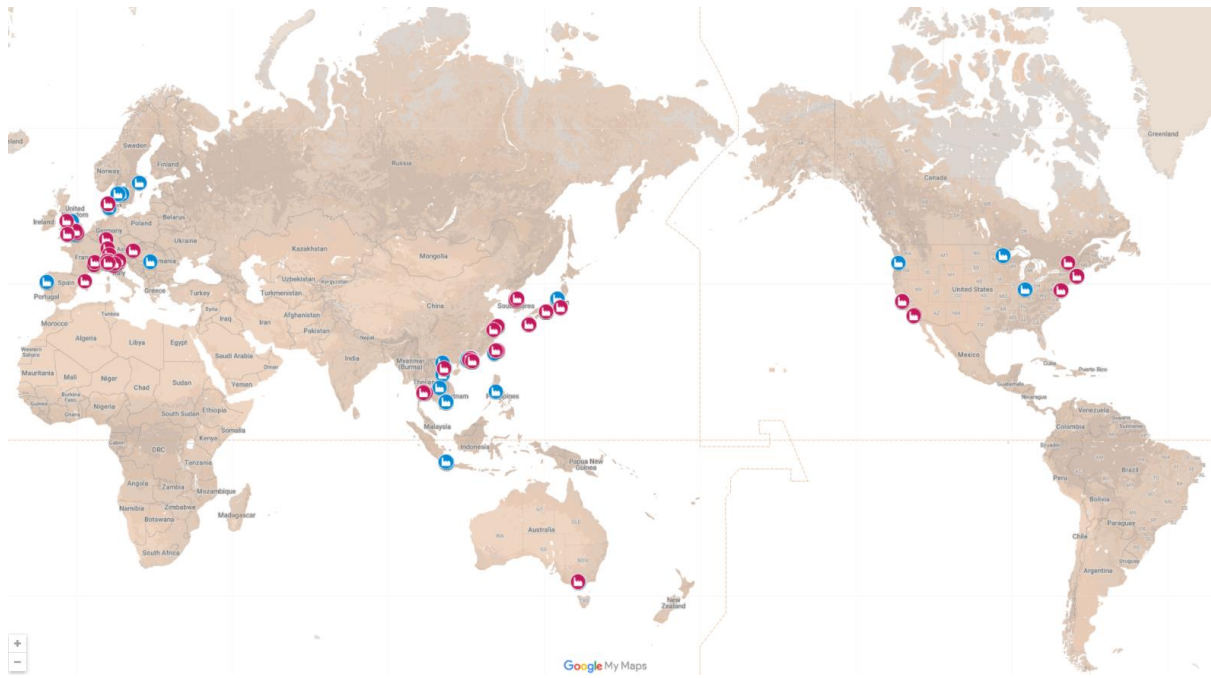
TRANSPARENCY WITHIN RAPHA'S OPERATIONS AND SUPPLY CHAIN

For this period, Rapha worked with 33 tier 1 (finished goods) suppliers globally, including 39 supplier owned facilities and 15 subcontractor facilities, in 13 countries; Australia, Cambodia, China, Indonesia, Italy, Japan, Philippines, Portugal, Romania, Sweden, UK, USA, and Vietnam. Rapha worked with 85 nominated tier 2 (textile and component formation) suppliers across the globe including 94 supplier owned facilities and 20 subcontractor facilities, in 14 countries: Japan, China, Italy, South Korea, Taiwan, Vietnam, Thailand, USA, Germany, France, Canada, Switzerland, Spain, and Poland. 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. In the year leading up to January 2021, we continued to map our tier 2 supply chain including subcontractors. We recorded 31,539 workers in our tier 1 supply chain, and 68,649 in tier 2, and we continued internal reporting using a dashboard scoring suppliers by social and environmental performance. This includes monitoring the percentage of business Rapha makes up 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.

2021 Production Seasons Supplier Map

Tier 1 suppliers – blue

Tier 2 suppliers - red



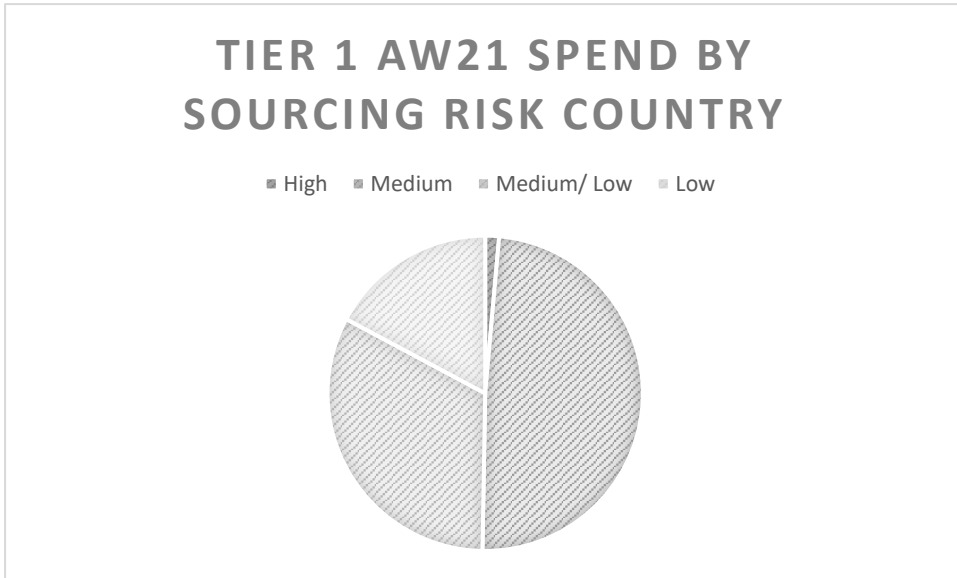
As we continue to grow, we understand the very real risk of forced labour, fraud or coercion among employees in global business supply chains, and are committed to help combat modern slavery wherever possible. We understand the slavery risk in each of our sourcing countries and have ranked them using the **Global Slavery Index**. The majority of our sourcing countries are low risk or low-medium risk, with the exception of Cambodia, and the Philippines in tier 1, a total of two facilities with 1225 workers (4% of tier 1) which accounted for 1% of our spend on 2021, and Thailand in tier 2, a total of 4 facilities with 2331 workers (3% of tier 2), and we understand the unique factors contributing to modern slavery risk in these countries. To evidence our consideration of modern slavery risk in sourcing countries when allocating orders, we have listed our spend per country and modern slavery risk rating below. The information displayed is for tier 1 only, as this is where we have a direct financial relationship.

Production Country	% AW21 Spend	Sourcing Country Risk	Global Slavery Index
Australia	0.11%	Low	163
USA	4.49%	Low	158
Sweden	0.56%	Low	152
UK	2.02%	Low	132
Italy	8.20%	Medium/ Low	122
Portugal	10.00%	Low	120
China	24.33%	Medium/ low	111
Romania	7.98%	Medium	81
Vietnam	36.39%	Medium	77
Indonesia	4.49%	Medium	74
Philippines	0.71%	High	30
Cambodia	0.71%	High	9

Sourcing Country Risk
High

% AW21 Spend

	1.42%
Medium	48.86%
Medium/ Low	32.53%
Low	17.19%



We understand that specific modern slavery risks are attached to groups of workers in each country. To help identify where the salient risks are in our tier 1 and 2 supply chain, in 2020 we began mapping the gender split, number of migrant and home workers, and aim to publish our findings in the 2021 statement.

Outside of our product supply chain, Rapha also uses a network of ‘non-stock’ suppliers, providing services such as cleaning and maintenance in our offices, distribution centres and clubhouses, and legal advice. In 2021 we plan on mapping our non-stock supply chain.

2020 Salient Risks Identified

In this period it was widely reported that Uyghur and other Muslim minorities in the Xinjiang Uyghur Autonomous Region (XUAR) of China were subject to forced labour and human rights abuses, including within the apparel and footwear sector. This took place both within the XUAR cotton industry, and more widely spread throughout China via a forced labour transfer program where workers were transferred to garment manufacturing facilities.

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 this period, we outlined plans to move to GOTS organic certified cotton through a nominated tier 2 partner, from the AW21 production season onwards. 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.

In this period we also set out plans to publish our first Cotton Sourcing Policy to all of our suppliers, internal teams, and to our customers via our website. This will include our stance on sourcing no cotton from XUAR, China, other countries identified to have a forced labour risk (Turkmenistan and Uzbekistan), and countries where conflict is preventing effective human rights due diligence in the cotton supply chain (Syria).

At tier 1 there have been no instances of forced labour in any of our sourcing countries, including via the labour transfer program in China, which we are monitoring closely with our social and labour verification partner Fair Working Conditions. In 2021 we will expand this scope to include tier 2.

SUPPLY CHAIN VALUES AND PROCESS

The human rights due diligence process

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. All our 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.

Before committing to production with a new supplier or facility, we ask them to carry out a social and labour self-assessment through the Higg Index FSLM, which we aim to verify in the first year via our verification partner Fair Working Conditions. We then work closely with our suppliers to ensure these high levels of working standards are maintained.

During this period we continued to roll out our Master Service Agreement to all tier 1 suppliers. 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. By return, it specifies that subcontracting must be approved by Rapha; supporting our efforts to map all our tier 1 and 2 subcontractors. 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.

In the previous period, 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 is a self-assessment tool that suppliers use to gather information, which can then be collated and used by brands to conduct their own analysis. This method frees factories up from fulfilling multiple different audit standards required by individual brands, and allows more time to focus on remedial action and capacity building. The tool used is the Facility Social Labour Module (FSLM) – part of the Higg Index suite of tools, which is provided to Rapha through its membership to 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. An FSLM is completed once a year. An independent, announced verification of the self-assessment is conducted by our third party partner Fair Working Conditions, called a vFSLM. This provides us with a list of flagged critical action points, which are added to a Critical Action Plan which the supplier must then work to remediate. If required, fair Working Conditions will conduct a follow up audit to ensure improvements have been made.

In the 2020 financial year, we began to onboard strategic suppliers and centralise social audits through this platform. Once complete, Rapha will harness this data to build a picture of supply chain human rights risks, and carry out remedial action and capacity building where necessary.

For the 2021 production seasons, which were sourced during the 2020 financial year, 12 of our Tier 1 supplier facilities reported on the Higg Index FSLM, representing 41% of units produced.

To ensure the materials used in our products comply with our code of conduct, we began rolling out the FSLM to our tier 2 suppliers in this period, with the aim of completion in the following period.

Rapha works with a small number of strategic tier 1 suppliers, and a number of collaboration partners for special product releases. During this period 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 check list, 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 onboard their tier 1 suppliers on 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 check list prior to sending POs, to avoid entering into a relationship with any brand that does not uphold our values.

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 new [Impact and Sustainability webpage](#). We publicly committed to reaching 'Leader' Member Level within the Sustainable Apparel Coalition, using the full range of Higg Index tools to measure our 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. We will do this by sharing how our products are made in a transparent and accessible format, starting in 2021 by publishing our Code of Conduct and our Tier 1 Supplier List. We will use [the ODSAS guidance](#) for best practice on supply chain disclosure.

We pledged to hold ourselves accountable to these targets by planning to publish an annual 'Impact Report' starting in 2022.

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. Our staff regularly visit our suppliers in person, touring the factory and its facilities. This allows us to assess first-hand the conditions of the facility on a regular basis. Our staff are acutely aware of the standards we deem acceptable and their feedback following a visit contributes to the ongoing assessment of our suppliers. During this period, Covid-19 travel restrictions meant we were unable to conduct supplier travel. Instead, we focused on making progress towards our vFSLM targets to ensure local auditors would be able to visit facilities on our behalf, and worked on maintaining close contact with our suppliers via video call. To date, there have been no instances of exiting a factory due to poor working conditions.

To further improve engagement and accountability, communication with our Tier 1 and 2 suppliers is divided between the members of our Supply Chain Team. In this period we expanded the supply chain team again, to ensure we are better resourced than ever to support our supply chain. 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.

As Rapha grows as a business, we are committed to acknowledging our responsibility as a manufacturer. We created a new role, Sustainability Manager, during this period, and identified plans to allocate further human resources to sustainability within the supply chain team in the coming year with two new roles – Supply Chain Sustainability Lead and Supply Chain Sustainability Assistant.

LOOKING FORWARD

As members of the Sustainable Apparel Coalition, Rapha is required to complete the BRM (Brand Retail Module) annually. The BRM is a form of internal audit that measures our environmental, social and labour performance, and provides us with direction on how to improve. We've taken this direction and combined it with the Ethical Trading Initiative's framework on modern slavery to identify the actions we should undertake in the next financial year to improve our response to modern slavery.

The focus going forward will continue to be on mapping; to extend our information base deeper into supply chain and wider within business. We will also focus on transparency by publishing our tier 1 supplier list and supplier code of conduct during 2021.

By the end of 2021, we will aim to join the Ethical Trading Initiative, who 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.

We will continue to work on internal training, and in the mid-long term extend this to our suppliers. Firstly, we will conduct in house training to build our expertise and guide suppliers through the FSLM self-assessment process, and we will build upon this once we have identified the future need for training when this data has been gathered.

The completion of our first round of FSLM self-assessments will also allow us to identify areas where we can work with suppliers to improve their social sustainability.

COVID-19 SUPPLY CHAIN RESPONSE

This report details the actions undertaken by Rapha during the Coronavirus outbreak of 2020-21.

We recognise that some workers in our supply chain may be more vulnerable to modern slavery during the Coronavirus pandemic.

At the forefront of our approach was an endeavour to make no cancellations to orders already in production, and to minimise cancellations overall. We asked for approval on all date changes and where necessary, paid our suppliers up front to cover materials costs as well as making early payments for stock wherever possible.

We engaged with each of our suppliers individually to understand whether the changing conditions are affecting their ability to adhere to our code of conduct, which includes health and safety of workers, and payment of statutory sick pay. We asked for their feedback on their current working conditions, including health and safety measures, working from home and social distancing measures.

Changes to orders were necessary due to the changing sales environment. We conducted an internal training session on responsible purchasing practices amid the Covid-19 outbreak with our supply chain and merchandising (order planning) teams. We opened a dialogue with all suppliers, asking for their feedback on how changes to our orders were impacting them, including cashflow, workers' wages, and grievance systems (as per our code of conduct) and tailored our approach to ensure each supplier felt the process was fair. It is important to Rapha that we maintain a spirit of equal partnership with our suppliers, and encourage open and honest communication at all times; we strongly believe this facilitates mutually beneficial cooperation.

Initially, as sales recovered, we reinstated orders which were cancelled or postponed, working closely with suppliers to make sure capacity was manageable. As the pandemic continued throughout 2020, the cycling industry saw an uplift in activity, which translated into an increase in demand for Rapha products. This meant placing repeat orders beyond the capacity we had booked with our suppliers. The Supply Chain team worked closely with tier 1 and 2 suppliers, utilising our direct relationship approach to maintain close contact. We understand the pressure increased orders can place on production scheduling, and therefore workers' hours, overtime and ability to comply to Covid-19 regulations such as social distancing, and therefore made sure our factories approved all order quantities and delivery dates.

We received the results of our supplier survey, which confirmed that there were no instances of Covid-19 regulation breaches as a direct result of Rapha's purchasing behaviour, and we will continue to monitor this in 2021.

Simon Mottram, CEO

