

FY 2018 / 2019

**MODERN SLAVERY
STATEMENT**



INTRODUCTION

FROM THE CHIEF EXECUTIVE OFFICER OF CLADE GROUP LIMITED, GYMSHARK LIMITED AND GYMSHARK HK LIMITED

We are committed to further improving our practices to combat slavery and human trafficking to ensure that modern slavery is not taking place in our own business, within that of any business partner or in any of our supply chains. The Board of Directors are passionate when it comes to ensuring transparency in our own business and in our approach to tackling modern slavery throughout our supply chains. This statement is made in accordance with the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010 and updates our activities detailed in our Modern Slavery Statements 2017/2018 setting out the steps we have taken as a Group between 1 August 2018 and 31 July 2019.

ORGANISATION'S STRUCTURE AS AT 31 JULY 2019

Clade Group Limited is the parent company of the Gymshark group of companies which includes Gymshark Limited, whose principal activity is the design, manufacture and global online sales of branded fitness apparel and accessories, and Gymshark HK Limited (the 'Group'). Gymshark Limited is based in the UK with its headquarters in Solihull and a PR office in London. Gymshark HK Limited is a sourcing office based in Kowloon Bay in Hong Kong which acts as a direct contact into the Group's product supplier base and is responsible for auditing new and existing suppliers. The Hong Kong office comprises staff working in IT, merchandising, sourcing, compliance and quality assurance roles. As at the end of July 2019, Gymshark Limited had 337 employees based in the UK and a further 16 based in Hong Kong.

The Group had a global annual turnover of £176,164,068 and in July 2019 had 3,048,476 customers.

OUR BUSINESS

At a structural level, our business is organised into various functions that are devoted to pioneering innovative design, creating fitness products and providing a world class customer experience.

The Product function oversees the design, buying, development and sourcing of products.

The Brand team are the storytellers who create content and communities true to the Gymshark vision including the engagement with all brand ambassadors.

Marketing are responsible for branding, acquisition and retention of customers and the subsequent consumer relationship and Gymshark events.

The Commercial function handles trading and operations.

The People team sources and develops talent, are the culture/value custodians and support all aspects of the employee lifecycle.

The Tech function handles all aspects of IT including the e-comm sites, App and IT infrastructure.

The Legal function handles contracts, intellectual property and other legal aspects concerning the business.

The Property and Special Projects team handles all aspects of Gymshark's properties as well as any specialised projects.

OUR SUPPLY CHAINS

Gymshark products are designed in house at our UK headquarters, except for a small proportion of accessories which are designed by our agency partners, and are manufactured by independent supply partners who manufacture and supply fabric, trims and accessories. Our Materials and Sustainability team within the Product function selects materials and product suppliers based on quality, price, service and ethical standards.

The Hong Kong office ensures that all suppliers are pre-approved using our Pre-Approval Process which includes the supplier's acceptance of our Anti-Slavery and Human Trafficking Policy and receipt of a third party compliance report. A pre-approval audit is conducted to assess the vendor's suitability for Gymshark production.

Our supply chain in tier 1 included 52 Product Manufacturers comprising 36 garment vendors and 16 accessories vendors as at July 2019. Of these, 1 was based in India, 2 in Mauritius, 6 in Turkey, 1 in Bangladesh, 37 in China and 5 in Sri Lanka.

Agents based in the UK and China were used to source all product vendors based in China and would liaise directly with the Chinese suppliers. Outside of China, our business had direct relationships with the suppliers based in Turkey, Sri Lanka and Bangladesh and Mauritius. Due to the agency relationships, we did not have complete visibility over our tier 2 product supply base who were mostly engaged directly via the agents. We did have 8 nominated fabric mills with 7 based in China and 1 in Taiwan who we engaged directly with in tier 2.

Within the Hong Kong office, we have a dedicated compliance team who conduct physical Factory Ethical Evaluation audits, checks and visits with our suppliers, including those contracted through an agent to ensure they are adhering to our requirements.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Anti-Slavery and Human Trafficking Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. All suppliers are required to agree to the terms of this policy.

DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

Our approach to due diligence of our existing suppliers involves us conducting our own audit assessments. Once approved as vendors, factories are required to accept an annual on site audit and to declare all sub-contractors who must be pre-approved in line with our existing process. Corrective Action Plans and recommendations are implemented in respect of audits. 65% of the existing supplier base was audited during the 2018/19 financial year.

We have identified through risk assessment, those areas of our supply chain, for example, a third party logistics provider, where there may be more likelihood of modern slavery arising for example, during sale periods where order volumes increase significantly and additional temporary staff are engaged to help process orders. As part of our due diligence processes, we evaluate these areas.

SUPPLIER ADHERENCE TO OUR VALUES

We are committed to tackling modern slavery and human trafficking in our supply chains. To ensure all suppliers and contractors in our supply chain comply with our values, we have in place a supply chain compliance programme.

Whilst we acknowledge that the tackling of modern slavery is the responsibility of everyone within the business, we have a cross functional dedicated team which meets regularly to review our progress.

TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we have provided training to our staff. At the end of 2018, key stakeholders received training covering the Modern Slavery Act 2015.

We are aware of how important the issue of anti slavery and human trafficking is and with this in mind, we engaged the Ethical Trading Initiative, an alliance that promotes respect for workers' rights around the world, to develop bespoke modern slavery training for the business and our third party logistics provider with their agency labour providers (being a mix of HR and Operations staff). We wanted to ensure a high standard of knowledge by creating a collaborative due diligence approach to tackling and reducing the risks of modern slavery.

In February 2019, in conjunction with a charitable organisation 'Business In The Community', 6 of our employees, on the back of their awareness of the issue of modern slavery, volunteered to support survivors of modern slavery with careers conversations such as helping individuals with English language skills to support them in job applications.

OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

To measure how effective we have been to ensure that modern slavery and human trafficking is not taking place in any part of our business or supply chains, we will, going forward, be reporting more comprehensively on the following indicators of progress:

- Actions taken to improve the auditing and verification of our suppliers
- Staff training levels
- Collaborative initiatives to address the issues and remediate
- Supplier training and dealing with non-compliances
- Reporting on grievances.

FURTHER STEPS

Following a review of the effectiveness of the steps we have taken in this financial year to ensure that there is no slavery or human trafficking in our supply chains, we intend to take further steps to combat slavery and human trafficking.

We acknowledge that our current practice of using agents as intermediaries does not provide us with the visibility that we require to have absolute confidence in our supplier base therefore, we will be taking a new approach to move away from this model and source direct with our tier 1 suppliers and ensure greater transparency over tier 2 suppliers who may be sub-contracted by tier 1

As a fast growing business, we acknowledge that further steps need to be taken to improve our due diligence efforts, both at pre and post approval stage. We have therefore committed to becoming a Participating Member of the Fair Labor Association ('FLA'). This will enable us to gain a greater understanding of what measures are required to ensure that our systems monitor risk so that effective controls and contingency plans are put in place to deal with the risk areas identified, and to help identify what further steps need to be taken to manage that risk. Membership of the FLA will provide us with tools and resources to train and manage risk through due diligence and audits, the suppliers within our global supply chain. In particular, we are aware that more audits of suppliers

need to be undertaken annually and corrective actions need to be followed up more consistently. We will endeavour to focus on this via our Hong Kong office during the next financial year.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31 July 2019 approved by the board on the date below.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

STEVE HEWITT
CHIEF EXECUTIVE OFFICER

Clade Group Limited / Gymshark Limited / Gymshark HK Limited

Date: 31st January 2020

