



MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2019/2020

Introduction from the Chief Executive Officer of Gymshark Group Limited, Clade Group Limited, Gymshark Ltd, Gymshark USA Inc., Gymshark HK Limited and Gymshark (Mauritius) Ltd (the 'Group').

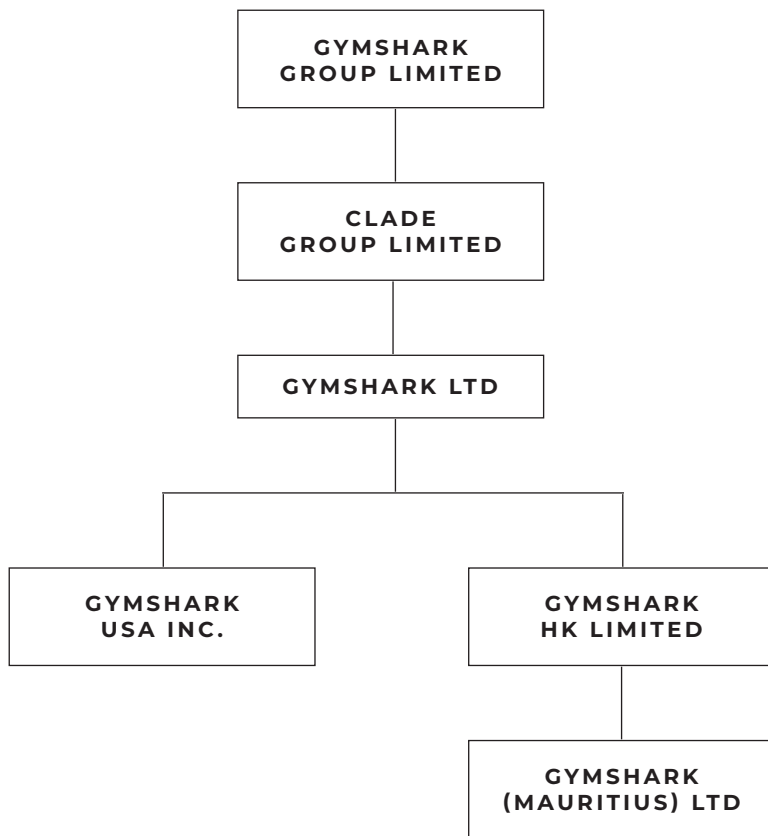
At Gymshark, we're committed to continuously improving our practices to combat slavery and human trafficking, and to ensuring that every step Gymshark takes – through our own business, our partners' businesses and our supply chain – is one away from modern slavery.

The Board of Directors and Gymshark Leadership Team share that passion when it comes to transparency in tackling modern slavery.

This is our third annual statement made in accordance with the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010. This statement updates the steps we've taken as a Group from 1 August 2019 to 31 July 2020, since our Modern Slavery statements for the financial years 2017/18 and 2018/19.

GYMSHARK'S STRUCTURE AS AT 31 JULY 2020

Here's how we run things:



Gymshark Group Limited is the parent company of the Group.

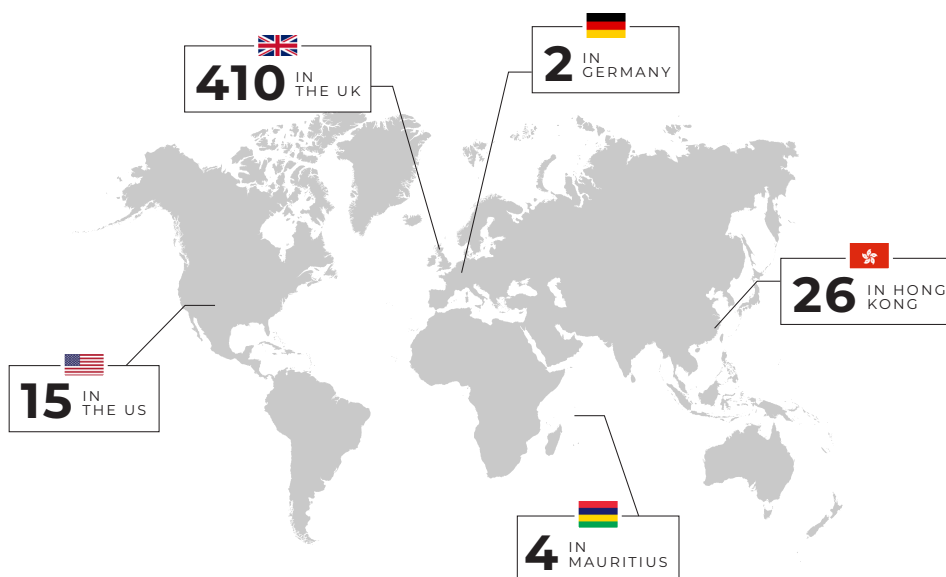
Gymshark Ltd's principal activity is the design, manufacture and global online sale of branded fitness apparel and accessories. The company is based in the UK with headquarters in Solihull and a PR office in London. An office based in Frankfurt, Germany is responsible for the trading of the online store in Germany.

Gymshark USA Inc. based in Denver, Colorado was incorporated in July 2019 providing online customer support.

Gymshark HK Limited and **Gymshark (Mauritius) Limited** are sourcing offices based in Kowloon Bay in Hong Kong and Cyber City, Mauritius respectively. They act as a direct contact into the Group's product supplier base. The Hong Kong office deals with suppliers based in the Far East, Vietnam, Taiwan, Cambodia, the Philippines and China and the Mauritius office deals with Mauritius, Sri Lanka, Turkey, Jordan and Bangladesh based product suppliers.

In the past financial year, the Hong Kong office was solely responsible for ethical auditing of new and existing suppliers whilst both the Hong Kong and Mauritius offices were responsible for quality checking of products and materials.

EMPLOYEE NUMBERS AS AT THE END OF JULY 2020:



THE GROUP HAD A GLOBAL ANNUAL TURNOVER OF

£260,484,082

AND IN JULY 2020 HAD

2,877,436
CUSTOMERS

OUR BUSINESS

Our community is our everything. Gymshark's business is organised into various Go to Market and Foundation functions devoted to uniting the conditioning community and helping them become better versions of themselves. There are a number of functions that work across the Group:

GO TO MARKET FUNCTIONS



The **Data** function utilises data for analysis and research to direct our business strategies as well as data-led retention and loyalty initiatives.



The **Product** function oversees product innovation and the design, buying, development and sourcing of the products our community wear and use.



The **Brand** team are the storytellers who create content, host events and build communities and connections true to the Gymshark vision. This includes the engagement with all Gymshark athletes.



Marketing are responsible for taking our stories and messages and shouting them out to the world, as well as recruiting new and retaining old members of our community to keep them in the know of all things Gymshark.



The Commercial function handles trading, merchandising, operations and media. The shop window, basically.

FOUNDATION FUNCTIONS



The **People** team take care of us. They source and nurture talent, protect our culture and values and uphold employee wellbeing.



All of our Tech operations, including our e-comm sites, the Gymshark Conditioning app and IT infrastructure, sit within the **Tech** function.



The **Legal** function work with the business to manage and mitigate risks.



The Property and Facilities team are responsible for everything that we see, touch, feel and smell within all Gymshark buildings and facilities globally.



Finance work with the business to ensure there are sufficient controls and processes in place to facilitate the compliant day to day operations of the business and collate data to ensure accurate reporting and insightful analysis to support business decisions.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

Our commitment is to ensure that there is no modern slavery or human trafficking in, or associated with, our supply chain 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 of our business relationships and to implementing and enforcing effective systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our supply chain. Ultimately, it reflects our commitment to people. All suppliers are required to agree to the terms of this policy.

DUE DILIGENCE

As we do not manufacture our own apparel or accessories (products), or run our own warehousing or logistics operations, we consider that the greatest risk of modern slavery and human trafficking is in our supply chain.

OUR SUPPLY CHAIN

Gymshark products are designed in-house at our UK headquarters, except for a small proportion of accessories and trims which are designed by third parties. All of our products are manufactured by our nominated supply partners.

Our Materials, Sourcing and Sustainability team scrutinise the selection of materials and suppliers we use to make our products based on quality, price, service and ethical standards.

The Hong Kong office ensures that all new tier 1 and tier 2 suppliers are approved using our desk based 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 physical on site pre-approval audit is also undertaken to assess the supplier's suitability for Gymshark production.

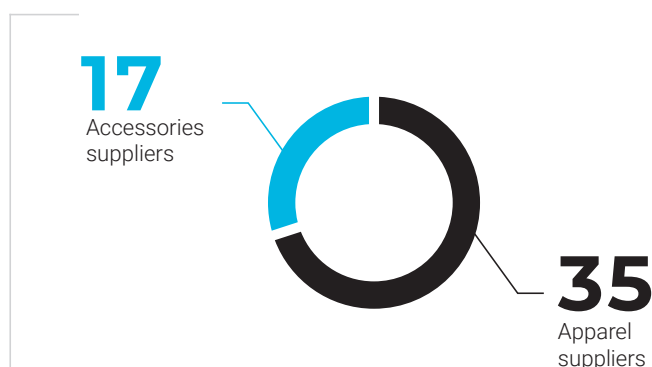


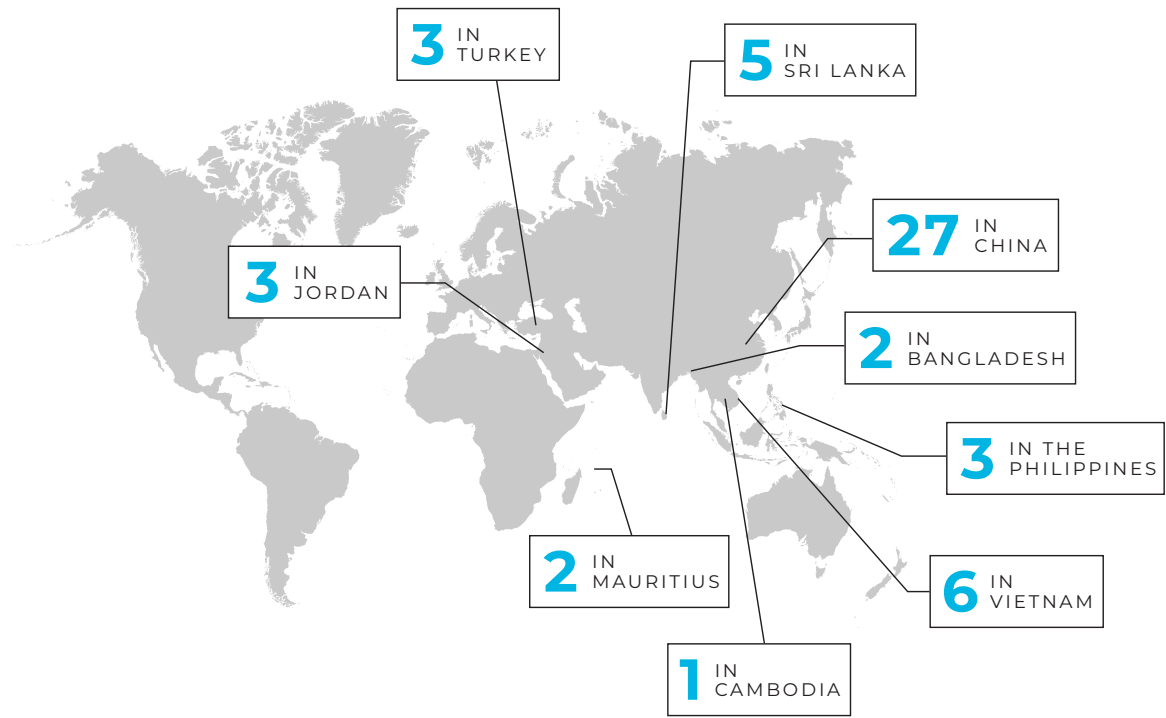
During this financial year, we used 4 agents based in the UK and China to source and liaise with 10 tier 1 product suppliers based in China. To give us greater transparency over our product supply chain, we no longer use third parties and enter only into direct relationships with our tier 1 suppliers. The last shipments of products from suppliers sourced by our agents took place in November 2020.

Our product supply chain as at 31 July 2020:

TIER 1

52
PRODUCT
MANUFACTURERS
(TOTAL)



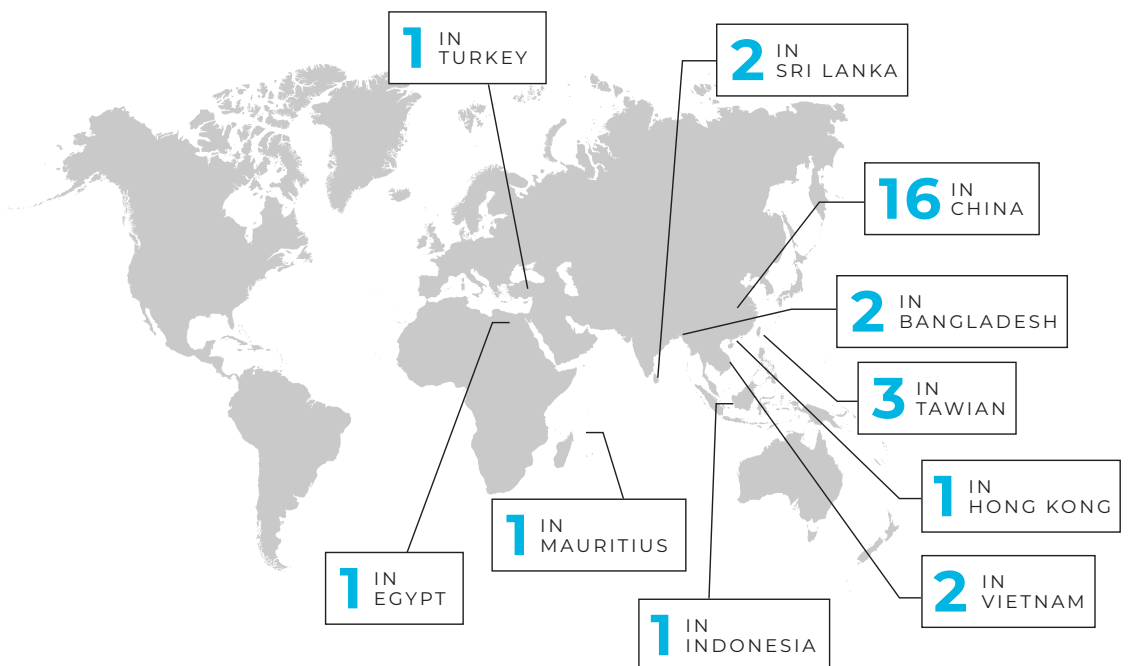


TIER 2

17
FABRIC MILLS
(TOTAL)

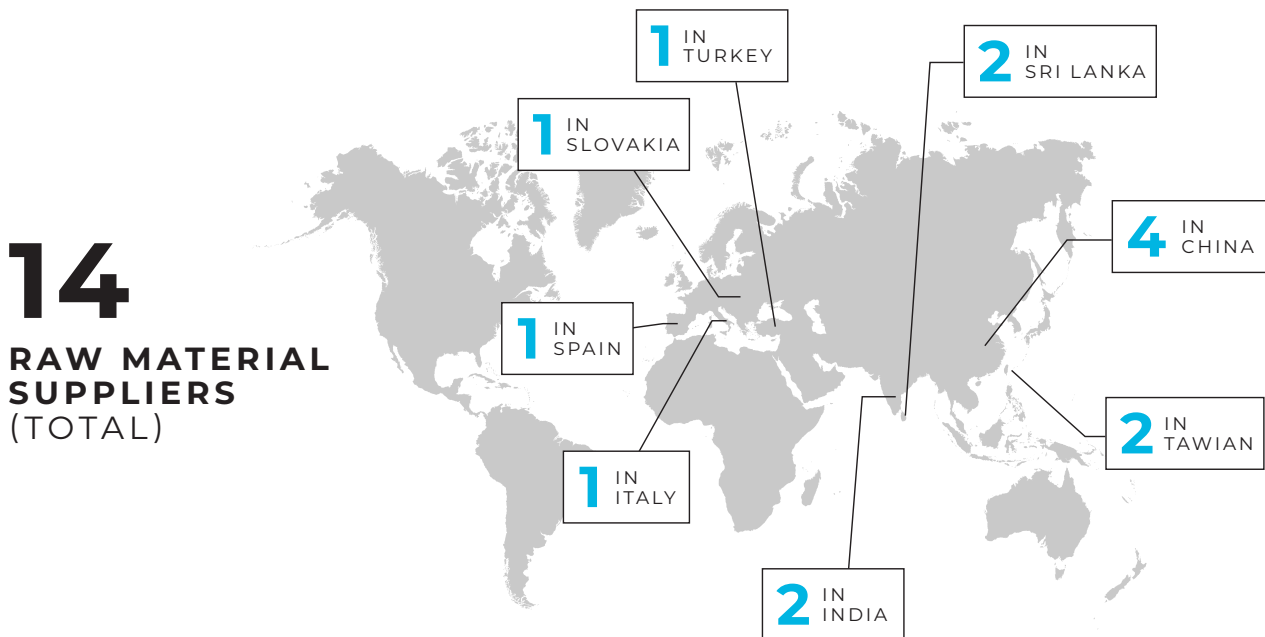


30
TRIM
SUPPLIERS
(TOTAL)



TIER 3

We have partially mapped our tier 3 suppliers who supply raw materials and are working to gain greater visibility through our engagement with manufacturers and our ongoing assessment process.



PRODUCT SUPPLIERS

As referenced above, we assess and mitigate risk in our supply chain by conducting our own audit assessments. Once approved, tier 1 and tier 2 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, recommendations and follow up actions are implemented in respect of audits. During the financial year 2019/2020, 51% of our entire apparel and accessories supplier base in tier 1 was audited.

As a Group, we were aware that the COVID pandemic could have a financial and health and safety impact on the people working within our operations and supply chain thereby having the potential to increase the risk of modern slavery arising. From March to July 2020 during the COVID pandemic, on site audits could not be undertaken however, as a Group, we continued to identify the risks. Consequently, our Hong Kong office performed 12 desk-based reviews and 13 corrective action plans were issued and discussed with our suppliers with continuous improvements being made. As part of the desk based assessments, we required factories to confirm the measures they had in place to look after the health and safety of their workers including social distancing in the factories.

To ensure that we supported our suppliers financially during the pandemic, we operated our business as usual. We continued to place orders to ensure no adverse financial effect was felt by our suppliers and factory workers. No order cancellations were made and where necessary, shipment dates were adjusted to take account of the reduced capacity due to social distance measures and absences due to illness within the workplace. Suppliers informed us of their plans on a monthly basis and we supported as necessary.

To help us improve our due diligence processes for product suppliers, during this financial year we became a Participating Member of the Fair Labor Association ('FLA'). This has been hugely beneficial, enabling us to gain a greater understanding of required measures that ensure we can identify, monitor and manage risk by implementing effective controls and contingency plans. Whilst still at the early stages of our journey to accreditation, membership of the FLA is providing us with a greater understanding of the tools and resources required to train our staff and manage risk through due diligence and audit of our global product supply chain.

The FLA has assisted us with identifying modern slavery issues in our product production supply chain. One issue we were made aware of was a high risk forced labour issue connected to the human rights abuses against the indigenous Uighur population in Xinjiang, China. We used a nominated tier 3 yarn supplier which the FLA identified as being implicated and recommended we cease business with this supplier. We immediately acted on this and terminated future arrangements and have not sourced any further yarn through this supplier. We are committed to ensuring that we do not source from this region whilst forced labour issues remain prevalent. We shall continue to include regional risk and trends in labour violations in our pre-sourcing risk assessment and ongoing assessment processes and ensure through our partnership with the FLA that we gain greater visibility of our supply chain, taking appropriate action as necessary.

NON PRODUCT SUPPLIERS

Whilst risk assessment during the pandemic was a priority, we continued to prioritise those areas of our supply chain that may present a greater risk at certain times of the year. For example, we identified that there may be an increased risk of modern slavery arising at our warehousing and logistics providers, particularly during sale periods where order volumes increase significantly, and additional temporary staff are engaged to help with shipping. As part of our due diligence processes, we monitor these areas on an ongoing basis. Automation was also introduced to our Rieme, Belgium warehouse which fulfils orders worldwide (excluding UK, Ireland and Canada). This meant a reduction in additional manpower requirements during sales periods where there could be a risk of forced labour.

We continued to hold formal quarterly business review meetings attended by CEOs, and monthly meetings with key personnel of our warehousing and logistics providers. These meetings included our assessment of additional measures taken by our suppliers in compliance with all COVID guidelines. To protect their workers, we ensured that facilities utilised personal protective equipment, undertook temperature checks on arrival and exit to warehousing facilities and scaled down weekend shifts. A temporary warehousing site was also set up to deal with increased sales volumes without increasing staffing numbers on one site.

Across our Group, we have sought to ensure the health and safety of our own staff and any visiting contractors during the pandemic by introducing a risk assessment protocol at our offices and facilities. This helped us to manage the risk of COVID in and to our business to ensure the safety of our people. Measures we have adopted on all sites include maintaining a two metre distance where possible, use of personal protective equipment, use of signage to ensure COVID compliant spaces, adoption of a one way system around the buildings, addition of workstation barriers, frequent cleaning, maintenance of our ventilation and air conditioning, site inductions and internal communications of measures to be adhered to by anyone attending any of our Group sites.

SUPPLIER ADHERENCE TO OUR VALUES

CONTRACTUAL PROVISIONS

To ensure all suppliers and contractors in our supply chain comply with our values, we have in place a supply chain compliance programme. We expect new and existing suppliers to adhere to applicable laws on modern slavery and all new product suppliers in tiers 1 and 2 must agree to our policies relating to anti-slavery and human trafficking. Contract terms with robust compliance provisions have also been drafted for our supplier base. Compliance will be monitored and contracts terminated where serious or repeated non-compliances are found as demonstrated by our zero approach and termination of arrangements with a tier 3 product supplier.

CROSS FUNCTION COLLABORATION

We acknowledge that the tackling of modern slavery is the responsibility of everyone within the business. To ensure we remain on track with progress, a cross-functional dedicated team meets regularly to review and update this.

TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chain and our business, we provide a number of resources on anti slavery and human trafficking to our staff via our company learning platform. We have developed a mandatory e-learning awareness training for all staff and following that rollout, more detailed training will be offered and provided to staff who need a greater understanding of how to identify risks based upon their specific roles.

OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

To measure how effective we've been in ensuring that modern slavery and human trafficking is not taking place in any part of our business or supply chain, we will continue to review and report 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

We aren't done. Far from it, in fact. We know there will always be opportunities to progress and improve. After reviewing the effectiveness of the steps we've taken this financial year we intend to take further steps to combat slavery and human trafficking in our supply chain.

We recognise how crucial initial and ongoing assessment is to ensuring our supply chain is slavery free. Consequently, we have engaged a company, The Reassurance Network Limited ("TRN"), to enable us to scale up our due diligence and compliance in this area. TRN has specialists located in Africa, China, Europe, South Asia and South East Asia who will work with us in our sourcing regions to understand and improve working conditions and factory performance of our suppliers. We are very aware that more assessments of our product suppliers need to be undertaken annually and corrective actions followed up more consistently. This will become a focus of ours over the next financial year and to enable this, we have recruited an Ethical Manager to oversee this and work closely with TRN. As well as a focus on product suppliers, we will work with TRN to undertake more assessments of our non product supplier base as we acknowledge that this needs improvement across the Group and a greater degree of due diligence undertaken against all new and existing suppliers.

Emerging risks will also continue to be monitored by us and our partners particularly during the ongoing pandemic where suppliers' capacity may mean that they are sub-contracting to additional facilities so that we become aware and risk assess these.

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 anti slavery and human trafficking statement for the financial year ending 31 July 2020 approved by the board on the date below.

If you want to learn more about us and our Promise to the Planet and its People, please read our **Transparency Report**.

Steve Hewitt

[Steve Hewitt \(Jan 28, 2021 11:02 GMT\)](#)

STEVE HEWITT
CHIEF EXECUTIVE OFFICER

**Gymshark Group Limited / Clade Group Limited / Gymshark Ltd / Gymshark USA Inc., /
Gymshark HK Limited / Gymshark (Mauritius) Limited**

Date: Jan 28, 2021

