

## **POSITIVE IMPACT**

**JANUARY 2022** 







At Red, we are lucky enough to facilitate healthy, outside recreation to allow people to escape into the open air. In an increasingly busy world, with many varying digital distractions, we feel it is extremely important to encourage outdoor adventures and believe strongly in the benefits this brings from both a physical and mental health perspective.

This opportunity comes with a responsibility to take care of everything we do. In the modern world it is easy to create a brand and source products to sell in your chosen field - in fact, the digital world we are encouraging people to leave behind when using our products, breaks down the barriers to entry even more. Very little research or responsibility is needed to start up in business and join a bandwagon of interest in your particular area. To really succeed, both commercially and ethically and to be able to truly stand behind what you do as a business we feel a lot of attention should be paid to responsibilities in all areas. At Red, we have a responsibility that covers our supply chain, our customers and our staff.

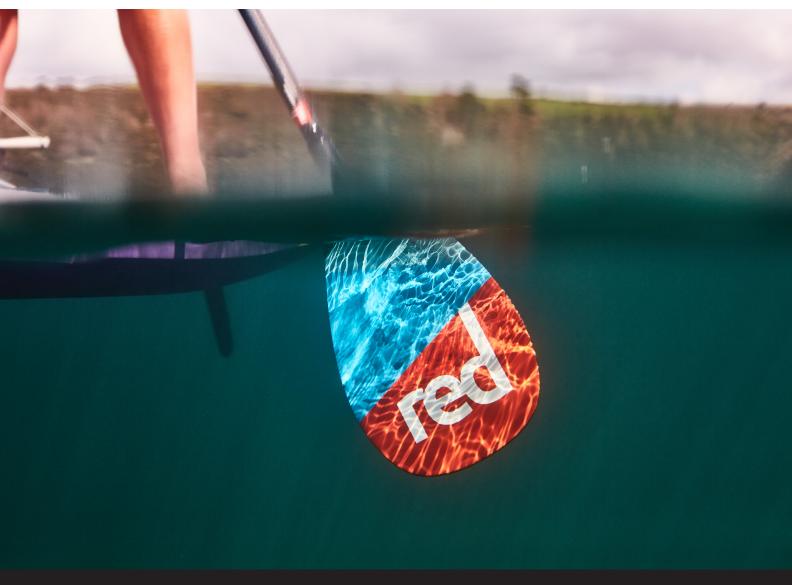
Our care and empathy for our workforce, waterways and staff run throughout every aspect of our business as well as our dedication to help educate and keep people safe on and around the water. Through a constant evaluation of all of these areas, we aim to progressively improve.

John Hibbard - Red CEO and Co-Founder



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- 1. Environmental sustainability
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For over 10 years we've created paddleboards and kit for people who love adventure. Inspired by the great outdoors and designed to handle all types of water, we're dedicated to making our boards and all our products built to last for our customers to enjoy as long as possible. But we're not just focused on making the very best-performing boards – they've got to be created in a way that protects the seas, lakes and rivers they've been designed for.

We realise everything we do has an impact. Here's how we

are taking steps to be better today than yesterday.

We're proud of the progress we've made so far, moving towards creating a circular economy that ensures the materials we use can be recovered and re-used, so we're not adding to landfill. Over the last 12 months, we've made more progress to work towards our products and packaging being fully recyclable but also produce far less waste in the first place. We're going back to the old school, to a time when everything was lovingly looked after and fixed. We're designing

products and accessories that can be removed, maintained and replaced to keep up with you in all conditions, forever.



#### **OUR SUPPLIERS**

Our supply chain is key to who we are. The suppliers we select and our relationships with them reflect our sustainable principles. We are working with data experts at <a href="Ecodesk">Ecodesk</a> to design, collect and shape our sustainability data to map out our future. They are auditing our manufacturing and assembly plant partners to gather the information that will help us make informed decisions and take action to achieve our environmental and social impact targets. We're also working

with an external audit company to review and improve our China manufacturing facility. We're aiming to become a Sedex Members Ethical Trade Audit (SMETA) 4-Pillar certified factory, which looks at labour standards, health and safety, environmental assessment and business ethics.



#### **OUR FAR EASTERN PARTNERS**

The first thing we look at when it comes to our products is finding not only the best materials but also the best team to put them together. When we started Red, we formed a close partnership with a small South Korean family-run business that specialised in Drop Stitch (the core of an inflatable board).

After working with them for five years, Red was growing at a crazy rate. We worked together to build the absolute best production line, run by the most skilled workforce available. After a lot of searching, we based the factory in China, near Hong Kong. We're proud that our boards and accessories are made in China.





The days when China was seen as a low-quality producer are long gone. Everything is handmade – there are no huge automated production lines. Modern China has some of the best and most skilled textile workforces in the world with a work ethic and attention to detail to match. We could easily have based the factory anywhere but the level of quality and work ethic we found in China greatly surpassed anything else.

We're prouder still to be working with the same family in a partnership that is now entering its 12th year. We design everything in house at our UK-based development

centre using feedback from over 60 countries and tens of thousands of paddlers worldwide. Only when we are absolutely satisfied that what we have designed is a better version of what we had before will we take it to final prototyping and series production. Our UK and Chinese-based teams only let the very best products reach the beaches and waterways of the world.





#### **CONSUMER USE**

"We don't believe that if something wears out over time you should throw it away – we think you should be able to fix it and extend the life of that product. Don't be afraid to repair your kit – we're here to help with spare parts, how-to videos and a dedicated team who can talk you through repairs and maintenance step by step."

Phil Hawthorne, Head of Design

# Extending the life of our products: We're designing for disassembly

We're designing and creating products that can be easily dismantled so customers can replace any worn or broken parts, with very few tools and limited skills, but lots of support from us.

This designed-for-disassembly (DFD) process means that the end of life of a particular product, component or material has already been taken into consideration. We're asking questions like which part will be the first to break due to wear and tear? How can we make it possible to replace this part? What will happen to the old used part? Is it possible to repair or recycle this piece? The DFD process means that materials and parts can be replaced, and old parts can be recycled.

From parts on our inflatable boards, pumps and paddles, almost everything we design can be easily broken down and put back together. The pinnacle of this is our Titan II pump. It is a mechanical engine with moving parts that will wear out with use. But it's been thoughtfully designed to be taken apart so all its key components can be removed, replaced and maintained to extend its life.



The handles on our 2022 paddles aren't glued on – they're clamped on for easy removal and maintenance. The RSS batons, fins and valves on our inflatable paddle boards can all be removed and replaced for cleaning and maintenance, while the FFC mount (the tensioning rod for our Elite race boards) can be removed and broken down into the component parts.

Our aim is to make it as easy as possible to refurbish and look after your equipment. That means:

- Less energy wasted on shipping broken products back to us
- Longer-lasting products
- Old parts can be recycled or reused to minimise environmental impact.



## WE'RE BUILDING EVERYTHING TO LAST

Everything we create, from boards and fins to accessories is designed with a purpose: to go the distance. Our skilled designers put a huge amount of time and thought into crafting products with real longevity.

**Boards:** We start with our exclusive MSL material which is heat bonded so removes the need for adhesive and results in a highly durable finish. We then make every board using our Tec Air construction process which takes on average 72 hours to build and test each and every board. Of course, there will always be some cosmetic wear and tear to a well-used, well-loved board. It will age. However, its structural integrity is sound and as durable as it can be.

**Fins:** Our fins are designed to take a beating, especially the ifins on our all-round boards – they're pretty much indestructible. Watch how one of our Ride boards, complete with ifins, held up after being run over on with a <u>22-tonne diager</u>!

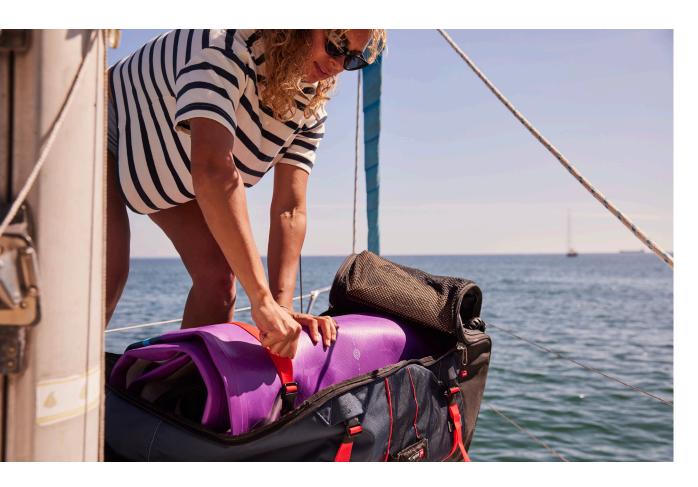
**Fin boxes:** Many of our items are designed and tested using computer modelling to find out their weak points, such as the feet of our Titan II pump or the fin boxes. We then fine-tune the fin boxes to remove any potential stress. They are chemically welded to ensure a solid bond that won't come apart.

**Drinkware:** All our bottles and cups are made from single-use marine-grade stainless steel. Durable, reusable and 100% BPA Free, they can be used time and time again, reducing disposable drinks bottle and cup waste.



#### **PRODUCT MATERIALS**

We want to ensure all our products are made from safe, sustainable materials. Under EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation, substances of very high concern (SVHC) are restricted within all products, However, if they're made outside the EU, there are no rules or laws on this. That's why we're working with assurance provider <a href="Intertek">Intertek</a> to validate the specifications, value and safety of our raw materials to ensure they meet both customer standards and industry and government regulations.



We are committed to moving as many products from our Red Original range to be made from 100% recycled materials without compromising on the quality or performance of the kit. A large number of products from the range are already made from GRS certified recycled materials. For example

- Waterproof Backpack
- Waterproof Kit Bag
- Cooler Backpack
- Eco Beanie Range
- Pro Change Robe Stash Bag

Over the next 12 months, we are working towards moving all of our best selling products from our Red Original range to use fully recyclable materials including existing products and new products launching in Autumn 2022.



## WE'VE GOT SPARE PARTS AND SUPPORT

We want to create a culture of maintaining and mending and show people that it's OK to fix and repair. We need to tackle the throwaway lifestyle and reconnect with our ability to fix things ourselves.

If you contact us with a broken product, we won't automatically send you a new one, we'll send you the spare part and instructions on how to fix it. Fixing and maintaining the product you have will save the huge amount of carbon/energy it takes to post the product back to us and have a replacement sent to you. We've made huge strides in this area with the expansion of our Customer Experience team over the last year. Now a six-person team based in our International HQ in the UK, they support and connect with customers across the globe. They are a highly skilled and expert team who are dedicated to always finding solutions to customers enquiries. As an international business, the team also benefits from being able to work extensively with our global distribution network and regional teams to deliver a more time, cost and energyefficient service. Their single, most important aim is to help guide our community by providing the best advice, recommendations and solutions to help keep the kit in tip-top condition.

We hold a wide range of spare parts, not just on current products but also many legacy products to help maintain all our Red kit. We have a <u>dedicated spares website</u> offering international support. In the last 12 months, our <u>Customer Experience team</u> have implemented facetime support calls, maintained their 24hour response SLA and we continue to develop our extensive range of how-to videos to guide our customers through the process. Over the coming 12 months, we will be increasing this reach through specific B2B training for our independent retailer network with the support of a dedicated B2B support team member, build a robust FAO solutions centre as well as publish a new series of product maintenance videos. Our customer satisfaction score is currently 98.26% (reviews.io) which we look to maintain and improve on by always looking at ways we can go above and beyond for customers.



#### **WE'RE FOCUSING ON CYCLABILITY**

We hate waste. So, we're designing for recycling at the outset, making sure our factories send zero waste to landfill. We want every bit of every material, part and component to become part of a closed-loop system.

When we cut our deck pads, there is some waste, but with cyclability in mind, we can add further lives to the value of the product. So, we stamp the waste material out and make them i nto keyrings to give out at events. The other waste deck pads are taken back to the factory, ground down and reused in other industries.

Everything from fins and fin boxes to RSS batons are made from pure materials, not composites, with no metal inserts. This means broken parts can be thrown straight into the plastic recycling.





Our board production facility is now 100% waste free, our paper and card packaging is 100% recyclable and we have also educated our suppliers about circular economy and are making a genuine difference with the products we bring to the market. While we are not quite there yet, the changes that we have made have pushed us ever closer to our goal of 100% compostable packaging.

In addition to using more responsible materials for the creation of our products, we also want to make steps to improve the full cycle of use of our products. If we can help mend a fault, we will do that, returning the product to the consumer for further use. Some products however are not fit for being mended, but we have not scrapped any of this product. We are undertaking a new i nitiative to re-purpose returned warranty items that cannot be repaired in their current

state. Working with local South Devon company Mend Assembly through micro-production at a local facility, we will be creating a new range of up-cycled products. We are currently creating product prototypes (such as dog blankets and towelling hair wraps) and hope to launch our post-use repurposed range later in 2022.

Stuff breaks. Accidents happen. Our kit is used in harsh outdoor environments and things can get driven over by mistake. It's inevitable and part of life. But just because your board is starting to look a little tired or your fin gets broken doesn't mean it should be thrown away. It might just need some TLC or a simple repair job.



## WE'VE CREATED A SUPER SUSTAINABLE COMPACT BOARD

NEW FOR 2022: 12' COMPACT

We think the Compact is the best board on the planet and in 2022 we grew our range to include a third board with the aim of enabling more people to get out on the water. The Compact range is the pinnacle of everything we've learned about designing and manufacturing durable, sustainable boards that are fun to ride. Our maintain-and-mend philosophy and design-for-disassembly strategy are brought together in our Compact board range.

We're changing the shape of paddleboarding, creating a new board for the future.

Here's why the Compact is different:

- The name says it all: the Compact packs down to half the size of a regular board.
- It's made from a different material so is much lighter.
- Because it's smaller and lighter, we can ship twice as many boards in the same container from the factory, reducing the amount of fuel needed and reducing our carbon footprint.
- It also takes up half the space in the delivery van from the container to our retailers, reducing the amount of fuel needed.
- Small and lightweight, it will easily fit in the boot of your car so will take less fuel to transport and you'll burn less energy yourself carrying it down to the water from your car!
- The Compact's bag is made from fewer materials, so less energy is used. It's also designed to be carried more efficiently, so you're using less energy to move your board around.



#### **PACKAGING**

Our aim is to make all our packaging recyclable or compostable. First, we removed all the glue from our packaging and used mechanical fastenings. Then, we made our packaging completely compostable by using unbleached cardboard and soy-based inks and corn starch PE replacements, so there are no colourful inks or nasty chemicals. Now we are aiming to replace the plastic packaging of our paddles and leashes with sustainable alternatives including using biodegradable dust cover bags instead of plastic poly bags to package apparel products. These break down naturally in compost or garden waste. We have recently made the switch from polybag to biodegradable on our no.1 selling Red Original product the Pro Change Robe.

All new products are being sourced with biodegradable bags (if a cover is needed), for example, our new range of Beanie hats made from recycled materials. We've also removed our welcome guides with our boards and instead include small tags with QR codes to direct people to our website for guides and information and have significantly reduced our printed brochure production to reduce waste.



#### **POSTAL PACKAGING**

From day one of fulfilling our ecommerce website orders from our owned warehouse (since July 2020) we have used responsible packaging, including recycled cardboard boxes and biodegradable mailing bags.



#### **EMPLOYEE ENGAGEMENT**

We have a very strong and talented team at Red who are all vital to the success of the business and take pride in what we have built together. It is important that every member of the team feels part of the wider team and understands the business beyond their own area.

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understands the business beyond their own area

- In February 2022 we will be undertaking our first employee satisfaction survey for all the team to give feedback on key areas of the business.
- A weekly update is sent around by our CEO to the whole team covering each department news, performance and forward focus. This ensures everyone in the business has an awareness of the company as a whole and feels part of the bigger picture.
- An open invitation from the CEO for feedback and questions
- Employee driven appraisal system and opportunity to feedback on the team.
- For 2021 we introduced 2 days of additional paid leave for volunteering work for all employees. Many of the team took up this opportunity and did some fantastic activities for charities and their local community. This included 6 of the team taking part in the Hike, SUP, Bike challenge in the Lake District in aid of charity, multiple other charity paddleboarding events and a Christmas concert in aid of the Salvation Army. We hope more of the team will take up these days and the opportunity in the coming year.







#### **EMPLOYEE CARE**

The last 2 years have put a real focus on the wide range of factors impacting everyone's I ives, and how home and work interact. Whilst we are looking forward to having the team back in the office, the working from home requirement has made us re-think the optimal position for employee wellbeing.

- Employee driven working from home vs in-office choices
- Increased holiday allowance across the team
- Team exercise/yoga sessions (remote during COVID)
- Equipment can be borrowed or purchased at cost price to encourage the team to experience the benefits of getting on the water
- Health questionnaires and BUPA signposting
- We take the mental health of all our team seriously but there is still more we can do.
   The SMT will be undertaking Mental Health First Aider training to better equip them to support staff in the coming year.





Positive morale and a sense of being part of a family is at the heart of Red as an organisation and continues to grow and evolve as the company expands. Since moving i nto our purpose-built International HQ in 2017 there have been weekly 'family' lunches with teams taking it in turns to cook for the whole company. This has been a real highlight in everyone's week and ensures people take time out to chat with people outside of their immediate teams. While the last two years have stopped these larger get-togethers there is still a strong culture of taking time out for lunch, all sitting together in the kitchen/dining area rather than eating at their desks. We really encourage this balance within each working day.





#### **GENDER EQUALITY**

We are proud that our team has full gender balance at every level. The Senior Management Team are 4 male and 3 females, and across the organisation as whole the ratio is equal. Looking at average pay rates, based on a daily rate, there is a 57p per day difference as of Jan 2022.

#### WORK OPPORTUNITIES

We see huge mutual value in using internand work experience schemes. We have a responsibility to provide experience and opportunities to students, and we benefit from their fresh eyes and new ideas. We have had one internand one work experience placement over the last year, with a new intern to start shortly.

It is also important to look beyond actual work experience and provide opportunities where ability and enthusiasm prevail. Our latest finance team member had no finance experience, but is doing well in his AAT training, and is already a valued member of the team. We can develop further by offering these types of opportunities.





We have always been passionate and committed to inspiring and enabling more people to get outside and specifically out onto the water. We're strong believers in the positive effects being in and around the water has on everyone's mental and thus physical health.

We are also committed to providing free access to information and resources to everyone. In 2021 we launched our Red Shorts video

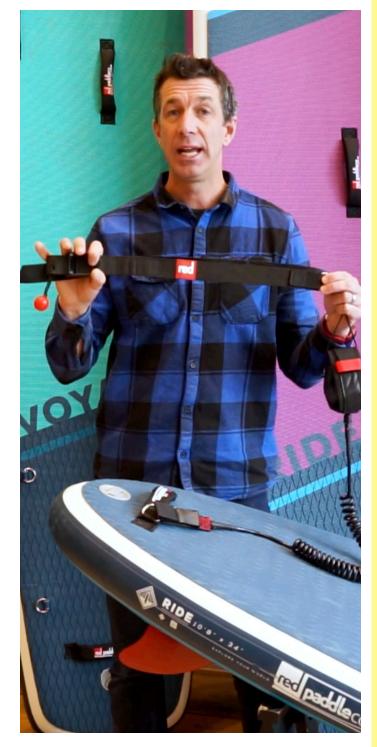
series providing bite-sized guides, tips and advice on everything related to paddle boarding and outdoor adventure. With over 13,400 views collectively for the Red Shorts videos on Youtube so far we plan to continue to create more educational content in the coming months and years.

Three key initiatives that have led our communications and focus over the past year these are:

- Safety
- Blue Health
- · Diversity in the Outdoors

#### **SAFETY**

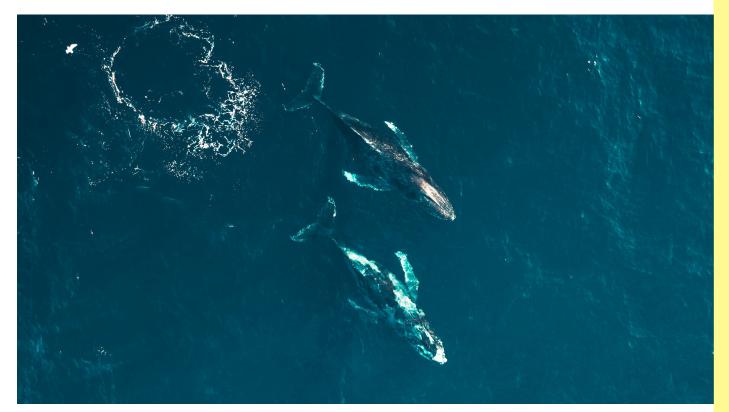
As the leading paddle board brand, we have a duty and responsibility to ensure as many people as possible are accessing the water in a safe and responsible way. With the boom in paddle boarding over the last few years and more and more inexperienced water-people are taking up the sport, there is a real concern that people lack key basic knowledge to keep themselves and others safe. In the Spring of 2020, we launched our simple PLOT <u>safety campaign</u> across all our channels and with our retailers and schools to encourage people to think before going our paddle boarding. Since then, we have expanded out this safety advice to include information about inland waterways, how to prevent cold water shock, guidance on cold water swimming, the appropriate clothing to wear for all seasons and many, many more pieces of content available for all to access.





#### **BLUE HEALTH**

Red Meets Blue Research: To quantify the positive effects of paddleboarding as well as being in and around the water, in November we started a year-long study. We aim to create a bank of solid statistics that can be used to try and encourage more people to get on and in the water to improve their mental health and with it their empathy and active protection of the environment. Our global community were invited to take part in the research to find out the impact paddle boarding has on our physical and mental health. We were overwhelmed with the response with almost 300 people applying to take part. We whittled this down to 250 quality entrants giving a great mix of demographics from around the world. During the study, they will complete quarterly online questionnaires to find out the effects of paddleboarding and being on/in the water in general, on their physical and mental health as well as their empathy for the natural world and other people. We believe this will be the first research of its kind and we should get some interesting findings from it.



#### CHARITY PARTNERS

Board Design Competition: In previous years we have donated paddle boards to the conservation charity Love the Oceans based in Mozambique to enable their research projects. Founder Francesca Trotman explains more about the charity and how they use the boards and equipment in this article. In 2021 to honour World Ocean Day we expanded our partnership with Love the Oceans to be our lead charity for the first Red Paddle Co Design Challenge. Hosted alongside the creative design platform, Spoonflower, we asked our global community to submit their designs for a new limited edition paddle board that represents the variety of waterways passionate paddle boarders from all over the world have grown to love. In 2022, Love the Oceans will receive 4 Limited Edition boards to use as they wish.



#### **DIVERSITY IN THE OUTDOORS**

At Red we are all passionate about trying to make paddle boarding, outdoor swimming and outdoor adventures more accessible and inclusive for everyone. Following feedback from our community and ongoing discussions with other brands and organisations, it is glaringly clear many parts of society don't feel like they have a place within the 'outdoor community' be this because of ethnicity, size, age, disability or confidence. We are committed to try and change this. We already have

and will continue to increase the diversity in the people we work with as ambassadors, friends of the brand and models in our shoots and across all our communications. We will support and work with organisations that are making fantastic progress in their own areas and learn from their expertise to improve our company as a whole. So far, this year we have started working with **Rhiane** <u>Fatinikun</u> founder of <u>Black Girls Hike</u> who featured in our recent Pro-Change Evo shoot in the Lake District. We have also donated kit for two of the Black Girls Hike community events. Amira, founder of <u>The Wanderlust Women</u> has recently come on board as an ambassador for Red. We'll be working together to create inclusive events and activities for Muslim women over the coming year including swimming and paddle boarding.

## KITTING OUT CHARITY ORGANISATIONS

In 2021 we started to work with <u>The Kit Collactive</u> who provide kit to community groups leaders who are working to remove barriers, widen access and are already doing great work from a grassroots level for Black, Asian and ethnic minorities, people from low socio-economic communities, and people with disabilities. We donated Towelling Robes and Pro-Change Robes to be redistributed to charity groups which don't apply for funding. 18 robes are now in use by two groups; <u>Trailfam</u> and <u>We Go Outside Too</u>.







#### **BCORP STATUS APPLICATION**

We want to celebrate developing a better business. For us, being sustainable is a way of life, not a PR stunt. So, we're gathering all this data to hold ourselves to higher standards of transparency and accountability. We are in the process of applying to become a certified B Corporation business. This is an exclusive group of just over 4,000 for-profit companies creating a more inclusive, sustainable global economy. It's not an easy process, but B Corp certification will enable us to go bigger and bolder, designing and making new sustainability and diversity-focused products.

