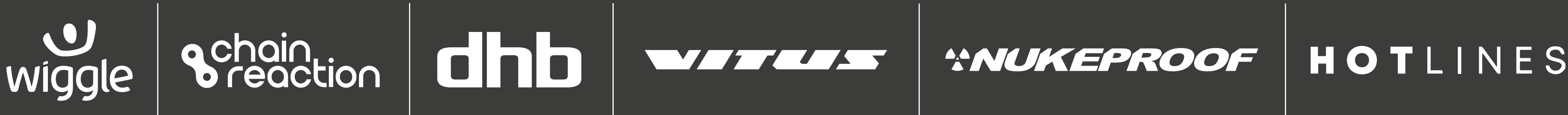


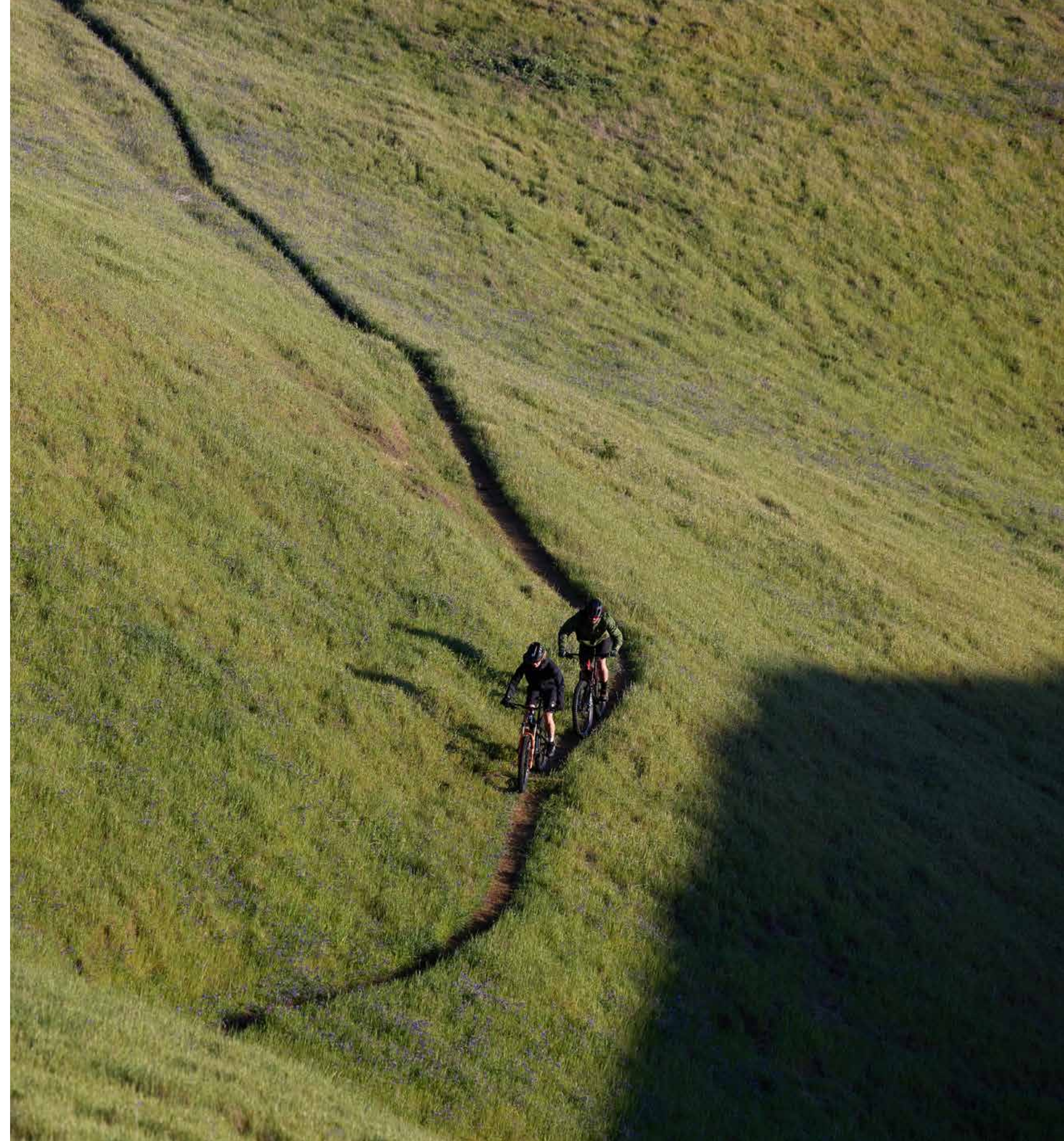
MODERN SLAVERY REPORT 2022



# INTRODUCTION

Wiggle Chain Reaction (WiggleCR) is committed to ensuring that there is no slavery or human trafficking in any part of our own business or supply chain. It is critically important that the human rights of our employees and of the workers in our global supply chains are respected and protected.

This statement has been published in accordance with section 54 of the Modern Slavery Act 2015. It sets out the steps WiggleCR have taken to prevent modern slavery in our business and supply chain for the financial year ending 31st December 2021 and our plans to deliver on our commitment in 2022.



## OUR BUSINESS STRUCTURE

Established in 1999, WiggleCR is the world's largest online sports retailer, operating internationally, with approximately 800 employees.

In 2021, WiggleCR underwent changes in leadership and ownership, but remains the same operationally. In April 2021, Huw Crwys-Williams became WiggleCR's new CEO and in December 2021, WiggleCR was acquired by the German retailer, Signa Sports United, which is listed on the New York Stock Exchange (NYSE). Our annual turnover during this reporting period was £360m.



WiggleCR is headquartered in the UK. We have approximately 800 employees across offices in Portsmouth (the UK), Belfast (Northern Ireland), and Yuanlin (Taiwan). We run five ecommerce websites, operating internationally.

Our two main product categories are 'hard goods' (which includes bicycles, bike parts, wheels, tyres, tubes, and bike maintenance products) and 'soft goods' (which includes apparel, footwear, helmets, and bags). Our products are developed by our teams in Portsmouth, Belfast, and Yuanlin, manufactured at supplier factories globally, and shipped to our distribution centre in Wolverhampton. Our business sells products directly to consumers through our five e-commerce websites, one Chain Reaction Cycles store in Belfast, and one distributor.

In 2021, WiggleCR commissioned a materiality assessment to inform our sustainability strategy and to set robust and relevant targets. We found that the three most material issues to the business were product quality and safety, human and labour rights, and climate change.

Following this assessment, we hosted a full-day sustainability workshop at our head office in Portsmouth, attended by 11 Senior Leadership Team members and business leaders, including our CEO and CFO, and facilitated by our external partners, The Reassurance Network. We all discussed and agreed to our sustainability strategy, set robust internal targets for the next 12-months against each key business function, and signed off on proposed activities, internal responsibilities, external partners, and top-line budgets.

A significant portion of the day was dedicated to discussing human rights, modern slavery, and labour rights in our own business and our supply chain. In 2022, the same 11 Senior Leadership Team members and business leaders will meet on a quarterly basis to ensure progress and accountability against our internal targets.

## KEY FACTS



### PRO-ACTIVE PRESS OFFICE

(or an alternative approach) to consistently grow coverage and reach in both sports verticals, consumer titles, regionals and national press via established media contacts



**800+** EMPLOYEES IN 3 OFFICES



**2** ECOMMERCE WEBSITES  
(operating internationally)



**3** BRAND WEBSITES  
(operating internationally)



**1** STORE



**1** DISTRIBUTOR



**1** DISTRIBUTION CENTRE



**170** THIRD-PARTY PRODUCTION SUPPLIERS

## ECOMMERCE WEBSITES

  
**wiggle**  
wiggle.com

  
**chain reaction**  
chainreactioncycles.com

**dhb**  
DHBsport.com

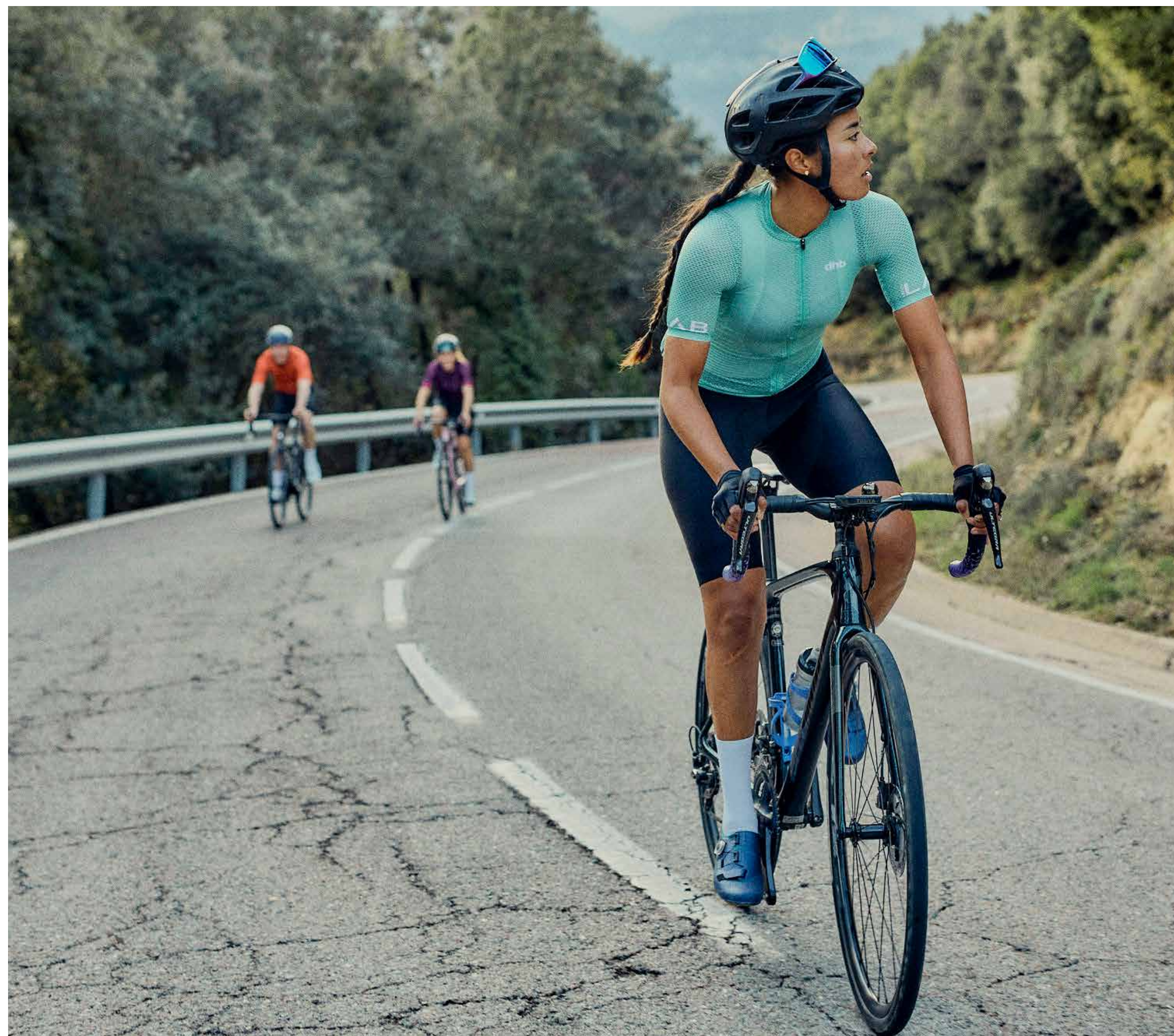
**VITUS**  
vitusbikes.com

**NUKEPROOF**  
nukeproof.com

## OUR SUPPLY CHAIN

WiggleCR's supply chain is made up of three main categories of suppliers:

- Production suppliers, who are involved in the sourcing and manufacture of own-brand products.
- Third-party brands, whose products are available for sale on our ecommerce websites.
- Logistics and operational suppliers, who provide services such as shipping and transport services, warehousing and distribution, and non-product related services.



In 2021, our products were made at 170 factories in the following countries (alphabetical order): Bosnia & Herzegovina, Cambodia, China, Croatia, France, Hong Kong, Indonesia, Italy, Lithuania, Morocco, Pakistan, Portugal, Romania, South Korea, Spain, Taiwan, Tunisia, Turkey, the UK, the US, and Vietnam.

These are our tier-one production suppliers, factories that assemble or manufacture our final products, as well as our key tier-two production suppliers, sites that manufacture our main technical components (for instance frames, wheels, and handlebars).

## OUR SUPPLIER CODE OF CONDUCT AND OTHER POLICIES

WiggleCR's Supplier Code of Conduct sets out the standards that our suppliers must meet in relation to human rights and labour rights. It is based on international standards, including the International Labour Organization conventions. It includes a clause stipulating that employment must be freely chosen. WiggleCR requires that suppliers must not use forced, bonded, or involuntary prison labour, and that workers have no restrictions on their movement and are free to leave their employment with reasonable notice. Our Supplier Code of Conduct is available in English, Traditional Chinese, and Simplified Chinese, reflecting the languages understood by most of our production suppliers.

In 2022, we intend to develop additional policies to support our Supplier Code of Conduct. We will add a clause in our Supplier Code of Conduct that requires tier-one suppliers to declare any subcontracting processes and to disclose tier-two supplier information on request. As we have a number of foreign migrant workers in supplier factories

in Taiwan, we will also develop a Migrant and Agency Worker Policy. The purpose of this Policy will be to ensure that the recruitment of these workers is legal and keeps their best interests in mind, and to ensure fair employment practices while they are working in their host country. Our vendor agreements stipulate that all suppliers must meet our ethical trading requirements.

We have a range of policies and procedures designed to protect the human rights of our own employees. These include our Whistleblowing Policy (which encourages our employees to report any concerns relating to our direct activities or our supply chains, including specific reference to modern slavery, human trafficking, and forced labour); Employee Assistance Programme (an internal procedure which aims to support employees during and following their compliance with our Whistleblowing Policy); Anti-Bribery and Corruption Policy; Anti-Trust Policy; Equal Opportunities Policy; and Anti-Harassment and Bullying Policy.



# OUR DUE DILIGENCE AND SUPPLIER AUDIT PROGRAMME

Due diligence checks for modern slavery are integrated into our ethical trading programme (which is focused on our production suppliers) as well as into our UK-based Human Resources procedures.

WiggleCR works with The Reassurance Network on ethical trading issues in our supply chain. Three of our team members (Head of Own Brands Soft Goods, Head of Product and Brand Management, and Operations and Sourcing Manager for Own Brands) are responsible for directing the programme, while The Reassurance Network's local teams conduct audits and provide training and guidance to factories on improvement priorities and actions.

WiggleCR, The Reassurance Network, and our suppliers are in regular contact to schedule visits, to review audit reports and corrective actions plans, and to assess desk-based improvements.

When we identify non-compliances with our policies, WiggleCR and The Reassurance Network work together with suppliers on improvement actions. This support is given remotely as well as through follow-up visits.

Any critical non-compliances identified will be remediated in a timely and responsible manner, keeping worker safety and in some instances, anonymity, at the forefront.

In 2021, we conducted 41 audits in factories located in (alphabetical order): Cambodia, China, Croatia, Italy, Pakistan, Romania, Taiwan, Tunisia, the UK, and Vietnam.

Due to factory closures and restrictions on travel arising from the COVID-19 pandemic, we audited fewer factories than usual.

In 2022, we plan to increase the number of visits to make up for this reduction.

In 2022, we plan to continue conducting audits of our factory partners on a risk basis. In addition to this, we plan to trial FORUM, a new approach to supplier engagement that promotes social and environmental improvement, developed by The Reassurance Network as a complement to traditional auditing. FORUM's collaborative assessment methodology focuses on understanding the needs of the workers, the factory managers, and the brand as equal stakeholders. Instead of approaching a factory visit with the view of checking on compliance against a top-down, hierarchical set of standards, our hope is that

by re-defining the standards according to human and business needs, we will be able to better understand whether the needs and expectations of our supply chain workers and partners are being met. FORUM's methodology encourages collaboration with stakeholders to understand the full picture of business pressures and practices and to address root causes. We will pilot this in six factories to start with before determining the strategy and direction of our auditing programme.

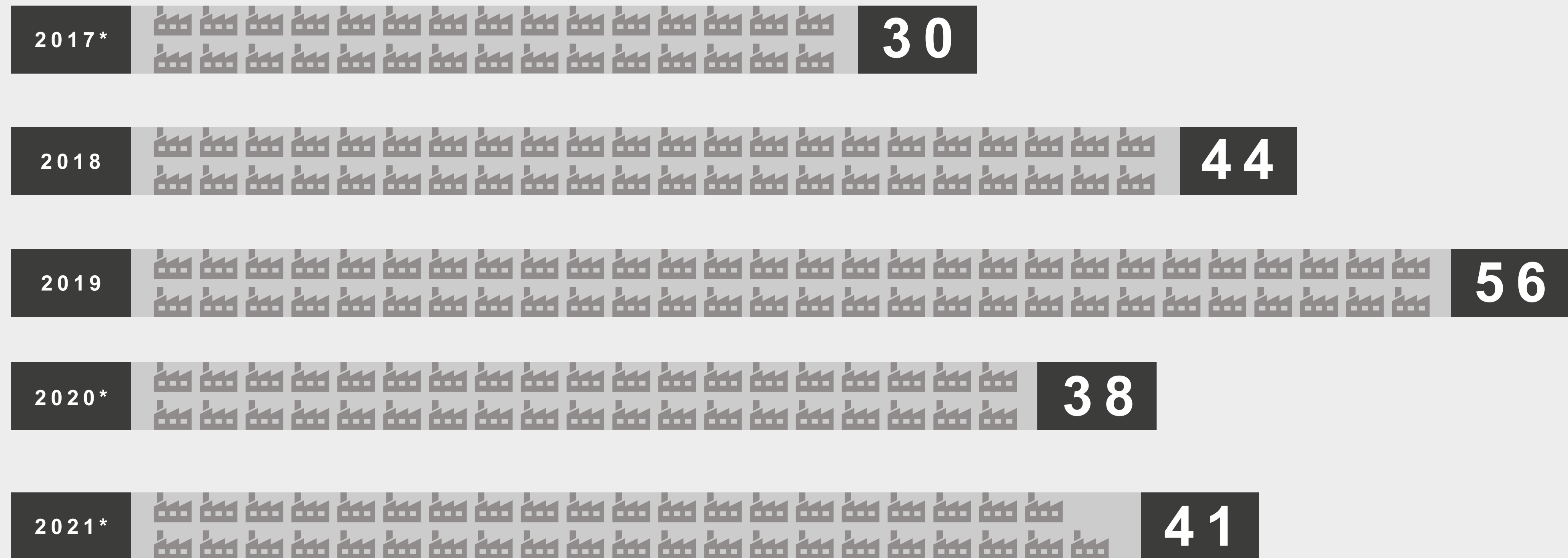
WiggleCR also has a robust procedure in place to protect against risks of modern slavery in our own UK operations. Due diligence is performed as part of the recruitment process and throughout a worker's employment within the business. We recruit workers through strictly vetted temporary labour providers that work with and follow the best practice guidance provided by the multi-stakeholder initiative, Stronger Together, which tackles forced labour, human trafficking, and worker exploitation. These temporary labour providers conduct their own checks and assist us in the performance of our own due diligence.

This process includes the following aspects which are carried out both internally by our Human Resources team and by our temporary labour provider:

- A check of all IDs to ensure legitimacy of right to work documents. We use an electronic scanning system which checks all passports and identity documents to verify employee eligibility to work in the UK, in line with the current standard found in airports.
- An electronic system that recognises matching addresses and/or bank details, to ensure that payment is made directly to the employee and not to a third-party.
- Home visits when concerns are raised, to ensure that employees are indeed living at their stated address. If we find any instances of Houses in Multiple Occupation (HMO), this would be reported to the local councils and/or the relevant authority. Welfare meetings would be held as an additional check to ensure there is no potential exploitation.
- Temporary workers are shown videos as part of their inductions to understand the risks of modern slavery and have access to an eLearning platform which is available to them on their Learning Plus Platform.

# WIGGLECR'S AUDIT HISTORY

NUMBER OF FACTORY AUDITS CONDUCTED



**\*Note:** Our ethical trading programme started in July 2017, half-way through the year. The Number of audits conducted in 2020 and 2021 were lower than usual due to factory closures and restrictions on travel arising from the Covid-19 pandemic. We plan to increase the number of visits in 2022.



# OUR RISK ASSESSMENTS

We have undertaken an internal risk assessment and we have chosen to focus our modern slavery prevention activities on our production suppliers as well as on our UK distribution centre.

Through our internal risk assessment and information gathered in our own audit reports, we have identified a number of potential risk factors for modern slavery in our production supply chain, including:

- The use of foreign migrant workers in Taiwan, who may be more vulnerable to unequal employment terms, deceptive or coercive recruitment practices including trafficking, debt bondage, and restrictions on movement. 40% of our suppliers are in Taiwan (68 of 170 factories);
- Factories located in China and other Asian countries. The International Labour Organisation claims that 56% of forced labour takes place in the Asia-Pacific region. In addition to Taiwan, China is our second largest sourcing country (29% of our suppliers, or 50 of 170 factories). 78%, or 133 of 170 suppliers are in the Asia sourcing region;

- Factories with incomplete or inaccurate record keeping which could be an indication that they are withholding wages, not paying the legal wages, or are requiring employees to work excessive hours; and
- Factories with poor human resources management practices and an absence of clear policies and procedures, for instance, missing personnel records, no contracts, or inadequate working hours records.

With regards to our own UK distribution centre, we believe the temporary workers that are recruited through temporary labour providers are potentially vulnerable to trafficking, forced labour, and other forms of exploitation. As such, WiggleCR has strict procedures in place both internally and through our temporary labour providers to protect these workers (please see the previous section for more details).



# EFFECTIVENESS OF OUR APPROACH

In the five years that we have been auditing supplier factories, WiggleCR and The Reassurance Network have not identified any cases of modern slavery in our supply chain. In relation to the four risks we identified in the previous section:

POTENTIAL RISK FACTORS IDENTIFIED IN OUR PRODUCTION SUPPLY CHAIN	UPDATE BASED ON 2020 FACTORY AUDITS
The use of foreign migrant workers in Taiwan	WiggleCR sources from 68 factories in Taiwan. 18 of these factories recruits and employs foreign migrant workers. In 2021, 12 of the factories we audited in Taiwan had foreign migrant workers. There was no evidence of modern slavery in any of these 18 factories.
Factories located in Asia	WiggleCR sources from 133 factories in Asia. We have audited 104 of these factories at least once. In 2021, 33 of the 41 factories we audited were in Asia. There was no evidence of modern slavery in any of these Asian factories.
Factories with incomplete or inaccurate record keeping	Of the 170 factories we source from, we have audited 120 of these sites at least once. We have identified incomplete or inaccurate record keeping in 22 of these factories. In 2021, we identified 4 factories with incomplete or inaccurate record keeping. There was no evidence of modern slavery in any of the factories we have audited.
Factories with poor human resources management practices	Of the 120 factories that we have audited at least once, 88 of these sites had at least one non-compliance related to poor human resources management practices. In 2021, we identified 27 factories with at least one non-compliance relating to human resources management practices. There was no evidence of modern slavery in any of the factories we have audited.

Furthermore, in 2021, we did not find any cases of modern slavery in our UK distribution centre.

We will continue to review the effectiveness of our policies and procedures, including our modern slavery risk assessments, supply chain mapping, due diligence checks, and remediation of critical issues identified, and we will report on our progress annually.

## OUR EMPLOYEE TRAINING

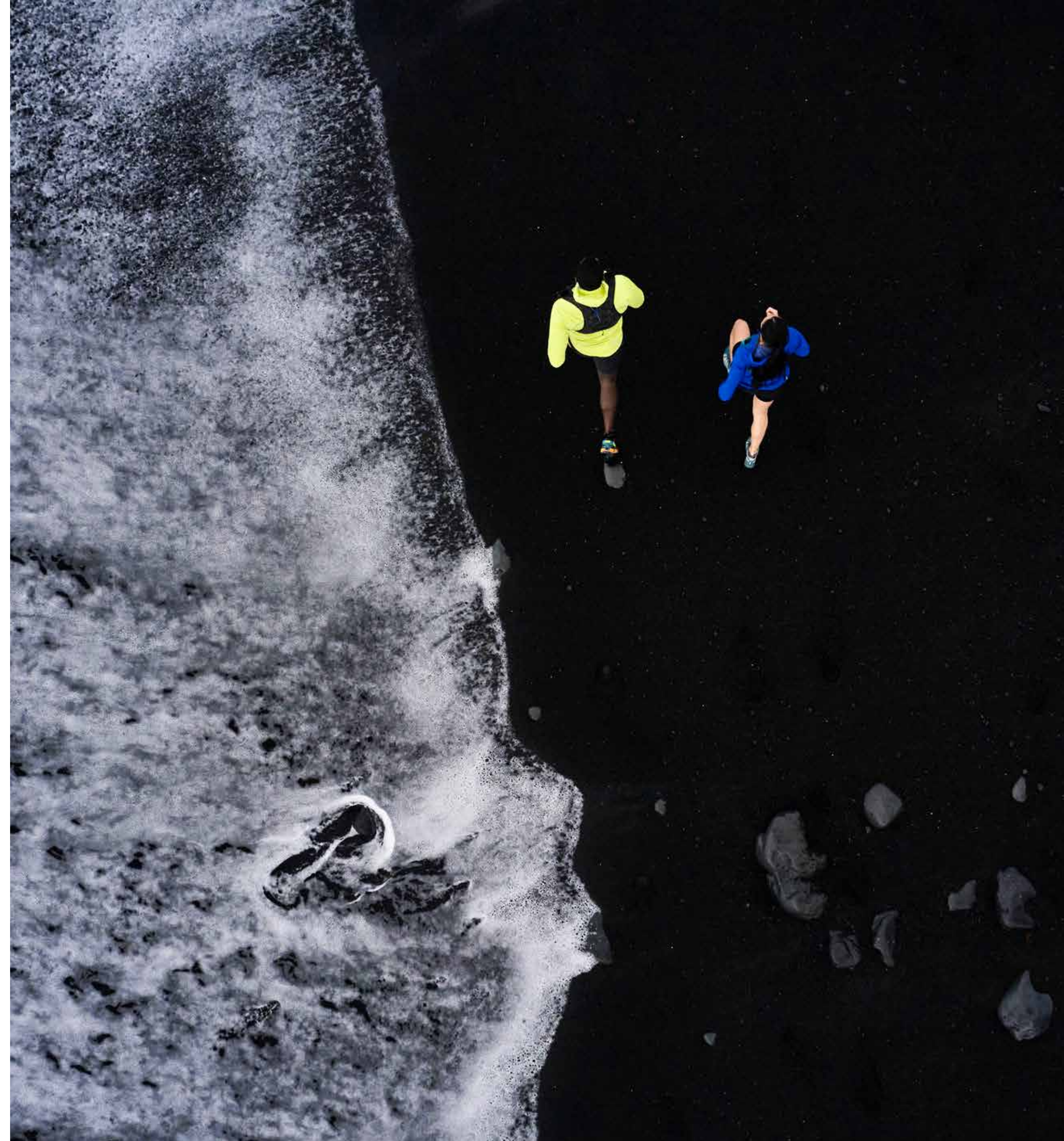
In 2021, we conducted a formal modern slavery training to approximately 25 employees in Portsmouth, Belfast, and Yuanlin who work closely with our supplier factories (on sourcing, operations, product development, planning, design, and engineering). This training session covered definitions of modern slavery, human trafficking, and forced labour; manifestations of modern slavery; risks of modern slavery in WiggleCR's supply chain; case studies; and practical advice on how to identify red-flags of modern slavery when visiting supplier factories.

In 2022, we plan to conduct formal training to WiggleCR's Senior Leadership Team with this same training on modern slavery.

This statement was approved by the Board of WiggleCR.



Huw Crwys-Williams  
Chief Executive Officer  
WiggleCR  
June 2022



wiggle | chain reaction | dnb | VITUS | NUKEPROOF | HOT LINES