

FITFLOP MODERN SLAVERY TRANSPARENCY

STATEMENT 2020/2021 (FOR FINANCIAL YEAR 2019)

INTRODUCTION

FitFlop is absolutely committed to ensuring that there is no modern slavery or human trafficking in our business or supply chains; and to preventing modern slavery and human trafficking in our corporate activities.

This is our fourth Modern Slavery Statement, made pursuant to the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2020. It relates to our most recent financial year, which ended on 31 December 2019. This statement sets out the potential risks related to our business, the steps that we have taken during the past 12 months, and the steps that we will continue to take to ensure that modern slavery and human trafficking are not taking place within any part of our organisation and supply chain.

Over the past year we have continued to take active steps across our global business to increase the depth and breadth of our work to ensure we identify any instance of modern slavery practices and eliminate them from our supply base. To this end we have also worked hard to educate and build knowledge in this area within our own teams and those of our suppliers, distributors and partners. You can find out more below about our business and supply chains, our policies, the due diligence processes we have in place, the steps we took in 2019 to identify and mitigate the risks of modern slavery and human trafficking, and the steps we will take in the coming year.

OUR BUSINESS AND SUPPLY CHAIN

FitFlop is a global, multi-channel brand

Launched in 2007, FitFlop™ is one of the world's most popular makers of biomechanically engineered shoes, sneakers and sandals. Our mission is to empower you to live an active and fulfilled life. Supporting you from the ground up with the perfect combination of biomechanics, comfort and fashion. We are a global brand, providing footwear and related items to customers and consumers in around 60 territories. Business activities include the design, development, sourcing, manufacture, transport and sale of products. We act as a holding company for subsidiary undertakings in the US and Germany, with our headquarters in London and operational offices in Hong Kong and Ho Chi Minh City, Vietnam.

We source finished footwear (“Tier 1”) from factories in Vietnam, China and Indonesia. We also work directly with a number of component, material and packaging suppliers (“Tier 2”) globally. We carry out testing and development work in the UK, Canada, Vietnam, Indonesia and China. We have established long-term relationships with several of our partners and have built these relationships over many years in most cases. This enables us to gain a deeper understanding of the issues faced by our suppliers.

DUE DILIGENCE

The primary risk for our business is in association with our suppliers in relation to sourcing from countries outside of the UK, particularly those based in Asia-Pacific countries. As part of our initiative to identify and mitigate risk in our supply chains, we have systems in place to:

- Identify and assess potential risk areas in our supply chains.
- Mitigate the risk of slavery and human trafficking occurring in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistle-blowers.

SUPPLIER REVIEWS

We undertake due diligence when considering new suppliers to take on and regularly review our existing suppliers. We assess our supply chain to evaluate particular geographical risks of modern slavery and human trafficking. We work closely with our suppliers to understand their production processes and we make it a contractual requirement that all manufacturers (Tier 1 and Tier 2), major retailers, distributors, franchisees and major suppliers we do business with sign our Code of Conduct (see below). Employees from our London head office and our regional offices in Hong Kong and Ho Chi Minh City regularly visit all our suppliers. This gives us invaluable insight into working practices, processes and conditions across our supply base, allowing us to spot potential issues relating to modern slavery and human trafficking. In most cases we operate in shared factory environments. We work with our industry partners in spotting and addressing modern slavery and human trafficking issues.

AUDITS

We work with specialist external auditors to carry out independent, third-party audits every two years in the factories we use in all Tier 1 and all Tier 2 manufacturing locations. We employ a global specialist auditing firm to evaluate our partners using the SMETA (SEDEX Members Ethical Trade Audit) methodology, considered to be the gold standard and used by many other established, responsible brands.

AUDIT OUTCOMES

We analyse the outcome of audits and decide what action, if any, needs to be taken, including providing advice to suppliers through our third-party auditors and our internal CSR team; requiring,

where necessary, the factory to implement corrective action plans. Should suppliers fail to take appropriate action on any corrective measures or where they seriously violate our Code of Conduct, we would consider invoking sanctions against them or terminating the business relationship.

EMPLOYEE/WORKER DUE DILIGENCE

In each country where we employ staff, we ensure our compliance with the relevant employment legislation. We recruit and select our own workers, with the help of reputable recruitment agents or in-house recruiters, and determine the terms and conditions of their employment. Employees/ workers are free to accept or reject any employment offers made. As part of our recruitment process we undertake checks on all workers to verify their identity, age and eligibility to work in that country.

We always aim to pay our workers a reasonable and fair wage for the job they are doing, and this will be at or above the legal minimum wage in the country they are employed.

We require the same standards from our suppliers and we confirm this through our audits. We also require the same or equivalent standards from our distributor and franchise partners.

OUR POLICIES AND CONTRACTS

At FitFlop, our core values frame our approach to the prevention of modern slavery and human trafficking and ensure that we are committed to acting ethically and with integrity in all of our business relationships. Our core values are:

BETTER... At what we do, all the time. By continually raising the bar on our product, our communications, customer service, work output, efficiency, respect for ourselves, our co-workers and our customers.

PROUD... Of every shoe we make, of our brand and its energy and of every interaction we have on behalf of our company.

APPRECIATIVE... Of the opportunities we have, the people who work with and support us, the retailers who stock us, the suppliers who supply us and the customers who love us - we never take them for granted.

Key relevant policies are:

WHISTLEBLOWING POLICY

We strongly encourage all our workers and business partners to report any concerns related to our activities or activities within our supply chains. Our whistleblowing policy ensures that all workers know that they can raise concerns about how workers are being treated, or practices within our business or supply chain. This includes any circumstances that may give rise to an enhanced risk of modern slavery and human trafficking. This policy is designed to make it easy for workers to make disclosures, without fear of reprisals.

CODE OF CONDUCT FOR SUPPLIERS AND DISTRIBUTORS

We seek to ensure that our suppliers and distributors adhere to the highest standards of ethics. We require all product, materials and service suppliers, distributors and franchisees to sign our Code of Conduct, which mandates the following:

- safe and sanitary working conditions;
- no forced labour;
- no child labour;
- no harassment or abuse;
- no discrimination;
- freedom of association and collective bargaining;
- payment of at least minimum legal wage; and
- working hours that are not excessive.

Suppliers are required to demonstrate that they provide safe working conditions, treat workers with dignity and respect, and act ethically and within the law in their use of labour. We work with suppliers to ensure that they meet the standards of the Code and improve their workers' working conditions. Serious violations of our Code of Conduct would typically lead to the termination of the business relationship.

CORPORATE SOCIAL RESPONSIBILITY POLICY

We continue to build our corporate social responsibility policy, which sets out our commitment to preventing human-rights abuses, minimising environmental damage and assuring fair business practices.

ANTI-BRIBERY POLICY

We have a comprehensive anti-bribery policy, supported by detailed guidance and employee training.

CONTRACTS

Our standard manufacturer, distributor and franchisee contracts require adherence to our Code of Conduct. We also include contractual provisions that help us implement and enforce our controls to identify, prevent and mitigate modern slavery and human trafficking. These include provisions regarding auditing, access to records, treatment of workers, anti-bribery and compliance with laws.

RISK MANAGEMENT/MITIGATION

Reporting on progress made in 2019/20

In 2019/20 we committed to take certain steps to further enhance our ongoing efforts to identify, prevent and mitigate the risks of modern slavery and human trafficking. Below we set out the progress we have made in 2019:

- **Fresh supplier audit cycle:** We commenced a new modern slavery external audit cycle, starting with the renewal of audits with nine existing factory suppliers and two new tier 2 suppliers in 2019. An independent third party conducts regular reviews to bring insights into ways to tackle slavery and human trafficking.
- **Staff training: We have renewed the modern slavery training that we provide to our internal teams.** Our entire Asia Pacific factory team has now been trained in modern slavery and on audit principles, delivered by our third party audit partners. Our global teams have been provided with new resources and materials to ensure constant vigilance, to mitigate risks that formal audits may not uncover.
- **Processes to encourage detection and reporting:** We have conducted a large number of in-person visits to our key factory suppliers, supported by appropriate resources, to ensure greater visibility over working practices.
- **FitFlop Code of Conduct:** Maintained our existing Code of Conduct database and rolled out our new code of conduct to 100% of new retail franchisees and distributors.
- **Supplier relationships:** Continuing to review our existing supply chains, evaluating all existing and potential suppliers. Continued to build and maintain long-term relationships with our suppliers and clearly highlight to them our expectations of business behaviour.

Our future areas of focus

In 2020/21 we commit to continue and improve our efforts to identify and mitigate the risks of modern slavery and human trafficking.

FitFlop recognises that during the Coronavirus pandemic, there may be increased modern slavery risks which will need to be addressed. FitFlop considers that it is essential that it continues its activities to identify and address modern slavery risks in this changing context. FitFlop will consider which parts of its supply chain may be particularly vulnerable, and intends to keep its board of directors updated on emerging risks.

Over the coming year we plan to focus on the following:

- Increased corporate training on modern slavery awareness, including annual communication of this statement to all employees.
- Work with external stakeholders to improve our understanding of modern slavery, and ensure our processes follow best practice.
- Complete our latest supplier audit cycle.
- Continue to review our franchisee operations.
- Continue to review our existing supply chains, evaluating all existing and potential suppliers.
- Continue to build and maintain long-term relationships with our suppliers and clearly highlight to

them our expectations of business behaviour. We will continue to create an environment of trust and transparency with suppliers and develop a deeper understanding of the issues our suppliers face.

- Encourage the reporting of concerns and continue providing appropriate protection for whistle-blowers.

We will not support or deal with any business knowingly involved in modern slavery and human trafficking.

APPROVAL FOR THIS STATEMENT

This statement has been approved by the Board of Directors.

A handwritten signature in blue ink, appearing to read 'Aurelia Sasse', is positioned below the approval text.

You can view our Modern Slavery statement for previous financial years by clicking [here](http://www.fitflop.com/uk/en/modern-slavery-statement-18) (<http://www.fitflop.com/uk/en/modern-slavery-statement-18>).