Rapha Wool Sourcing Policy

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Scope

This policy applies to all Rapha wool and wool blend materials and trims, and covers the social, labour and environmental risks present in the wool supply chain across Tiers 1 to 4.

Supply chain tiers are defined as follows:

Tier 4 - raw material origin

Tier 3 - raw material processing and suppliers of components to tier 2 materials

Tier 2 - materials suppliers (fabric mills, trim manufacturers)

Tier 1 - finished garment manufacturers

Background

Merino wool has been a Rapha staple since the start. With the ability to naturally regulate body temperature, it is a wonder material for cycling. We created our own Rapha Performance Merino (RPM) blend in 2004 and used it in our very first product, the Classic Jersey. Merino wool remains a huge part of Rapha's product offering and as such, it is critical that we turn our attention to the environmental and social risks involved in the wool supply chain and ensure we are supporting ethical practice.

Wool is the <u>most used animal-based fibre</u> and it is produced in extensive farming systems in over 100 countries around the world. The majority of merino wool is now produced in Australia, South Africa and New Zealand and it is considered the world's finest and softest wool.

The wool supply chain is complex and often involves multiple processes from farming to blending, scouring, carbonising, carding, spinning, weaving or knitting and dyeing and finishing. Wool is often traded multiple times and agents may be used at each stage. This can make tracing wool from finished garment back to its original source challenging.

Policy Fundamentals

- 1. Rapha requires all wool to be RWS certified by 2025
- 2. Impacts at farming and processing stages
- 3. Supply Chain Traceability
- 4. Sourcing countries

1. Rapha requires all wool to be RWS certified by 2025

To address the environmental and social challenges related to wool production, Rapha has committed, by 2025, to only sourcing wool that is certified to the Responsible Wool Standard (RWS). To meet this commitment, we will work with our raw material suppliers across every Tier (1-4). We will also communicate our preference for all our wool to be RWS certified at raw material level. When this is not possible, we will also accept RWS certification at fibre or yarn level.

2. Reduce the impacts at farming and processing stages

Impacts of wool fibre farming at Tier 4

The impact of wool production at farm level can be subdivided into the key areas: land management, animal welfare and social welfare. The practice of mulesing is one of the main risks in some of the aforementioned countries. RWS certification not only guarantees the absence of mulesing, but also ensures animal welfare through the application of the Five Freedom points:

- 1. Freedom from hunger or thirst
- 2. Freedom from discomfort
- 3. Freedom from pain, injury or disease
- 4. Freedom to express most normal behaviour
- 5. Freedom from fear and distress

In addition to this, RWS also ensures best practices in the management and protection of the sheep grazing land: <u>if left to graze</u> without proper management and rotation, sheep may overgraze and put the ecology of that region at risk. Overgrazing can lead to loss of soil from wind and water erosion with no foliage left to hold it in place. Sheep farmers should have practices in place to prevent erosion, and even to help restore land health over time.

Impacts of wool processing

During processing, we encourage our suppliers to reduce the environmental and health impacts of synthetic chemicals as well as making efficient and responsible use of water and energy. RWS certification guarantees that the use of harmful chemicals and their environmental impacts are minimised.

Rapha requires its Tier 1 and 2 suppliers to comply with the UK and <u>EU REACH</u> legislation to ensure that no hazardous or restricted substances are present in finished goods. In addition to this, we require Tier 1 and 2 suppliers to measure their chemical management performance through the <u>Higg Index FEM</u>. This ensures that hazardous and restricted substances are not used during manufacturing and that water and waste management processes are monitored through adherence to the <u>ZDHC MRSL</u>.

3. Supply chain traceability

Supply chain traceability is necessary to prevent, record and remedy social and labour risks in the wool supply chain. Due to the complexity of the wool supply chain, traceability to farm level is difficult. RWS uses the segregation chain of custody model, which ensures that wool is segregated at each stage of the supply chain, thereby guaranteeing traceability after farm level. At farm level, additional documentation is guaranteed to verify the country of origin. Any wool, if covered by RWS from scouring onwards, must be certified. Any wool that has RWS certification therefore guarantees by proxy that no forced labour has been used at farm level.

The Responsible Wool Standard's social requirements are based on the principles of the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, guaranteeing that good working conditions are upheld.

4. Sourcing countries

Rapha currently sources the majority of its wool from Australia, with a small portion from New Zealand and South Africa. We source from these countries because of our confidence in the <u>Australian Wool Strategy 2030</u>. Through technological innovation, environmental stewardship and building a young and prosperous community of farmers, the strategy is transforming Australian farming. Progressive agritechnologies including virtual fencing and remote sensing are employed to help the young, skilled workforce. And farmers are also equipped with the apparatus needed to detect health issues like flystrike early on, so that sheep can be separated and treated without the need for mulesing.

Rapha does occasionally source wool from other countries but we insist on RWS certification, which screens for any potential environmental, social and animal welfare issues.

Holding ourselves accountable by publishing our commitments

Rapha commitments

- 1. Rapha commits to nominating all wool suppliers at Tier 2 level. This allows us visibility of our wool fabric suppliers, and allows us to build strong relationships. These relationships foster trust and cooperation that are necessary to tackle the complex nature of tracing wool.
- 2. Rapha may audit our suppliers' compliance with this policy through the use of 3rd party auditors at any stage.

Supplier commitments

1. Sustainability certifications

Rapha requires RWS scope certificates for all Tier 2 facilities at the onboarding process, and subsequently when each certificate expires. Where applicable, we require RWS transaction certificates to be supplied at purchase order level by our Tier 1 suppliers, who will acquire these from Tier 2 suppliers if not supplied by Tier 1. Tier 2 suppliers are responsible for gathering transaction certificates from Tiers 3 and 4. Rapha commits to forecasting the need for RWS certificates at fabric shipment level on forecasts to Tier 2 suppliers.

2. Material type and composition

Rapha requires its Tier 2 suppliers (and Tier 1 where using local suppliers) to provide a Commercial and Technical Sheet for the specific material/trim, which includes any information related to the fibre/yarn specifications as well as any performance test conducted.

3. Manufacturing processes

Rapha requires all Tier 1 and 2 suppliers to report on environmental and chemical management processes via the Higg Index FEM annually.

4. Material traceability

Rapha requires its suppliers at Tier 1 (where using local source) and Tier 2 for nominated source to trace and disclose all partners and facilities in its wool supply chain to Tier 4 level. This includes farming, blending, scouring, carbonising, carding, spinning, knitting, weaving, dyeing and finishing.

We require these suppliers to maintain documentation of facility name and location. This may take the form of RWS transaction certificates for each stage of the supply chain, or purchase invoices. Rapha may request this information at any time and expects suppliers to maintain records for five years.

Mutual commitments

Both Rapha and our Tier 1 and 2 suppliers commit to upholding this policy.

Non-compliance procedure

In the case of a breach of Rapha policy, we will always strive to rectify the situation with the stakeholder through remedial action. It is our duty to maintain business relationships where it is possible to effect positive change. Undue termination of contract does not solve problems, it merely pushes them onto other organisations.

We would resort to termination of contract under the following circumstances:

- If, after repeated attempts at remedial action, it is not impossible for an improvement to be made
- If the stakeholder shows no willingness to improve
- If it is not possible to undertake remedial action for reasons beyond our control (e.g. Rapha is prohibited access to information or verification by an organisation with significant power such as a national government.)

How we communicate our policy

Rapha commits to circulating this policy and training all internal teams involved in the sourcing and use of wool. We also commit to circulating this policy to all Tier 1 and 2 suppliers, from whom we expect assurance of compliance.

This policy will also be hosted publicly on Rapha's website to make our position clear to all our stakeholders and to hold ourselves accountable to upholding these standards.

It is our duty to update and evolve policies over time. We commit to reviewing this policy annually, and on an ad-hoc basis when significant developments occur. Our Supply Chain, Sustainability and Materials Teams commit to ongoing due diligence on wool sourcing. This includes monitoring the industry for any new developments, such as traceability technology.