



# **Filippa K AB social report**

Reporting period January 2020 to December 2020

## Filippa K

COMPANY WEBSITE [WWW.FILIPPA-K.COM](http://WWW.FILIPPA-K.COM)

FAIR WEAR MEMBER SINCE 2008



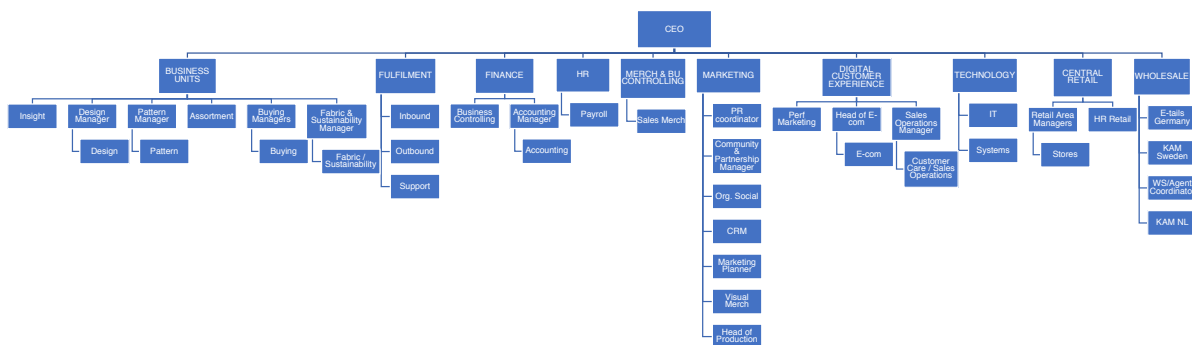
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# Filippa K social report

NOTE: Under each question, please focus on the improvement that has been realised in the previous financial year. Given that the report will be published on the website, delete the parts where we explain the question/description.

## Organisational chart



## Summary: 2020 goals & achievements

Filippa K believes that companies are built upon People and therefore People's Management is one of the most important drivers for a successful company. We believe that the same values should be reflected at our supply chain.

Filippa K has always valued long-lasting relation with our suppliers. It is a precondition when striving for improved interaction and high-quality performance in all aspects.

The year 2020 was a real challenge due to the pandemic, its impact both financially and on people. Filippa K sales was affected, and the order quantities decreased by almost 30% which impacted our suppliers. Despite cancelled orders, Filippa K still took shared responsibility with our suppliers.

2020 Filippa K implemented the new sourcing strategy with aim to consolidate the supplier base and the goal is to increase the orders for each supplier and increase the quality level and improve the

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relationship. Due diligence for each supplier covers transparency, traceability, and accountability as key factors.

*Erik Björk- CFO:*

*Unprecedented, the year 2020 brought many challenges due to Covid 19. Our supply chain in various countries was badly affected during different period which impacted Filippa K. The long-term relationship we have with our suppliers turns out to be a robust mechanism during this period in which we supported each other in various ways despite the financial challenges we were facing. It is evident that Filippa K policy concerning the social governance in our supply chain has contributed to solve the issues occurred. For us this is the proof of our policy and going forward we need to invest even more in our social governance by increasing our effort to ensure that people working in our supply chain are well treated and respected.*

Filippa K has the intention to increase our effort in addressing social compliance and traceability in our supply chain to ensure that no forced labor exists, to implement anti-corruption policy and to implement human right due diligence.

During 2020, we conducted 1 audit in China by end of 2020 with poor result. Noncompliant findings on all issues. We will work together with this supplier to implement system and leadership in social governance.

Another audit was planned in Turkey but had to be postponed to 2021 due to pandemic closure.

## **Sourcing strategy**

### **SOURCING STRATEGY & PRICING**

*Our purpose and promise are to inspire a movement of mindful consumption by showing simplicity is the purest form of luxury.*

Objective is to maintain product quality level to serve our customer. We want to improve our collaboration with the supplier by placing more continuous core orders and thus decrease the seasonal high and low periods. Closer collaboration with our supplier will lead to more flexibility and awareness of production capacity internally. A tool which supports the system of continuous core orders issuance was developed during 2020.

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We want to increase transparency and traceability, in our supply chain by working with transparent costing which has not been achieved during 2020.

## **PRODUCTION CYCLE**

The process of product developments starts 11 months in advance of each seasons and order issued 6 months ahead of the delivery. 40% of the collection consists of CORE (never out of stock products) which enable supplier to plan their capacity. A production planning tool for CORE has been developed to support our buying department to issue projection of material and quantities, order date and the required delivery date which enable the suppliers to book material in advance.

## **FACTORY RELATIONS**

2020 Filippa K started to cooperate with 5 new suppliers after a 6 month of trial period in which we developed samples to evaluate quality and a due diligence of social compliance was performed. Following was sent and reviewed: Questionnaire, Code of Conduct, Worker Information Sheet, review of available audit. Visits was conducted already by 2019 and beginning of 2020 before Covid became pandemic.

Filippa K discontinued relationship with quite many manufacturer/ sewing factories in 2020 due to a new sourcing strategy of consolidating our supply chain, due to some product groups were discontinued and due to the transformation of our business. This was informed by March 2020 by issuing an official letter with reasons of consolidation.

We exited from India as production country and the last order was delivered by beginning of 2020. The supplier in Estonia discontinued its operations. We discontinued to produce leather bags, and accessories such as belt, gloves, socks and ties and some relationship for these product groups were discontinued. The manufacturer/ sewing factories were informed about of our intentions around 5 months in advance.

In Vietnam we exited the relationship with 2 manufacturer/ sewing factories due to too low order quantities and discontinued the accessories production.

In China we exited the relationship with 5 manufacturer/ sewing factories due to poor quality, poor financial situations, and closure.

The manufacturer/ sewing factories in Portugal were consolidated from 54 to 25, partly due to discontinued relationship between vendors and manufacturer/ sewing factories, discontinued of

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some products and new sourcing strategy. Our objective is to improve relationships and to increase order volume per manufacturer/ sewing factories.

White Russia and Ukraine manufacturer/ sewing factories are owned by Lithuanian vendor, due to covid the owner closed these 2 units temporarily.

In Lithuania we exited 5 manufacturer/ sewing factories due to consolidations and new collection strategy and the transformation of business.

Filippa K monitored the activity at the manufacturer concerning the prevention and availability of PPE to mitigate the pandemic in the risk countries. Manufacturer/ sewing factories submit information of the activities they have taken to protect the worker such as disinfecting before entering factory floor, limited access to factory floor, workers are wearing PPE etc.

## **INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS**

Filippa K aims always for a long-term relationship and most of our manufacturer/ sewing factories has been with us for a long time.

Manufacturer/ sewing factories are divided into Partner, Preferred and Approved classification.

Evaluation of manufacturer/ sewing factories are based on 6 different criteria in which sustainability is one of them. The sustainability criteria consist of Social Compliance, Traceability, Certification, Sustainability Initiative and Financial strength. Consequently, all our partners in the supply chain must comply to our Code of Conduct and must ensure implementation is done correctly.

Filippa K have a 360-degree evaluation system involving supply, design, and pattern department and finally the compliance manager. This system ensure that we reach our objective of both social compliance, price, and quality.

## **Coherent system for monitoring and remediation**

Compliance Manager works closely with the Buying department to implement a systemic work for social governance in supply chain.

A potentially new manufacturer/ sewing factories is evaluated as following:

- Buying visit

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- Code of Conduct acceptance by signing
- Questionnaire filled in by manufacturer/ sewing factories and evaluated by Compliance Manager
- Posting of Workers Information Sheet
- Signing Fair Wear Transparency Document
- Audit evaluation by Compliance Manager by using Fair Wear audit assessment tool

When buying visiting regular manufacturer/ sewing factories:

- Basic Health & Safety check to be filled in. Any findings to be discussed with the manufacturer/ sewing factories
- For risk countries such as Italy, Romania, Turkey a country risk specific check list to be filled in and discussed with the manufacturer/ sewing factories.

Audits:

- All manufacturer/ sewing factories in risk countries is audited every 3 years.
- Findings and CAP is discussed with the buyers as well with the manufacturer/ sewing factories.
- When buying visits, the remaining issues of the CAP will be discussed.

Visit schedule:

- Each manufacturer/ sewing factory must receive a visit at least once every other or every third year.

## **China**

China represents 24.7% of our FoB Value. A transition of the allocation starts to happen this year based on the new sourcing strategy, moving from China to Europe and Vietnam.

Filippa K collaborates with 9 manufacturers/ sewing factories through 9 vendors.

Audit M:13870 Fair Wear Initial audit 2020: 1 unit in China. There were many issues found such as living wage could not be verified, workers are paid below living wage, working hours does not reflect the hours worked, excessive overtime, workers are not aware of union or its functions. All these issues must be resolved, and Filippa K will empower the vendor with more capabilities concerning social compliance by organizing a work education program at site during 2021 and 2022.

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Audit V:2571 Fair Wear verification audit 2019: Issues concerning communication during the pandemic was resolved by using WeChat as tool. Living wage is an unresolved issue.

Audit V: 7310 Fair Wear verification audit in 2019: CAP still not resolved due to furlough and change of staff during the pandemic.

Audit report 10575: Filippa K discontinued the cooperation with this unit upon request of owner since the unit was closed.

Amfori BSCI audit 143585 20190127 follow up: was conducted at 1 unit but cannot be summarize since it is a follow up audit.

Filippa K have the objective to learn more of how to address the living wage issues and we are planning to start a living wage project with 1 unit in China.

No visit was conducted in 2020 due to the pandemic.

## **India**

India represents 0,5% of our FoB Value.

2019 we decided to exit India and the last shipment occurred by January 2020. We will maintain a relationship with 1 of the manufacturer/ sewing factories who produces leather in case a future need arises.

## **Italy**

Italy represents 2.9% of our FoB value.

Filippa K collaborates with 7 manufacturers/ sewing factories through 5 vendors. From 2020 Italy is classified as risk country due illegal migrant working in small laboratories. Issues have risen for the past years and we need to vigilant with all the manufacturers.

Monitoring includes visits, health & safety check and worker information sheet posting.

No visit was conducted in 2020 due to the pandemic.

No audit was conducted



## **Lithuania**

Lithuania represents 4.5% of our FoB value.

Filippa K collaborates with 7 manufactures/ sewing factories through 3 vendors, whereas Filippa K discontinues the relationship with 1 vendor and its factory due to the new sourcing strategy.

Lithuania is classified as a non-risk country.

Monitoring includes visits, health & safety check and worker information sheet posting.

No visit was conducted in 2020 due to the pandemic.

## **Marocco**

Marocco represents 1.3% of our FoB value and is an important manufacturing country.

Through a vendor in Portugal, we work with a factory for shirt production in Marocco.

Monitoring includes visits, health & safety check, country risk assessment and worker information sheet posting.

No visit was conducted in 2020 due to the pandemic.

No audit was conducted.

## **Portugal**

Portugal represents 43,5% of our FoB value and is an important manufacturing country.

We have a long presence in Portugal which spans from 1993 when the company was founded. Filippa K collaborates with 25 manufacturers/ sewing factories. Portugal is classified as a non-risk country although we still have the commitment to monitor each vendor.

Monitoring includes visits, health & safety check, country risk assessment and worker information sheet posting.

Visit to 5 manufacturer/ sewing factories in January and February 2020. By march all travel was banned.

## **Romania**

Romania represents 16,5% of our FoB value.

Filippa K collaborates with 2 manufacturers/ sewing factories.

Monitoring includes health& safety check, worker information sheet posting and country risk evaluation during visits.

Amfori BSCI audit was conducted 20190425 by other brand in 1 unit and the same unit will be audited in 2021 by Fair Wear

No visit was conducted in 2020 due to the pandemic.

## **Spain**

Spain represents 0,2% of our FoB value.

Filippa K started to work with Spain as a production country by 2019 in which samples were developed and evaluated. By 2020 Filippa K issued orders for 1 manufacturers/ sewing factories through 1 vendor.

Monitoring includes health& safety check and worker information sheet posting.

Visit was conducted in February 2020

## **Turkey**

Turkey represents 4,6% of our FoB value.

Filippa K started to work with Turkey as a production country by 2019 in which samples were developed and evaluated. By 2020 Filippa K issued orders for 3 manufacturers/ sewing factories.

Monitoring includes health& safety check, worker information sheet posting and country risk evaluation.

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1 unit was Amfori BSCI 151366 audited 20190515 and minor non-compliance issues were found such as free child care services is not provided despite requirement of law. Living wage calculation was not made from adequate sources. The related earthquake durability performance report for the building is lacking.

1 unit was Amfori BSCI 168694 audited 20191126 and minor non-compliance issues were found relating to management system, lack of training for management and supervisors concerning discrimination, calculation of living wage is missing for the area.

1 unit was scheduled to be Fair Wear audited during 2020 but due to pandemic, this audit was conducted in January 2021

Visit was conducted in January 2020 by buying.

## **Ukraine**

Through our Vendor in Lithuania, we started production at their fully owned unit in Ukraine but due to the pandemic, the unit in Ukraine was closed temporarily during 2020 and all production moved to Lithuania.

Sumations Audit E:3012: in this unit 2109 managed by Vaude in 2019 and all findings are resolved except for living wage.

No visit was conducted in 2020 due to the pandemic.

## **White Russia**

Through our Vendor in Lithuania, we started production at their fully waned White Russia unit but due to the pandemic, the unit in White Russia was closed temporarily during 2020 and all production moved to Lithuania.

Sumations Audit E:12673: This is a joint member audit with Ortovox and all noncompliance findings are resolved

No visit was conducted in 2020 due to the pandemic.

## **Vietnam**

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Vietnam represents 1,3% of our FoB production value.

Filippa K collaborates with 3 manufacturers through 3 vendors.

An SA8000 audit report from 2018 was received and a CAP was issued, all issues has been resolved.

This same unit will be Fair Wear audited 2021.

Gender harassment are the hidden issues in Vietnam and Filippa K monitor this issue during our visits and check if policy is available.

Monitoring includes visit, health & safety check and worker information sheet posting.

Visit was conducted by buying in February 2020

## **EXTERNAL PRODUCTION**

N/A

## **Complaint's handling**

No complaint was received during 2020

## **Training and capacity building**

### **ACTIVITIES TO INFORM STAFF MEMBERS**

Meeting with buying department discontinued by beginning of April 2020 due to the pandemic and all the employees were on furlough and work only 40% until 1<sup>st</sup> of September 2020. The furlough of 20% continued during autumn 2020 and by November we resumed the normal working hours.

Meeting with buying departments will commence quarterly starting from 2021 Spring.

During the furlough period, the CEO held digital meeting every week to inform the status of the company and to ensure that all staff are informed when working from home.

Sustainability reports are published on [www.filippa-k.com](http://www.filippa-k.com)

Business Performance Check are published on [www.filippa-k.com](http://www.filippa-k.com)

## **ACTIVITIES TO INFORM AGENTS**

Filippa K discontinued the cooperation with most of the agents and currently we work only with 2 agents. The Turkish agent will receive a training concerning Fair Wear in 2021. By end of November, we held a digital supplier meeting to inform about the sourcing strategy and the transformation of the business.

## **ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS**

Filippa K Compliance Manager is responsible to take the leadership of social governance in supply chain.

Supply chain:

- To communicate about Fair Wear
- To inform about our social governance objectives and targets.
- To schedule audits, to review and resolve CAP issues
- Organizing WEP in supply chain
- Manage Fair Wear system
- Meeting quarterly to update buying

Buying:

- Communicating about the audit and noncompliance issues
- Ensure that buying follow up during visits, monitor and register the visit
- Ensure that buying follows requirements of due diligence in case of new supplier

## **Information management**

Filippa K has a long-term relationship with the suppliers, all suppliers are fully informed about our social governance work and about our Fair Wear membership.

All new and old suppliers must sign and implement the requirement stated in Code of Conduct.

The buying department conduct visits to all vendor and manufacturer/ garment maker at least 1 every 3 years to discuss and monitor the implementation of the Code of conduct.

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During the visit, a tour in the factory is arranged, on the agenda we have social compliance in which we discuss the Worker information sheet, Health & Safety checklist, and awareness among the workers.

Majority of Filippa K manufacturer/ sewing factories are in non-risk countries and we monitor each production location by visits, posting of worker information sheet and ensure that Code of conduct is signed.

For the non-risk countries such as Portugal, we have developed a risk country risk assessment tool to identify non-paid leave and for Italy which is classified as a risk country a risk assessment tool to identify Chinese illegal workers.

In the risk countries such as Turkey, we include interviews relating to country risk assessment such as Syrian migrant worker. The buyers have been informed of how to detect any discrepancy relating to Syrian migrant workers.

All factories have implemented complaint box for the worker.

Filippa K issues order 5 months ahead of the delivery for the collections and for the CORE products, we issue order 8 times per year with projections of quantities together with block of material issued 5 months ahead. This gives the suppliers well time to prepare and to excess working hours when producing our garments.

Due to Covid 19, all travels were suspended starting from March and our buying department kept in touch with the suppliers through a digital meeting.

## **Transparency & communication**

By sustainability report and [www.Filippa-k.com](http://www.Filippa-k.com)

## **Stakeholder engagement**

N/A

## **Corporate Social Responsibility**

OUR 2030 COMMITMENTS

Each year we work towards our sustainability commitments for 2030:

1. Only using sustainable materials (FK fibre class 1 and 2) for all products

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In 2020, 67% of all our products were made in more sustainable fibers. We discontinued our membership in BCI cotton and this has an impact on the numbers.

2. Full traceability and transparency throughout the supply chain

Our partnership with Trust Trace enables us to get closer to this goal each year.

3. Resource efficiency – only producing what is needed and purchasing exact material quantities. Our Core Collection of permanent pieces that are always available enables us to be more resource efficient because it is not seasonal. We have 200 articles in this collection

4. Good and fair working conditions for all people working with our products

Our partnership with Fair Wear Foundation gives us the resources and tools to achieve this to the highest level possible each year. Through audits and monitoring activities, we ensure that we have insights in our supply chain.