



Filippa K Social Report

Reporting period (Financial year: January 2021– December 2021)

Filippa K

WWW.FILIPPA-K.COM

FAIR WEAR MEMBER SINCE 2008



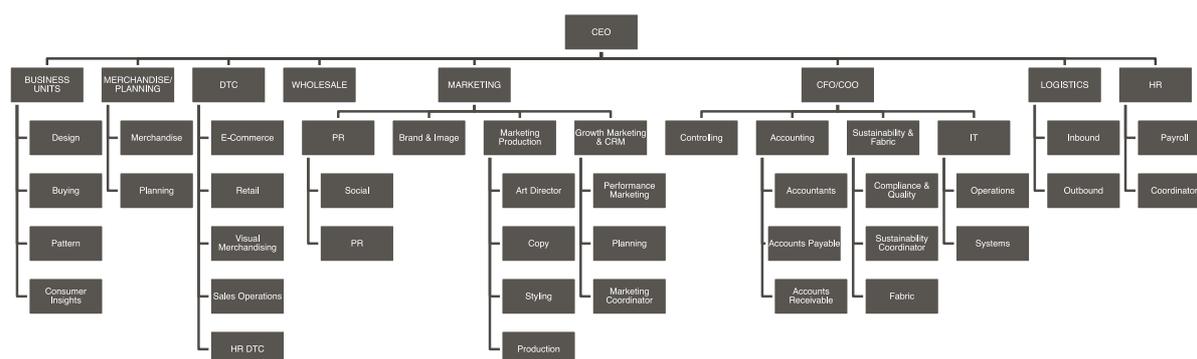
Table of contents

Organisational chart	3
Sourcing strategy	4
Sourcing strategy & pricing	4
Production cycle	5
Factory relations	5
Integration of monitoring activities and sourcing decisions	5
Coherent system for monitoring and remediation	6
China	7
Italy	8
Lithuania	8
Morocco	9
Portugal	9
Romania	10
Spain	10
Turkey	11
Vietnam	11
External production	12
N/A	12
Complaints handling	12
Training and capacity building	13
Activities to inform staff members	13
Activities to inform agents	13
Activities to inform manufacturers and workers	13
Information management	14
Transparency & communication	14
Stakeholder engagement	15
Corporate social responsibility	15

Filippa K Social Report

Organisational chart

ORGANIZATIONAL CHART



Summary: 2021 goals & achievements

Looking at the broader trends that affected our sustainability strategy in 2021, we had to consider increased raw material prices, supply chain and shipping disruptions, and increased energy prices. The market has been especially volatile as the pandemic continued – not only did material prices increase, but lead times increased and it became more challenging to secure lower impact raw materials. We were also forced to send our garments from production via air transport due to the increased lead times and global shipping disruptions.

We have prioritized measuring our operational and supply chain impacts and we completed our first baseline carbon emissions calculation in 2021. We also completed LCAs for our 5 biggest materials to have a better understanding of our scope 3 impacts. We will collect more actual data during 2022 so we can not only continue to measure our carbon emissions annually and take appropriate actions to reduce these, but also expand the impacts we measure to include water use, water toxicity, waste, and land use, among others.

Improving the social concerns and labour in our supply chain is an essential part of Filippa K’s sustainability strategy. We focus our efforts on circularity, impact reduction and traceability. Our 2030 goals include the aim to have 100% of our products fully traceable, down to the raw material. We understand that we must have full transparency in our supply chain not only to reduce impacts but to ensure that the social compliance is upheld at all stages. Our near-term goals also include achieving Fair Wear Foundation “Leader” status, so we are prioritizing actions that will help us achieve that. Filippa K strives to be a fair, reliable and long-term business partner. Our trading agents, suppliers and other business partners play an important part in realizing this aspiration. All partners of Filippa K are expected to operate in compliance with our Code of Conduct, which is developed to protect human

Social Report [January 2021 – December 2021] – past financial year

rights and provide good working conditions. This means that suppliers, trading agents and other partners must ensure that our Code of Conduct is respected and fulfilled by any subcontractors involved in the production processes carried out on behalf of Filippa K.

We understand that we have risks in our value chain such as workers not having fair working conditions in factories we buy from (e.g., working hours that are too long, not getting paid a living wage, or not having the right to free association), as well as corruption. The biggest risks for corruption are found in the relationships with suppliers, both between suppliers and Filippa K as well as between supplier and sub-suppliers. Employees involved in procurement of goods are exposed and must be able to recognize and resist when such opportunities present themselves. Corruption often results in inefficiencies and obstacles by creating a lack of objectivity. Objectivity can be affected where to place orders, what pricing to accept, and what quality to approve. It also compromises our brand values, especially regarding transparency and honesty, as well as the consumer's trust of Filippa K. We implemented a whistleblowing policy in February 2022 to further facilitate the safety for our personnel and minimize the risks going forward.

Covid-19 continues to bring many challenges for Filippa K. No visits to any suppliers have been conducted during 2021, and the buying team maintains dialogue with the suppliers through digital meetings. Filippa K and our suppliers have been struggling with the ongoing logistic disruption that occurred in 2021 which brought both delays and increased raw material prices.

For the suppliers located in the risk countries, a Covid assessment survey was conducted. The purpose of this survey is to assess how Covid-19 has impacted the life and livelihood of the workers in cases of lockdown. A questionnaire was sent to each including the requirement of wage payment verification with the support from a Fair Wear local representative. We were able to verify the wages paid during lockdowns and to secure that each manufacturer does have a functioning preventative program to keep their workers safe.

To increase the workers' awareness of our Code of Conduct and the complaint mechanism, Filippa K sent to each worker located in Romania, China and Vietnam a Workers Information Card.

During 2021, we conducted two audits in Romania: one had a very good result and the second needs an improvement effort as there were many non-compliant findings. Three verification audits were planned for our suppliers in China and due to the pandemic, Fair Wear succeeded in performing two audits during 2021. China brings many challenges in terms of communication between workers and management, freedom of association, working hours, safety & health issues and living wage. Filippa K is addressing this step by step to achieve remediation with the suppliers.

The postponed audit in Turkey was finally performed by January 2021 and nearly all non-compliance issues has been resolved during 2021. Another verification audit was planned for our supplier located in Vietnam but needed to be postponed until 2022 due to the pandemic.

During 2021 Filippa K conducted a wage analysis of the workers to ensure that the legal minimum wage is paid to all those working for suppliers located in the risk countries.

Sourcing strategy

SOURCING STRATEGY & PRICING

Our mission is to drive a movement of mindful consumption.

Social Report [January 2021 – December 2021] – past financial year

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. We want to increase transparency and traceability, in our supply chain by working with transparent costing by using Fair Price application.

PRODUCTION CYCLE

The process of product developments starts 11 months in advance of each season and order issued 6 months ahead of the delivery. A production planning for each collection is 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

2021 Filippa K started to cooperate with 2 new factories in Portugal, 1 factory in Italy and 1 factory in Turkey. A 6 to 12 months trial period is required 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 has not been conducted due to the pandemic.

We resumed relationship with some suppliers due to increase in accessories product offering such as leather bags, belts, and gloves.

Filippa K cooperate with 2 other Fair Wear member to remediate audits and covid assessment for 1 Turkish supplier and 1 Vietnamese supplier.

In total, our supply chain consists of 39 vendors and 56 factories, including the 4 factories that are still on trial basis during 2021.

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.

Social Report [January 2021 – December 2021] – past financial year

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 visits has not been possible. Contact was done digitally.
- 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.

Social Report [January 2021 – December 2021] – past financial year

- Findings and Corrective Action Plan is discussed with the buyers as well with the manufacturer/ sewing factories. During the pandemic, the buyers together with compliance manager have had meetings with the suppliers to remediate the Corrective Action Plan.
- 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. Visits has not been possible due to the pandemic.

China

China represents 21.3% of our FoB Value. All workers employed in the factories are paid legal minimum wage and above. Analyses of the wages in our sewing factories highlighted the wide gap between the simple task work with up to 80% lower than the NGO recommended living wage.

Filippa K collaborates with 10 manufacturers/ sewing factories through 9 vendors.

Audit M:13870 Fair Wear Initial audit 2020: 1 unit in China. During 2021 the factory together with Filippa K has been cooperating closely together to resolve the issues found such as verifying legal minimum wage. A work education program onsite was conducted with good result. The factory participated as well in a Fair Price webinar with the objective to assess the labour cost for each product produced and this is an ongoing project.

Audit V:2571 Fair Wear verification audit 2019: Living wage is an unresolved issue. A verification audit was planned for this unit by 2021 but had to be postponed to 2022. Filippa K conducted a covid assessment in which status of workers and payment of their wages was assessed and verified together with Fair Wear. 200 workers were laid off due to lack of orders during 2020 and they were re-employed during 2021 when production resumes. Workers were compensated with legal minimum wage during lock down. Analysis of legal minimum wage shows that workers are paid above the requirement.

Audit V: 7310 Fair Wear verification audit in 2019: Filippa K discontinued the relationship by 2021 and the factory was notified about this decision for more than 1 year.

Audit V:2560 Fair Wear verification audit 2021: The issues of statutory holiday payments and annual leave, overtime, pending health certificate, social security insurance payment.

Social Report [January 2021 – December 2021] – past financial year

No workers were laid off during lock down 2020 and there was no lock down during 2021. Analysis of legal minimum wage shows that workers are paid accordingly.

Audit V:14437 Fair Wear verification audit 2021: Inconsistencies among production record, payroll and attendance records were identified, as a result, the situation on both wages and working hours cannot be fully determined. This is a factory has a trade union affiliated to All China Federation of Trade Union, however most of the workers are not aware of the trade union nor the workers representative. The workers need to be informed and engaged systematically and this is an ongoing work for 2022. Overtime is a serious issue in this factory and needs remediation urgently. Safety & health concern such as suitable PPE are not provided, and insufficient/ blocked fire exits. Filippa K will work to remediate this factory during 2022. Analysis of legal minimum wage shows that workers are paid accordingly.

No visit was conducted in 2021 due to the pandemic. The buying department stay in close contact through digital meetings.

Italy

Italy represents 2.8% of our FoB value.

Filippa K collaborates with 7 manufacturers/ sewing factories through 6 vendors. From 2020 Italy is classified as risk country due illegal migrant working in small laboratories. Issues have risen for the past year, 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 2021 due to the pandemic.

No audit was conducted. The buying department stay in close contact through digital meetings.

Lithuania

Lithuania represents 3.3% of our FoB value.

Filippa K collaborates with 4 manufactures/ sewing factories through 3 vendors. Lithuania is classified as a non-risk country.

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

Social Report [January 2021 – December 2021] – past financial year

No visit was conducted in 2021 due to the pandemic. The buying department stay in close contact through digital meetings.

Morocco

Morocco represents 1.5% of our FoB value and is an important manufacturing country.

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

External audit BSCI DBID : 384789 and Audit Id : 202781 with improvement needed in social management system, health & safety. Although this unit was audited, the general report does not reflect the actual situation. The wage analysis showed that the workers are paid at least legal minimum wage. Covid assessment showed that there was a lock down period and the workers were compensated by the government 80% of their wage.

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

No visit was conducted in 2021 due to the pandemic.

No audit was conducted.

Portugal

Portugal represents 45.7% 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 23 manufacturers/ sewing factories. Portugal is classified as a non-risk country although we still have the commitment to monitor each vendor.

External audit BSCI DBID 397155 and Audit Id : 209588 with very good rating and no non-compliant findings. This supplier has collaborated with Filippa K since 2000.

External audit BSCI DBID 620-000033-000 and Audit Id : 620-000033-002 with very good rating and no non-compliant findings. The factory stated that the workers were not affected by covid.

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

No visit was conducted in 2021 due to the pandemic. The buying department stay in close contact through digital meetings.

Social Report [January 2021 – December 2021] – past financial year

No audit was conducted.

Romania

Romania represents 19.7% of our FoB value.

Analyses of the wages in our sewing factories highlighted the wide gap between the simple task work with up to 50% lower than the NGO recommended living wage.

Filippa K collaborates with 2 manufacturers/ sewing factories.

Audit M- 12492: An issue with safety belt handling was discovered and factory planned to buy a new one during 2022 and implement a safety procedure for workers to follow. Factory needs to improve ergonomic program for the workers. Covid 19 health prevention measures implemented. Covid assessment showed that workers were compensated with 75% of their basic wage in case of lock down and was verified by Fair Wear local representative. Analysis of legal minimum wage shows that workers are paid above the legal requirement.

Audit M- 13325: This is a factory with many issues and required an organized and thorough remediation. Issues found was the need of training of workers representative, improve communication between workers and management, personal development program for the workers, safety & health policy related to risk & prevention, improve ergonomic program for workers etc. The entry wage paid to the quality control workers which is the simplest and lowest pay category is almost 60% lower than the recommended living wage. Covid 19 health prevention measures implemented. Analysis of legal minimum wage shows that workers are paid above the legal requirement.

No visit was conducted in 2021. The buying department stay in close contact through digital meetings.

Spain

Spain represents 0.03% of our FoB value.

Filippa K started to work with Spain as a production country by 2019 in which samples were developed and evaluated.

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

No visit was conducted in 2021

Turkey

Social Report [January 2021 – December 2021] – past financial year

Turkey represents 3.9% of our FoB value.

Analyses of the wages in our sewing factories highlighted the wide gap between the simple task work with up to 30% lower than the Trade Union estimated cost of living.

Filippa K started to work with Turkey as a production country by 2019 in which samples were developed and evaluated. By 2021 Filippa K issued test orders for 3 manufacturers/ sewing factories but after thorough evaluation, we will continue only with 2 manufacturers/ sewing factories. Another sewing factory is currently being evaluated for future relationship as well.

Audit M- 14392: During 2021 the factory facilitates to work towards payment of a decent living wage for a regular working week. The first step will learn more about product costing and Fair Price application. The factory was visited by Fair Wear local representative to go through Fair Price during 2021. The unclear excessive overtime which has been remediated during 2021 by implementing a system & monitoring. Health & Safety issues such as fire drills and central fire system was resolved during 2021. Filippa K conducted a covid assessment to monitor the status of workers, ensure payment of their wages during peak of covid.

Turkey has been suffering from an accelerating inflation and thus the legal minimum wage has continuously been increased during 2021.

No visit was conducted during 2021. The buying department stay in close contact through digital meetings.

Vietnam

Vietnam represents 1.8% of our FoB production value.

Filippa K collaborates with 3 manufacturers/ sewing factories through 1 vendor.

A verification audit was planned for 1 unit but had to be postponed to 2022 due to covid. Filippa K conducted a covid assessment to monitor the status of workers, ensure payment of their wages during lock down which occurred from July to September in 2021. According to the regulation, the workers are entitled to 2 weeks paid from the government insurance system and depending on whether there is an agreement between workers and employers, another 2 weeks to be compensated. The workers are exposed to non-payment during lock down and there is no social security system to provide for their livelihood in these extreme situations. The provincial regulator implemented a 3 onsite system for the factories which includes eating, sleeping, and working without leaving the premises to

Social Report [January 2021 – December 2021] – past financial year

maintain the production while ensuring Covid protocol and prevention are met. The workers alternate to work with this system one week at a time. 2 of our factories implemented this system.

External Sedex Audit ref. 2021VNZAA413743797 for 1 unit was conducted and shared with Filippa K with following findings: The factory has not established a policy covering human right impacts and has not communicated this appropriate parties. Second comment was concerning health & safety issue.

No visit was conducted in 2021 due to the pandemic. The buying department stay in close contact through digital meetings.

EXTERNAL PRODUCTION

N/A

Complaints handling

During 2021, Filippa K shared Workers Information Card to workers located in China, Romania, and Vietnam with the purpose to inform about Code of conduct and the availability of complain mechanism.

Filippa K was notified with 3 complaints through Fair Wear complaint mechanism during 2021 from workers relating to 2 factories.

Complaint 1170

This complaint is relating to one of our Romanian factories in which the worker notified that October months wage which was supposed to be paid by end November was paid 2nd of December. According to the collective bargaining, wage must be paid latest by end of the month 30 days after work commenced. We contacted the factory and ask for copy of wage slips to assess whether if claim is justified. After discussions with the factory, the factory ensure that this will not happen again and allow Fair Wear local staff to contact the workers in the future to verify this. Complaint was resolved.

Complaint 1178

A sewing worker submitted a written resignation application (attached in documents) to the factory on the 29 November 2021 and according to law, he can resign from the factory with settlement of all due wages and benefits by end of December 2021. His application was approved by both his group leader and workshop supervisor, however, a manager rejected his resignation application and would

Social Report [January 2021 – December 2021] – past financial year

like to request him to work additional 2 months before resignation. The complainant urgently requests to resign from the factory with all due wages and benefits settled by the factory.

Filippa K contacted the supplier to investigate if this is correct and the supplier informed that there was a misunderstanding from the worker. The workers left his/ her position already and the dues wages/ benefits was paid accordingly. The final wage slip was verified by Fair Wear.

Complaint 1180

2 workers from one of our China factories complained their wages of November 2021 have not been paid, with a delay of 10 or more days. The complainants claim that the excessive overtime hours compensation by November was too small and expected the received the higher amount of wage when comparing their piece rate wage with their due hourly wage.

Filippa K contacted the supplier who informed that some workers received 5 days delayed payment due to complicated orders by end of 2021 and the final calculation of piece-rate wages was finalized by end of December. The suppliers verified this by submitting payment record for end of December and 5th of January 2022, sample of workers' pay slip, sample of workers working attendance etc. All these records were submitted to Fair Wear. The supplier ensure that this will not happen again, and Filippa K have the intention to follow this up by verifying future wage slips.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

Meeting with buying department occur monthly. Buying department are always informed & participating in audits and CAP activities.

ACTIVITIES TO INFORM AGENTS

N/A

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

1 unit in Vietnam was provided training in communication through another member whom Filippa K collaborate with. This training is still ongoing.

1 unit in China was provided training in basic module with positive result.

Information management

Meeting with buying department & Sustainability Director once a month.

Filippa K works with PLM & ERP to manage the product development and product order, thus information about suppliers is available in the system. Orders are issued through the system and no orders can be issued manually.

Sustainability reports are published on www.filippa-k.com

Business Performance Check are published on www.filippa-k.com

Transparency & communication

By sustainability report and social report at www.Filippa-k.com.

Stakeholder engagement

N/A

Corporate social responsibility

See comments from CEO