

Social Responsibility

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We strive to be a fair and reliable business partner, aiming for long-term rewarding relationships with our suppliers that are based on mutual trust. We do our very best to have a positive impact on our communities and earn this reputation with our customers and key stakeholders. Our business partners play an important part in realising this aspiration, and we expect them to adhere to human rights and fair labour conditions.

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WHAT WE'RE WORKING TOWARDS

We're committed to continue implementing sourcing practices that align with the Human Rights Due Diligence Directive and to have a closer partnership with our suppliers. Our goal is to visit 75% of our suppliers annually by 2025. To achieve this goal, we recognise that we also need to consolidate our supplier base.

<p>2023 HIGHLIGHT:</p> <p>According to our strategy, we have increased our production volume in Europe, especially in Portugal. We acknowledge that this is associated with lower risks due to strong labour legislation and enables us to visit the suppliers more often due to travel proximity.</p> <p>This year, we've participated in Fair Wear's pilot project, The Academy. This initiative aims to guide industry brands in implementing Human Rights Due Diligence (HRDD) in their supply chains, using guidance, learning modules, and tools to support HRDD across the industry.</p>	<p>2023 CHALLENGE:</p> <p>We were not able to visit our suppliers in China and Turkey in 2023 due to the pandemic and geopolitical circumstances. Our goal is to visit these suppliers in 2024.</p> <p>Data availability is a key challenge for us with our tier 2-4 suppliers, as we aim to start monitoring and assessing them according to the Human Rights Due Diligence Directive. We aim to increase this in line with our traceability progress.</p>
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1. Our Commitments

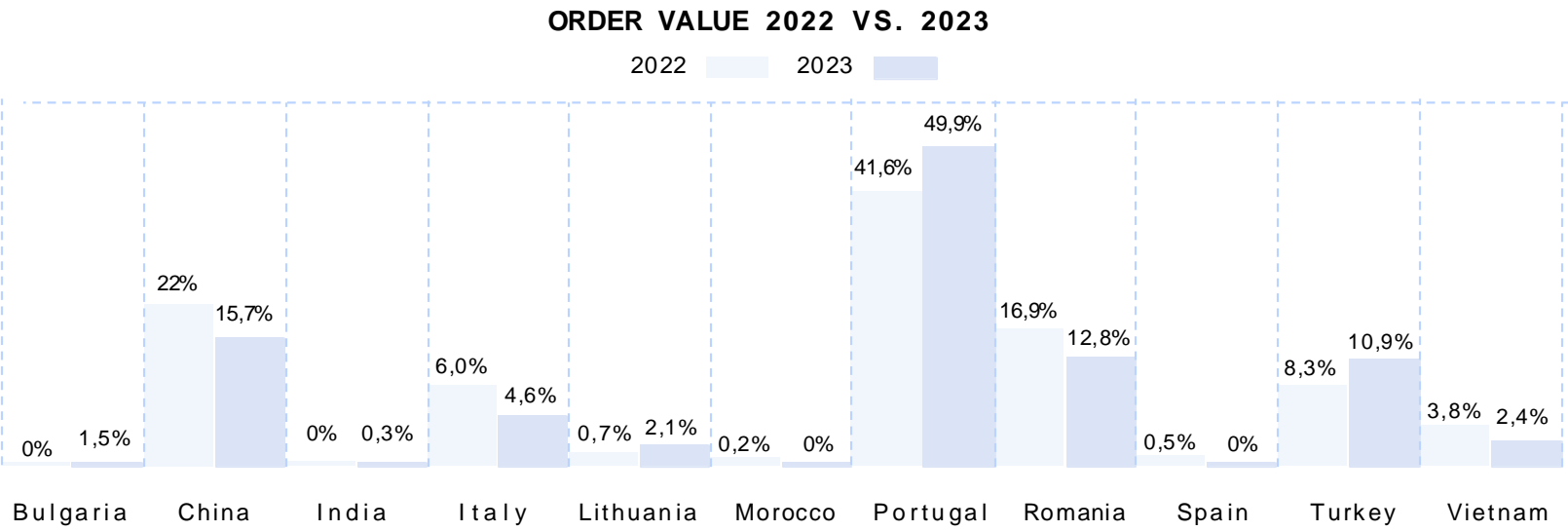
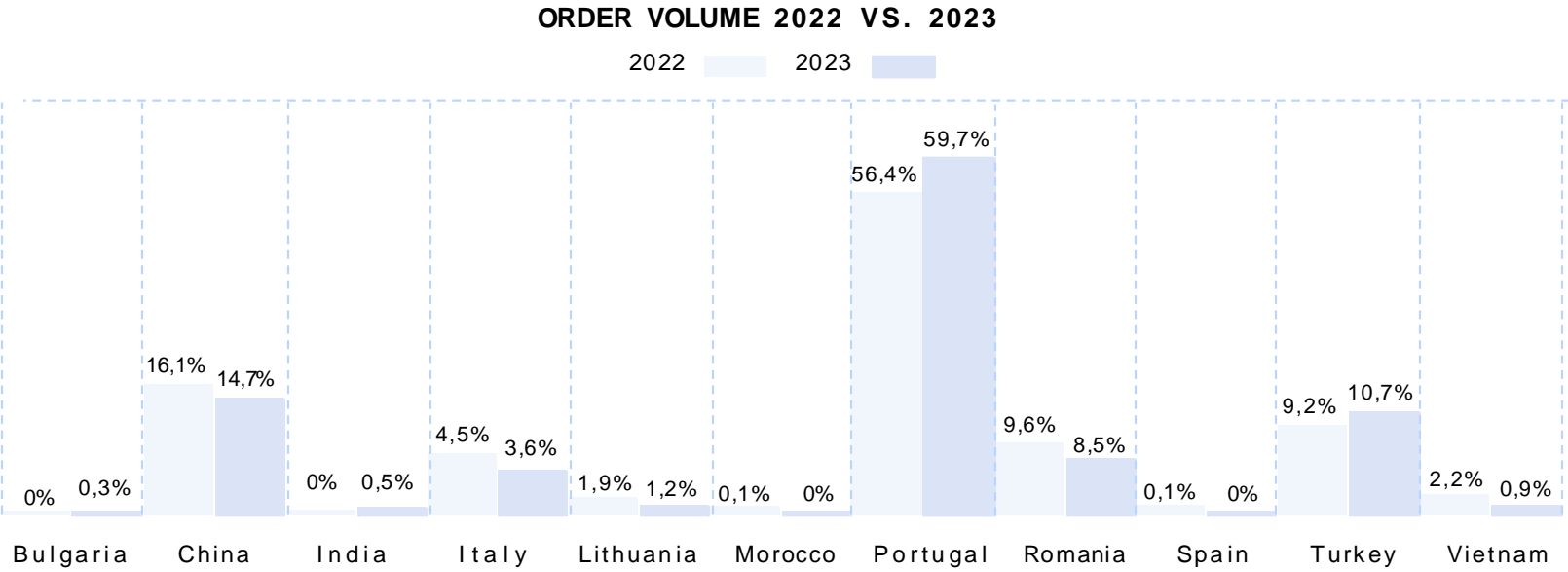
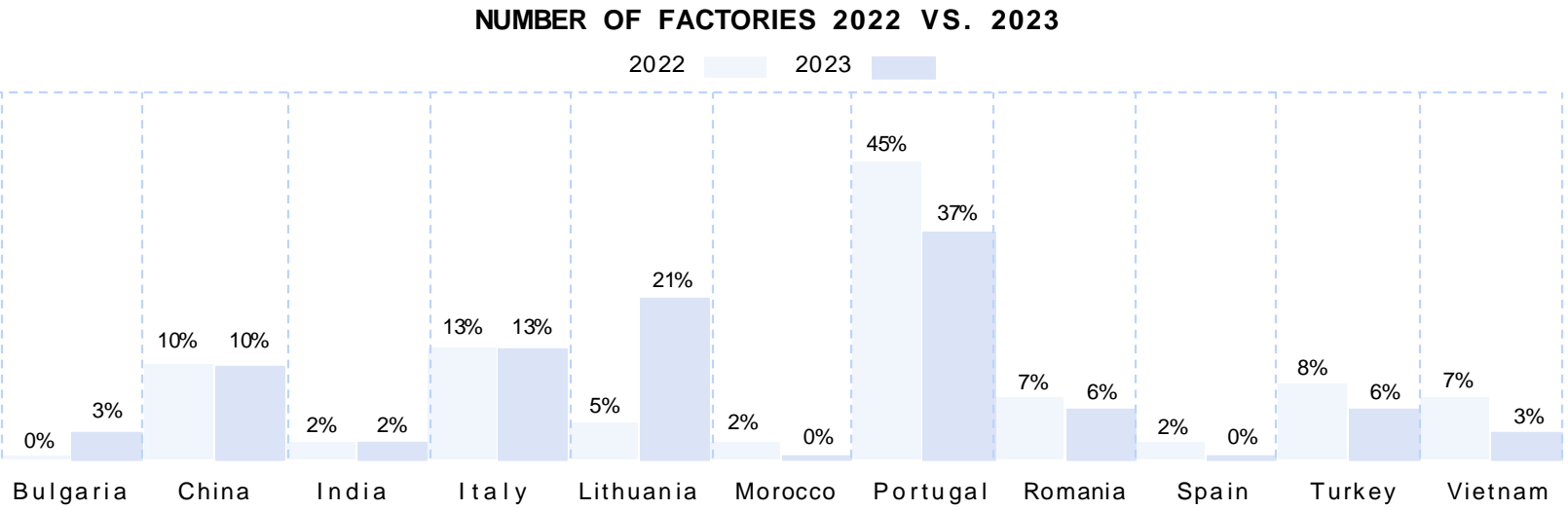
- Our focus areas within social responsibility include, but are not limited to, the following:
- An equal partnership with our suppliers, where a two-way dialogue and long-term commitment from both sides are key. We want to support our suppliers in achieving better working conditions and increased social dialogue between workers and management.
 - Transparent dialogue with our suppliers and expect the same from them, where all usage of subcontractors requires approval from Filippa K before production starts.
 - Following our responsible sourcing strategy that encourages healthy working conditions for our suppliers.
 - Communicating and contributing to good production planning for suppliers to minimise the risk of working overtime.
 - Using transparent pricing for our production and increasing our support for suppliers paying living wages. We support the collective bargaining process and acknowledge the gender pay gap, rooted in historical gender norms and stereotypes that undervalue women's contributions. Addressing this issue involves promoting pay equity, challenging gender stereotypes, and fostering inclusive workplace policies to ensure fair compensation.
 - Increasing communication with workers through social dialogue and promoting freedom of association.
 - Learning more about gender-related issues and risks in our supply chain, so we can implement measures aimed at addressing and mitigating these risks for gender-based discrimination and violence.

2. Our Manufacturers (Tier 1)

In 2023 we worked with 31 suppliers, most of whom are in Portugal. We worked with 63 factories – 13% are counted as subcontractors. We're monitoring all our subcontracting in Tier 1 and our manufacturers need to inform and receive our approval before they start production at new factories.

Our aim is to maintain and increase our production in Europe, where we believe the risks to be lower due to robust and effectively enforced labour laws. However, we recognise the importance of addressing concerns such as gender inequality, low wages, excessive working hours and the exploitation of migrant workers. The shorter travel distance also makes it possible to visit suppliers and factories more often to create a closer and more transparent relationship, not only relying on digital meetings and audits. We plan to keep our existing suppliers in Asia but aim to not increase the number of suppliers. We have a few suppliers in Asia that we've worked with for many years and have a very close relationship with, who have a technical expertise within their product range that is very valuable for us.

SUPPLIER LOCATIONS									
Number of factories	3%	10%	2%	13%	21%	37%	6%	6%	3%
Order volume	0,3%	14,7%	0,5%	3,6%	1,2%	59,7%	8,5%	10,7%	0,9%
Order Value	1,5%	15,7%	0,3%	4,6%	2,1%	49,9%	12,8%	10,9%	2,4%
	Bulgaria	China	India	Italy	Lithuania	Portugal	Romania	Turkey	Vietnam



Our average partnership length is 7 years and we’ve worked with some factories as long as 24-25 years. We’ve worked for more than 5 years with 40% of our factories.

We’ve continued our work to consolidate our supplier base during this year. We aim to increase our leverage, to be better placed in supporting our suppliers improving their working conditions. Having a positive partnership with our suppliers also enables us

to increase order volumes. When we end a supplier relationship, we act according to our “Responsible Exit Policy” in line with Human Rights Due Diligence (HRDD). We always aim to inform well ahead in time and are transparent with the reason for exiting. We decide the timeline for exiting together with supplier and consider our leverage and the length of business with the factory. We investigate and work to mitigate any negative effects on workers in the factories. This year we’ve ended our collaboration with 11% of the factories we work with.

We always start new supplier collaborations with a long-term commitment and onboarding should follow our Responsible Onboarding Process which includes a risk assessment of the factory. This entails an onboarding meeting with the supplier where we discuss labour and human rights, a possible factory visit, and an analysis of their latest audit if available. The supplier must complete and submit a questionnaire regarding labour rights and be informed that we expect them to work actively to inform and improve the labour conditions in their factory.

During the onboarding we also go through our supplier agreement which includes our supply chain policies, as follows:

- SUBCONTRACTING AND HOMEBASED WORK POLICY (WE REQUIRE TRANSPARENCY FROM ALL OUR SUPPLIERS AND NEED TO APPROVE SUBCONTRACTING INCLUDING HOMEBASED WORK, WHICH NEEDS TO FOLLOW OUR SOCIAL REQUIREMENTS)
 - GENDER EQUALITY POLICY
 - ANIMAL RIGHTS POLICY
 - SANDBLASTING POLICY (WE BAN SANDBLASTING AS A METHOD TO DISTRESS DENIM DUE TO UNHEALTHY WORKING ENVIRONMENTS)
 - LEATHER POLICY (OUR AMBITION REGARDING SOURCING LEATHER AND CHEMICAL MANAGEMENT WHEN TANNING)
 - COMPLAINT PROCEDURE POLICY (SUPPLIER’S ACCEPTANCE OF OUR PROCEDURES WHEN WE RECEIVE A COMPLAINT FROM FAIR WEAR’S “WHISTLEBLOWING SYSTEM”, WHERE WORKERS CAN ANONYMOUSLY REPORT IF THEY THINK THAT THEIR RIGHTS BEEN VIOLATED)
- THE AGREEMENT ALSO INCLUDES OUR CODE OF CONDUCT, WHICH CONSISTS OF THE EIGHT CODE OF LABOUR PRACTICES, DERIVED FROM THE ILO CONVENTION AND REQUIREMENTS FOR THE SUPPLIER’S ENVIRONMENTAL PRACTICES AND CHEMICAL MANAGEMENT.

The agreement also includes our code of conduct, which consists of the eight code of labour practices, derived from the ILO Convention and requirements for the supplier’s environmental practices and chemical management.

One element is that we require them to display a poster in their factory informing about the code of labour practices called “Workers Information Sheet” in the local language. We can still decide to begin a collaboration even if the supplier needs to improve its status and knowledge in some areas (if the findings are not major or of very high concern), if they are committed to these improvements. We include the audits and education of the supplier in our budget.

This year, we’ve started collaborations with 15 new factories, all of which were assessed in regards to our social and environmental criteria. We’ve also had physical or digital meetings with them to inform about our Fair Wear Foundation membership, code of conduct, and human rights as part of the onboarding and initial training. We’ve conducted a meeting with the agents for 10 of the factories where we operate through their representation.

3. Fair Wear Foundation and the Code of Labour Practices

We've been a member of Fair Wear Foundation (FW) since 2008: a foundation that works with brands and industry influencers to support garment workers in realising their rights to safe, dignified, properly paid employment. Fair Wear Foundation supports us by performing factory audits and annual performance check-ups as well as developing reports and action plans. Their code of labour practices, derived from the ILO Convention and the UN's Declaration on Human Rights, together with Filippa K's Code of Conduct and sourcing policy form the basis of our monitoring.

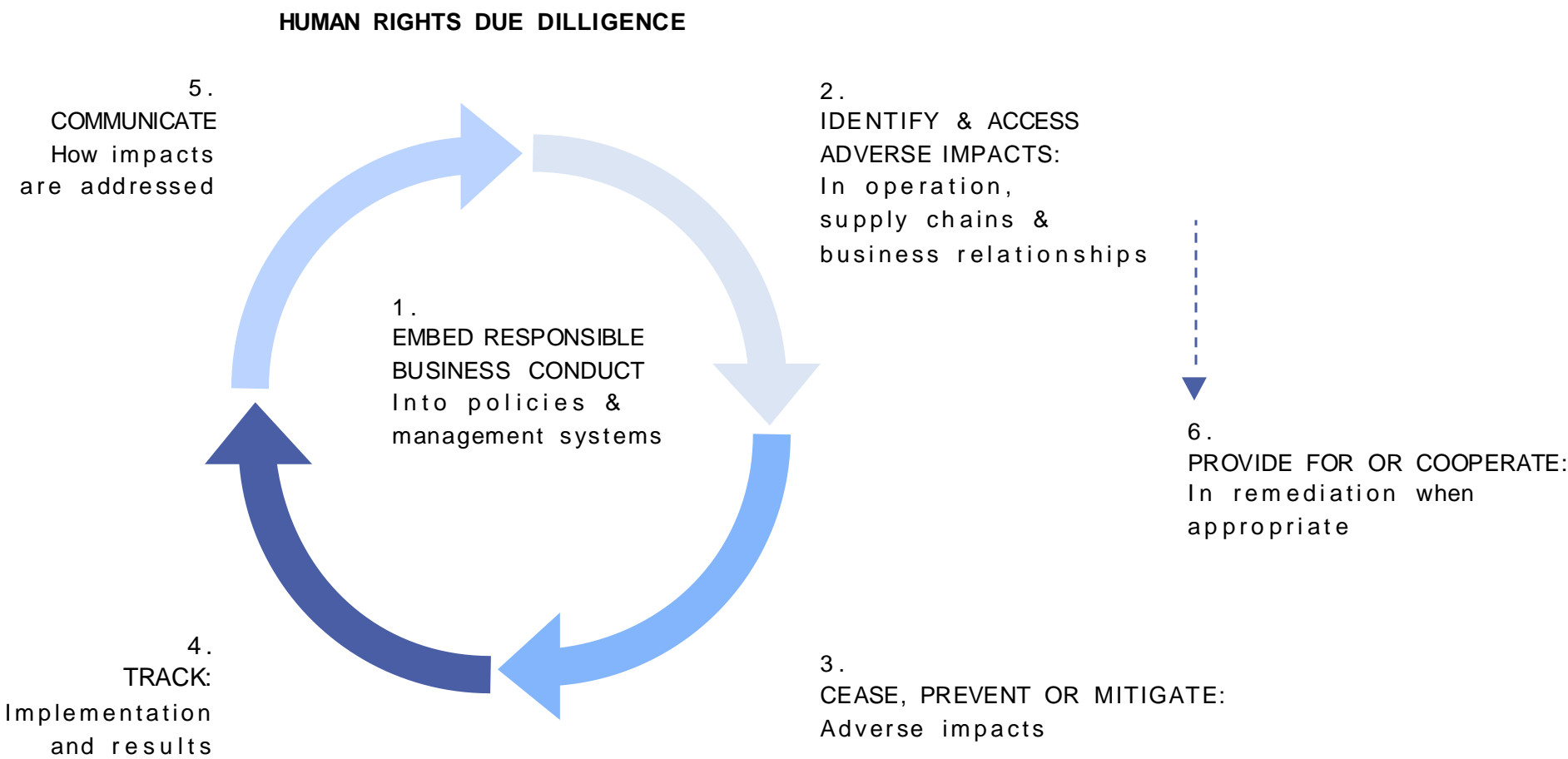
- **EMPLOYMENT IS FREELY CHOSEN.**
There shall be no use of forced, including bonded or prison labour (ILO Convention 29 and 105). Nor shall workers be required to lodge “deposits” or their identity papers with their employer. There were no cases of forced labour reported in our supply-chain during 2023.
- **FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING.**
The right of all workers to form and join trade unions and to bargain collectively should be recognised (ILO Convention 87 and 98). Worker's representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143). The representatives must be chosen by the employees and cannot be in a managerial position. Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities. Workers shall own the decision of whether or not to join the union.
- **NO DISCRIMINATION IN EMPLOYMENT.**
Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps (ILO Convention 100 and 111).
- **NO EXPLOITATION OF CHILD LABOUR.**
There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and not less than 15 years (ILO Convention 138). Children aged 15-18 shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals (ILO Convention 182). There were no cases of child labour reported in our supply-chain during 2023.

- **PAYMENT OF A LIVING WAGE.**
Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards, ensuring it covers basic needs and provides some discretionary income (ILO Convention 26 and 131). Employees shall be clearly informed about their wages including wage rates and payment period.
- **REASONABLE HOURS OF WORK.**
Hours of work shall comply with applicable laws and industry standards, not exceeding 48 hours per week on a regular basis, and employees shall have at least one day off per week. Overtime shall be voluntary, not exceed 12 hours per week, or 240 hours per year, shall not be demanded regularly and always be compensated at a premium rate.
- **SAFE AND HEALTHY WORKING CONDITIONS.**
A safe and hygienic working environment shall be provided, following industry best practices, addressing specific hazards, and implementing effective regulations to prevent accidents and minimise health risks. Workers shall use personal protective equipment if needed. Any form of abuse, threats or harassment by the employer is strictly prohibited.
- **A LEGALLY BINDING EMPLOYMENT RELATIONSHIP.**
Employers shall meet requirements under labour or social security laws and regulations arising from the regular employment relationship. Younger workers shall be given the opportunity to participate in education and training programs.

4. Human Rights Due Diligence Directive

In 2023, in partnership with Fair Wear Foundation, we've started working according to the principles of the upcoming Human Rights Due Diligence Directive (HRDD) and following the Organisation for Economic Co-operation and Development (OECD) guidelines. We've monitored our Tier 1 suppliers, but plan to expand our monitoring to include our Tier 2 suppliers in the coming years as our impact on worker's rights goes beyond Tier 1.

The six steps that make up the HRDD process are described in this model.



- **IDENTIFY RISK AND POTENTIAL HARM**
According to the Organisation for Economic Co-operation and Development (OECD) guidelines, risk scoping should include evaluating a company's sourcing model, business models and type of products. The risk assessment should also be done on both a country and factory level.

To increase transparency and improve communication and collaboration, we aim to work directly with factories. We currently work with six agents, due to different reasons such as language barriers, local knowledge and technical skills for certain product groups. It is important that our agents share our ambition of improving labour conditions in the factories where our production takes place. In instances where our influence is restricted, we recognise the potential for driving improvements due to the higher leverage our agents may have.

We usually partake in a seasonal collaboration with an external brand, which we have identified as a possible risk. Going forward, we aim to have early discussions with them about the importance of supply chain transparency as an enabler to improve labour conditions. If we see that potential brands don't share our agenda, it should be a reason for not starting a collaboration.

Product that we've identified as high risk in terms of labour practices are leather (tanning process), shoes (glues) and denim (washes) due to chemical management. To address these issues, we only source leather from tanneries that are certified according to the "Leather Working Group" for our leather garments and aim to extend this practice for shoes and bags. The standard addresses tanneries' environmental performance and chemical management. We plan to continue mapping our supply chain so we also can secure that possible pre-tanning is done at certified tanneries. We have a discussion with our footwear and denim suppliers about the risks and the importance of using applicable personal protective equipment, and it is also something we check when visiting factories and examining possible findings in audit reports.

We aim to avoid special treatments or products that our current supplier base cannot perform, to avoid starting collaborations with factories that will only last for one collection or season.

RISK ASSESSMENT PER COUNTRY

The human and labour rights risks vary between countries, and this is part of our risk assessment. Our supplier country risk rating is based on information from NGOs and country studies done by Fair Wear and is updated at least once per year. We consider Bulgaria, China, Italy, Romania, Turkey and Vietnam as high-risk, while Lithuania and Portugal are low-risk. This year, 46% of our production took place in a country defined as high-risk. Even if we consider a country as low-risk, there are always issues and improvements in labour conditions that can be made. According to our sourcing strategy, we will always conduct a major risk assessment before deciding to onboard a supplier from a new country.

BULGARIA

The major risks according to our assessment are low wages not reaching a living wage, and that working overtime is not done on a voluntary basis. This year, we've started production in two factories for woven garments through our Lithuanian agent. We've started monitor these factories based on our risk assessment and will continue next year.

CHINA

The major risks according to our assessment are low wages, excessive overtime and lack of social insurance. Freedom of association remains restricted by law; no unions are allowed and there is no right to collective bargaining or strike. China is also a risk country for forced labour. Next year, we plan to visit our suppliers, arrange verification audits to monitor progress in previous audit findings and join a project arranged by the Global Works organisation to monitor these issues. We produce woven outerwear, fluid fabrics and knitwear in China.

ITALY

The major risk according to our assessment is exploitation of migrant workers; the country has been considered as high-risk due to this issue since 2020. The issue is bigger in the southern part of the country and the factories we work with are in the north, however it's still important that we continue monitoring the issue. This year we've started working with two new Italian factories and we plan to visit them next year. We produce accessories and denim in Italy.

LITHUANIA

The major risks according to our assessment are gender-based discrimination and right to collective bargaining. This year we've started working with an agent in Lithuania that has contacts with several factories in the country and in Bulgaria. We've visited the agent and had multiple digital meetings and consider them to be well aware of HRDD and labour conditions. The agent also works with other Fair Wear members, so we see the opportunity to work together with them to improve awareness and arrange education for agents and factories together. The agent works with factories that produce all our product categories for woven garments. Since they work with multiple factories and our order quantities are quite small, they can flexibly place orders where there is capacity. We acknowledge a potential concern that our leverage is often low in these factories. Therefore, we intend to collaborate closely with the agent to enhance working conditions, given that their influence is often more significant. The short travel distance will enable us to visit the factories frequently and improve our relationships.

PORTUGAL

The major risks according to our assessment are corruption, usage of migrant workers and low wages. Portugal is our largest and most important market. We've worked with many of the Portuguese suppliers for more than 15 years. We visit our Portuguese suppliers regularly and this is primarily how we monitor them. However, we see a need to raise awareness and plan next year to find an external partner for education within HRDD and investigate if corruption is a concern within our supplier base. All of our shoes, jersey and some woven garments are made in Portugal.

ROMANIA

The major risks according to our assessment are corruption and low wages. This year we've ended our collaboration with three factories and will only continue to work with one factory that produces our knitwear. We consider the supplier to be a very important partner to us and we've visited them three times this year. They had their first Fair Wear audit with overall good results, and we plan to start a living wage project with them next year.

TURKEY

The major risks according to our assessment are usage of migrant workers, and lack of freedom of association and the right of collective bargaining. Audit outcomes and complaints from this year additionally affirm the frequent absence of social dialogue, with factories having policies that are seldom implemented and not well-integrated into the organisation. We plan to continue to address these topics in our collaboration with suppliers next year. We work with four factories in Turkey but ended our collaboration with one of them this year. We were not able to visit our Turkish supplier due to the geopolitical situation between our countries, but we plan to visit them in the beginning of next year. We received progress updates on CAP improvement from other Fair Wear member brands that also collaborate with them and have had the opportunity to visit. We produce denim, woven shirts and leather garments in Turkey.

VIETNAM

The major risks according to our assessment are excessive overtime, low wages and gender-based discrimination. In Vietnam we work with one agent, who previously sourced from four factories which now is reduced to two. Next year, we aim to arrange education for the factories and the agent to mitigate the risks identified in our assessment. We produce woven garments including outerwear, such as puffer jackets, in Vietnam.

RISK ASSESSMENT: GENDER LENS

- It's essential for us to have a "gender lens" in our risk assessment as it's primarily women working in the textile industry. This involves analysing and evaluating potential risks through the specific perspective of gender. This approach recognises that men and women may experience different challenges and evaluating potential risks through the specific perspective of gender. This approach recognises that men and women may experience different challenges and vulnerabilities in the workplace. We receive information about this from Fair Wear and other stakeholders and are committed to learning more to improve our future assessments. By incorporating a gender lens into our risk assessment, we can better understand and address the unique challenges and vulnerabilities faced by different genders in the workforce, promoting more inclusive and equitable labour practices.
- Key considerations for a gender lens in labour rights risk assessment may include gender-based harassment, discriminatory practices in hiring and promotions, gender-wage gap, gender-specific health and

safety concerns, support systems for pregnant workers and those with family responsibilities, evaluating policies and practices that impact work-life balance, and more. It's also important to assess the representation of men and women in various levels of the organisation, including leadership roles.

CEASE, PREVENT OR MITIGATE HARM

THE IMPORTANCE OF SOCIAL DIALOGUE

Social dialogue is a process characterised by transparent communication, open consultation, and fair negotiations between employers and workers. Its aim is to facilitate discussions and negotiations regarding the terms and conditions of work. For authentic dialogue to transpire, each participating party must have the freedom to express opinions without fear of reprisal and without undue influence from other parties. Workers and their representatives may be vulnerable to pressure from employers, making freedom of association crucial for the initiation of genuine social dialogue. We acknowledge the workers' rights to a fair social dialogue and the important role of improvements in labour conditions to prevent and mitigate harm. If we see that it is not functioning well at a factory, we always aim to discuss it with management immediately and support them for improvement.

PURCHASING PRACTICES

One of the crucial aspects of our partnership with suppliers lies in the purchasing practices of our brand. These practices play a pivotal role in regulating sustainable development for both the supplier and our brand. The Common Framework for Responsible Purchasing Practices is included in our internal routine, and next year we will better implement it in the way we work. The framework includes five pillars: integration and reporting, equal partnership, collaborative production planning, fair payment terms and sustainable costing.

LIVING WAGES

There is an important difference between minimum wages and living wages; minimum wage is a legal requirement based on the country's economic condition, and our code of conduct mandates suppliers to meet this. Living wage ensures a basic and decent standard of living for both the worker and their family, covering essential needs like food, housing, clothing, transport, education, healthcare and other essential needs such as costs for unforeseen incidents.

Achieving living wages is a complicated challenge since we don't own our supply chain, and other brands that work with the same supplier might not share the same commitments. This complexity arises from the involvement of various stakeholders and the need to share sensitive information. The Fair Wear Foundation is a helpful platform for collaboration with other member brands that we share suppliers with, and we aim to increase collaborations for this purpose.

While living wages are not mandated by law, we recognise the important role they play in creating a responsible supply chain and the grounds for an equal partnership with our suppliers. Therefore, we have created a living wage pol-

icy that will be implemented and executed starting next year.

EDUCATION

You can only stand up for and protect your rights if you're aware of them, therefore education for our suppliers is key to us improving labour rights. During 2023, one of our factories in Turkey received training by Fair Wear about the code of labour practices (workplace education programme). One of our factories in Turkey and one in Bulgaria received training from Fair Wear conducted by another member brand.

For next year, we aim to arrange training conducted by third parties for our agents and include Fair Wear new onboarding training module as part of onboarding for all new suppliers. We also aim to conduct training from third parties about gender related discrimination for our Turkish suppliers.

TRACK

To track our suppliers' statuses and improvements within HRDD, we visit the factories, use audits, and hold meetings to discuss the Corrective Action Plan (CAP) which is a "to-do list" after an audit.

AUDITS

An audit serves as a control mechanism, typically conducted at the supplier level, to evaluate workplace conditions and assess each labor practice from three perspectives: factory management, stakeholders, and workers. In high-risk countries, off-site interviews with workers are always conducted before the audit. All Fair Wear audits are made by local staff and announced, emphasising that the relationship between brands and suppliers is founded on trust and collaboration. An initial audit is called a monitoring audit, while a verification audit evaluates specific labour rights issues found in the monitoring audit in order to verify improvements. We aim to audit all factories located in high-risk countries every three years. We also prioritise verification audits when needed to verify that improvements have been made after the discussions between us and the factory.

This year we initiated/took part in three Fair Wear audits, two in Turkey and one in Romania. In addition, we gathered external audits with the aim of reducing the audit workload for our suppliers. When collecting external audits, it's important to check that they include all eight code of labour practices, documentation control and anonymous off-site interviews with workers. We only accept third party audits from Fair Wear, BSCI Amfori, SA8000 or Smeta Sedex reports.

In the audit for our denim supplier in Turkey, there were no findings of major concern. However, improvements needed to be made to the employment documentation, the working environment and working hours. Together with other FW member brands, we've had a CAP-meeting with the supplier, and they are improving these areas.

In the audit for our woven supplier in Turkey it was found that the internal grievance mechanism has been established but was not well functional. Other findings were that employment contracts and documentation and routines for recording workers' age, hours and wages needed improvement. Together with

other Fair Wear member brands, we've had a CAP-meeting with the supplier, and they are improving these areas.

The first Fair Wear audit of our knit supplier in Romania had an overall good result. The factory was recommended to strengthen its chemical, fire and electrical management system which they've started but there were no critical issues. Wages were above minimum wage but below national estimate of living wage, so we aim to start a living wage project with the supplier next year and investigate how we can support them reaching it.

SUPPLIER VISITS

We believe that the best way to prevent harm is to have a deeper knowledge of our suppliers, which is best achieved by visiting them. We aim to visit each manufacturer either every other year, or every third year. Unfortunately, this year we've not been able to visit our suppliers in China due to the pandemic nor in Turkey due to geopolitical situation, but we aim to visit these suppliers next year. This year we've instead focused on visiting our suppliers in Portugal and Romania. When we're not able to visit suppliers, they often visit the Filippa K headquarters in Stockholm instead. When visits are not possible, we arrange digital video meetings on a regular basis.

REMEDY PROCESS

We have a complaints mechanism ("whistleblowing function") for all factories via Fair Wear where workers can call or mail anonymously and report if their rights have been violated. We will then be informed by Fair Wear and can support management at the factory with a remediation process for the worker. Workers are informed about this possibility via the "Workers Information Sheet" poster.

This year we've received five complains in total, all from factories in Turkey. Four of the complaints were from the same factory, which is of high concern and must be addressed immediately. In some sense we also consider this occurrence as positive because it shows that the employees are aware of their rights and use this mechanism to improve the social dialogue between workers and management. It's only when you know your rights that you can stand up for them. These complaints were also received after the factory had an audit and education for the workers about the code of labour practices and could be an indication of increased awareness.

THE REPORTED COMPLAINTS ARE AS FOLLOWS:

COMPLAINT 1416

WWorkers expressed concerns about promised bank promotions that were not fulfilled, despite initial announcements by the factory management in February. Both the management and union representatives failed to address the workers' inquiries. The factory management clarified that they had not received any bank promotions and emphasised the absence of a legal obligation for distribution. The management transparently communicated this to the workers in written and oral forms, assuring them that any legal changes would be promptly shared. The Fair Wear complaints handler recommended fair distribution if promotions become available in the future. While the issue was

not immediately resolved, the positive aspect lies in the open communication and commitment to update workers on any changes. The remediation process for this complaint is now complete.

COMPLAINT 1417

The worker resigned due to personal reasons and filed a complaint when not receiving a severance pay. However, according to Turkish law you are not entitled to receive severance pay when you resign, only when you're dismissed. The complainant was not aware of this fact and only learned about it after leaving the job.

The factory was not obligated to make any severance payment but offered the complainant two options: to return to work or receive severance pay. The complainant chose to receive severance pay. The factory decided they would make a partial payment of the severance pay. The worker confirmed that the payment had been made and expressed satisfaction with the amount received. The remediation process for this complaint is now complete.

COMPLAINT 1428

The complainant, who claimed to be wrongly dismissed from the factory due to illness, received severance pay but was unsure about the reasons for termination. The factory management insisted the complainant resigned voluntarily. We and Fair Wear, although acknowledging compensation, raised concerns about the fairness of the dismissal and requested additional documents. In a subsequent meeting, it was revealed that the worker is currently in temporary employment in another company and wishes to return to the factory. They did not respond to the inquiry about rehiring the worker and we are still awaiting a response from the factory, so we are currently working on this remediation process.

COMPLAINT 1429 AND 1505

The complainant raised concerns about compulsory overtime and alleged mistreatment by line supervisors. The factory did not share the view of bad work environment and mentioned unforeseen heavy workloads for the overtime. We requested time records for the following months to make sure the overtime was not persistent, which was not the case. The factory plans to increase their numbers of production lines with the aim of increasing productivity and avoiding overtime. The factory say they are committed to monitoring these changes and will inform us about the result. The complainant also said that workers are discriminated against if they don't accept working overtime, while management emphasised that it's always voluntary. After our and Fair Wear's recommendations, management made written and verbal announcements to assure workers that overtime work is voluntary. This part of the issue seems to be resolved, but we will continue to follow to make sure these changes remain.

The factory provided detailed policies and documents showing improvement in social dialogue, and we had online meetings with the factory confirming updates. The factory claimed improvements, including additional training for line supervisors, monthly meetings with workers representative and management, and more. However, when Fair Wear followed up with the complainant the

situation remained the same, which shows that implementation of the improved policies and routines needs to be done more effectively. Fair Wear recommends a zero-tolerance policy on ill-treatment, encouraging reporting and comprehensive social dialogue training to enhance the internal dialogue mechanism. We've requested more documents, and the factory complied, though some are still pending. The issue is ongoing, emphasising the need for concrete measures and effective resolution, so we don't consider the remediation for this complainant as complete.

Since complaint 1505 had the same content, and Fair Wear had difficulties reaching the complainant, they decided to close the errand and we will continue with the remediation process in complaint 1429 to address both complaints.

IMPROVEMENT PLAN:

We annually develop an improvement plan on how to prevent and mitigate human rights harm in our value chain. We base our actions on our factory risk assessments, audit results, complaints, visits, and discussions with suppliers. We prioritise actions for suppliers that represent a large share of our business, and with whom we have more leverage to address the higher risks.

This year, we will roll out the first part of our living wage strategy in collaboration with key suppliers in Romania, China and Turkey. Next year, we plan to add the rest of our key suppliers: one in China and two in Portugal. Collaborating with suppliers from different countries enables us to better implement living wages for other factories in the same areas. Our key supplier in China will be audited in June so that we have recent wage information to analyse for the project. This year, we also plan to arrange audits for two other suppliers in China and possibly two suppliers in Bulgaria.

Additionally, we will focus on increasing education for our suppliers this year. We plan to arrange education regarding the code of labour practices and Human Rights Due Diligence (HRDD) during Q2-3 this year for our key supplier in Romania and three suppliers in China, conducted by Fair Wear (FW). Even if we assess our suppliers in Lithuania and Portugal as low risk, we still see a need to raise awareness. This year we plan to arrange digital training through an external partner for all suppliers, which will address HRDD and major risks in the respective countries. This training will also be arranged for our two agents in Portugal. We plan to set up a joint training with other FW member brands for all our Turkish factories to address gender related risks. The timeframe has not been decided, but it will most likely take place by Q3-4 this year.

COHERENT SYSTEM FOR MONITORING AND REMEDIATION

Our monitoring activities are on factory level and regards our CMT (Cut Make Trim) production and eyewear assembling.

BULGARIA

Our monitoring of two woven factories, based on external audits, showed positive results. Both have grievance mechanisms workers are aware of and have freely elected worker representatives. They ensure fair production planning with no excessive overtime, paying above a living wage to all workers. In 2024, we will request additional records to secure these standards maintain and update risk assessments. If leverage increases, we aim to arrange audits by Q1 2025.

CHINA

As part of our supplier base consolidation efforts, we have discontinued collaborations with three of our seven Chinese suppliers. The remaining four factories are two for knitwear, one for woven and one for eyewear.

This year, we engaged with the remaining three CMT suppliers, addressing findings from recent audits, including issues related to social dialogue, overtime, wage levels, and health and safety. All factories have freely elected workers' committees and representatives, and while workers are aware of their functions, records indicate that discussions and complaints often remain high-level. To address this, we will provide additional worker training in the coming year. For one of the suppliers, where the findings were of high concern, we will arrange an external audit next year to verify that improvements are well implemented. Additionally, we will launch a living wage project with our woven supplier next year.

For our new eyewear supplier, we have evaluated an external audit as part of our risk assessment. Next year, we will follow up on the audit findings, with a focus on implementing social dialogue and enhancing workers' understanding of their rights and the role of trade unions.

INDIA

We've had a collaboration with an Indian supplier due to new type of woven product group with a specific craftsmanship, but since we will discontinue with it in our assortment, we've exited, and they are no longer part of our monitoring system.

ITALY

As part of our consolidation plan, we've ended collaboration with a bag supplier. Our factory risk assessment and monitoring focuses on fair labor practices, addressing risks such as migrant worker exploitation, wage compliance, and workplace safety. This year, we enhanced social dialogue to review previous audits, corrective action plans, and evaluate potential risks. An audit from one of our scarf suppliers showed that emergency exits needed improvement, which was addressed immediately. Next year, we aim to strengthen risk assessments and monitoring processes by conducting regular supplier visits, evaluate wage levels, and assessing suppliers' internal grievance systems.

LITHUANIA

We collaborate with all Lithuanian factories through an agent, relying on their regular visits and country risk assessments for monitoring. Key risks identified are the same as on country level; gender-based discrimination and limited collective bargaining rights. Next year, we aim to improve risk assessments and monitoring by collecting more supplier information and documentation and conduct digital HRDD training.

PORTUGAL

In general, the Portuguese facilities we work with are quite small units with less than 50 workers. We base our risk assessment and monitoring activities on collecting information directly from the factory and visits. In accordance with our country risk assessment, our monitoring activities focus on wages, but also the social dialogue since it's the foundation for well functioning HRDD. It shows that 61% of the factories have a trade union where some have wage level according to CBA, 13% have not a trade union and from 26% we still missing information. Next year we will advance our monitoring activities and arrange a digital HRDD training.

ROMANIA

As part of our work to consolidate our supplier base, we've ended our collaboration with three of our four suppliers. The knit supplier we decided to continue to work with had an audit with overall good results. The factory was recommended to strengthen its chemical, fire and electrical management system where they've showed improvements within a month, and we continue to follow up. Wages were above minimum wage but below national estimate of living wage, therefor we will initiate a living wage project with them next year.

TURKEY

This year, we worked closely with our Turkish suppliers to address audit findings and complaints (see specific section for details). While social dialogue frameworks are established, further progress is needed in implementation. We will continue supporting this effort next year and provide training to address gender-related risks identified in the country risk assessment.

VIETNAM

We collaborate with two factories via an agent. Audits and documentation have demonstrated positive practices, including trade union membership, worker representation, and established internal policies and guidelines. In the coming year, we will collect additional records to ensure that social dialogue and grievance mechanisms are effectively functioning. Wage levels have been identified as a significant risk area during country assessment, and next year we plan to investigate further for specific factories.

SUMMARY

	Nr of factories	Product group	Complaints received (2023)	Improvement and prevention	Timeline
Bulgaria	2	Woven	0	Request additional records and update risk assessments. Arrange external audits – TBC.	2024-12-31 2025-04-01
China	7	Eyewear (2) Knitwear (3) Woven (2)	0	Arrange external audit and training to improve HRDD implementation Start Living wage project woven supplier Start to follow up on corrective action plan from audit for eyewear factory	2024-12-31
India	1	Woven	0	N/A	N/A
Italy	7	Bags (2) Denim (2) Scarves (2) Accessories (1)	0	Focus on function of social dialogue and grievance mechanism. Further assess wage level.	2025-12-31
Lithuania	13	Woven	0	Collect more information to improve risk assessment and monitoring with focus area gender-based discrimination and collective bargaining rights. Arrange digital HRDD education.	2024-12--31
Portugal	23	Jersey (12) Shoes (7) Woven (4)	0	Focus on function of social dialogue and grievance mechanism. Further assess wage level. Arrange digital HRDD education.	2025-12-31
Romania	4	Knitwear (2) Woven (2)	0	Start Living wage project with our knit supplier.	2024-12-31
Turkey	4	Denim (2) Woven (1) Leather (1)	5	Start Living wage project for our woven supplier and arrange training to address gender risks. Monitor improvements in social dialogue.	2024-12-31 2025-12-31
Vietnam	2	Woven	0	Focus on function of social dialogue and grievance mechanism. Further assess wage level.	2025-12-31