

FOND OF GmbH & baesiq GmbH

Social Report

Financial Year August 2022 – July 2023

 **FOND OF** baesiq

Affenzahn

ergobag

Satch

A=OR

••pingpong

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Organizational Chart



Figure 1: Organizational Chart

1. Summary: 2022/2023 Goals & Achievements

This Social Report provides an insight into our efforts and progress concerning the implementation of our Human Rights Due Diligence (HRDD) and responsible business and sustainable practices within the production of our products and beyond. Also, for our financial year 2022/23, the lingering impacts of the pandemic and increasing geopolitical conflicts created a difficult market environment that is characterized by inflation, higher costs, and decreasing demand, of course, continued to challenge these efforts. Despite these economic headwinds, we remained committed to further enhancing the relationships and collaboration with our suppliers and realized important prerequisites for the future.

One of our key achievements has been the development of a comprehensive Responsible Business Conduct (RBC) Policy. This endeavour involved conducting workshops with various departments from baesiq and FOND OF, including purchasing, HR & organizational development, design & development, and product management. As a result of these collaborative efforts, we established a robust policy framework that aligns with our common values and principles.

We also focused on strengthening our corporate policies to ensure they are in line with emerging regulations on national and European levels. This included the development of a Sourcing Strategy, a Responsible Exit Strategy, a Subcontracting and Homeworking Policy, as well as the revision of our Code of Conduct and General Terms and Conditions. These initiatives were driven by the need to adapt to the updated Human Rights Due Diligence (HRDD) and risk-based approaches advocated by organizations like Fair Wear and the OECD.

Moreover, we joined the Learning and Implementation Community (LIC) which is a peer-learning community where supply chain partners work together to practically implement positive changes in purchasing by getting insights from different stakeholders and establishing best practices. LIC is based on the Common Framework for Responsible Purchasing Practices, which in turn is developed by different multi-stakeholder initiatives supporting their member companies in implementing practical improvements in purchasing, aiming to increase the scope for improved working conditions in their supply chains.

Looking ahead, we've set clear corporate responsibility (CR) goals and developed a comprehensive strategy to guide our actions until 2030. These goals serve as a roadmap for our future endeavors, reinforcing our long-term commitment to responsible business practices.

To better advance and put all these topics and goals into action throughout the company, will require more CR capacity and expertise. Here we have laid an important foundation and successfully managed to recruit and onboard a full-time CR manager for baesiq.

During our revived supplier visits, we took a proactive stance in preparing our suppliers for upcoming regulations and educating them about our goals for the years ahead. This supplier engagement and education is an essential component of our responsible sourcing practices.

Finally, we put our decision to leave Myanmar as a production country into effect and carried out a responsible disengagement process with our production facility on-site. Since unfortunately the political and human rights situation in Myanmar continued to deteriorate and we did not see any prospect of improvement, we had to realize that we can no longer sufficiently fulfill the heightened HRDD that would be required given the local circumstances.

Collectively, these achievements demonstrate our dedication to responsible and sustainable business practices and have positioned us well for upcoming regulatory changes. Our efforts represent a commitment to translating our foundational work into meaningful actions in the years to come. Particularly, we will tackle this by intensifying our focus on our Action and Prevention Plan. Additionally, we have committed to gradually expanding our HRDD efforts throughout our deeper supply. Starting with our Tier-2 suppliers, we plan to achieve this by adopting a digital system that allows us to gradually extend our HRDD management and processes to deeper tiers of our supply chain. We will continue to pursue the topic of living wages and hope to gather valuable insights from our initial pilot with the Fair Price App, which we can then use to implement our living wage efforts with other suppliers, completing the first step towards full transparency in wage costs. Furthermore, we aim to address the topics of worker & stakeholder engagement, social dialogue, and freedom of association more actively with our key suppliers. While this will be a lengthy process, we recognize the importance of these issues and are striving to find ways to bring everyone to the table and better integrate our stakeholders into decision-making processes in the coming years.

Carsten Winkler

Management FOB Holding

2. Sourcing Strategy

2.1 Human Rights Due Diligence (HRDD)

For FOND OF & baesiq a risk-based approach means that our business decisions are guided by our continuous risk assessment. For conducting the risk assessment, we have selected eleven risk areas that are relevant to the textile industry, based on the indicators defined by the OECD and the Code of Labor Practices of the Fair Wear Foundation.

"Sector risks in the garment and footwear sector include, but are not limited to, the following: child labor; discrimination; forced labor; excessive hours of work; work-related and health; violations of the right of workers to establish or join trade unions and representative organizations of their own choosing and the right of workers to bargain collectively; non-compliance with minimum wage laws and wage levels that do not meet the basic needs of workers and their families; discrimination; hazardous chemicals; water consumption; water pollution; greenhouse gas emissions; bribery and corruption." (OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector)

In the first step, we evaluate all our production countries against those risks. We assess them using indices like the ITUC Global Rights Index, the Gender Gap Index, or the Global Slavery Index. Further, we read relevant external studies like the Fair Wear Country studies or OECD Guidance for Responsible Supply Chains in the Garment and Footwear Sector. Building upon the country evaluation, we take the risk analysis a step further by identifying the risks associated with all our active production locations. For this, we review current audit and training reports, and complaints, as well as engage in on-site and email conversations. Special focus is set on gender equality, freedom of association, and social dialogue as we see the implementation of those as enabling factors for the improvement of working conditions in the long term.

To determine which identified risks are to be addressed first, we prioritize based on the severity (degree, scope, irreversibility) of the identified risks.

Based on the prioritization, we create an annual **Corrective Action and Prevention Plan** that we discuss and work on with our partners.

The identified risks and the implementation of the corresponding measures are incorporated into **our sourcing strategy** and determine, among other things, our order allocation. In addition, we hold **two-way feedback** discussions with our partners every year during our so-called Supplier Days. During this on-site event, we evaluate certain criteria and receive the same feedback from our partners. Only in this way can we constantly intensify our cooperation and ensure improvements on both sides in an open discourse.

To verify the measures implemented, we regularly conduct independent audits and visit our partners on-site at least once a year. In addition, we are working on defining certain KPIs to track our progress.

Another way via which we identify, and address potential and actual harms is by carefully addressing all complaints that reach us via the Fair Wear Workers Helpline.

To integrate the approach outlined here into our daily business, we conducted workshops with various teams during the development of the Responsible Business Conduct Policy. Through these workshops, we formulated various policies and strategies. These include the Responsible Exit Strategy, the Responsible Sourcing Strategy, the Subcontracting Policy, and the Homeworking Policy. We also revised our Code of Conduct and the General Terms and Conditions for purchase orders with our suppliers.

2.2 Sourcing Strategy & Pricing

The uncertain times of the COVID-19 pandemic are now followed by no less difficult times, characterized by falling demand and rising costs. Nevertheless, we continue to emphasize nurturing enduring business relationships with our suppliers. This can be challenging, given the current economic situation.

Our sourcing strategy is closely intertwined with our HRDD approach, which means that our risk scoping and risk assessment significantly impact our sourcing decisions, especially when it comes to onboarding new suppliers and providing incentives to well-performing suppliers. As part of our ongoing efforts, we are currently in the process of incorporating the evaluation of our suppliers' performance concerning human and labor rights into our sourcing decisions. For instance, new developments will be allocated to well-performing suppliers in this regard, reflecting our commitment to promoting ethical and responsible business practices throughout our supply chain.

In our commitment to maintaining ethical and sustainable supplier relationships, we continuously assess the performance of our suppliers in accordance with human and labor rights. This ongoing evaluation helps us make sourcing decisions that align with our dedication to fair and responsible business practices.

We organize annual supplier days, during which all our primary suppliers are invited to our office in Cologne. These gatherings provide a platform for in-depth discussions about our partnerships, allowing us to share insights, address concerns, and collectively work towards continuous improvement in our business relationships.

In addition to our efforts in supply chain transparency and ethical practices, we actively encourage our suppliers to provide feedback on our core processes. This feedback loop ensures a continuous

improvement dynamic on both sides, fostering stronger, more effective, and mutually beneficial relationships.

When it comes to selecting new suppliers, our approach is not limited to evaluating factors like quality, pricing, and communication. We also take into account social and environmental considerations. This year, we improved our comprehensive risk analysis and integrated it into internal processes, for example before initiating new business collaborations. In doing so, we assess both, the relevant social and environmental risks associated with the country where our business partner operates, and the specific production site where our products will be manufactured. Our risk assessments rely heavily on indices and evaluations provided by reputable organizations, along with independent research and data from partners, such as country assessments from Fair Wear. Additionally, we refer to existing factory audit reports and engage in discussions with the factories regarding social and environmental conditions.

In the financial year 2022/23, we collaborated with suppliers in one European country (Portugal) and four Asian countries (Vietnam, China, Turkey, and Myanmar). The distribution of our production is illustrated in Figure 2, which reveals that most of our manufacturing operations are still concentrated in Vietnam and China.

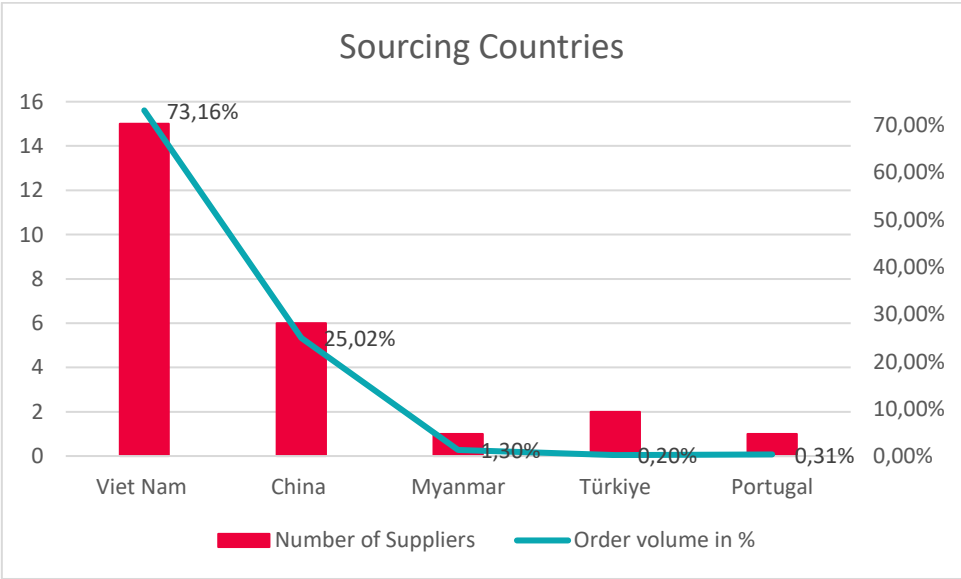


Figure 2: Sourcing Countries

2.3 Organisation of the Sourcing Department

Our entire organization is characterized by flat hierarchies. Among other duties, team leaders are responsible for organizing communication and workflows so that the teams can cooperate in the best way possible. Decisions are to be made by any team player. This ensures the commitment of every single employee and strengthens self-responsibility. While the products for our Kids brands, Affenzahn, Ergobag, and Satch, are managed and sourced by FOND OF GmbH, since 2021, the products for our Lifestyle brands, pinqponq, and AEVOR, are managed and sourced by FOND OF's smaller sister unit, the baesiq GmbH. Despite this division, there is very close collaboration and exchange between the two units in general and particularly in the areas of procurement and CR.

While the CR team interacts with many other teams such as marketing, product management, logistics, or communication, our main lever lies within the purchasing process. Last year, FOND OF again restructured the organization. Since then, the FOND OF CR team comprises two full-time CR managers and is now part of the Procurement team. The Procurement team, in turn, is situated in the Supply Chain department, which also includes Operations, Logistics, Customer Happiness, and IT. The Procurement team itself, in addition to CR, consists of Quality Management, Purchasing, and our new Asia Operations position. She is stationed in Asia for half the time to be on-site with our suppliers and to be able to act quickly in case of short-term issues and to further strengthen the business relationship. We have a total of 8 people in the purchasing team, one management position, four brand procurement managers who are responsible for the individual brands, two part-time employees who support the team in placing and processing orders and a purchasing data analyst.

The way we work is characterized by regular exchange with many different departments. Of course, our goal is that sustainability plays a major role in the work of the various departments. However, we need to provide new knowledge and support regularly and sometimes also point out problems. For example, we have a weekly exchange for our different brands where, among other things, new product developments or communication measures are discussed. Another very important exchange for us is the one with our purchasing department. We meet once a week to discuss current sourcing decisions and supplier relationships. Further, we have regular exchanges with our management to discuss acute problems, work on current CR projects, and develop our sustainability strategy for the future.

Last year, also baesiq was busy restructuring its Product team including the functions of Purchasing and CR. A new full-time CR position has been created and a second purchaser joined the team. As a result, baesiq's Product Team now comprises 8 team players who are responsible for Design, Technical Development, Quality Management, Product Management, Purchasing, and CR and closely collaborate on new product developments, supplier relationships, material sourcing, and CR

requirements. Once a week the whole team meets with the baesiq management to discuss and work on overlapping topics. Via this close integration of product positions, purchasing, and CR in one single team, baesiq laid the foundation to reinforce its HRDD and sustainability efforts in its purchasing practices and supplier relations in the following year.

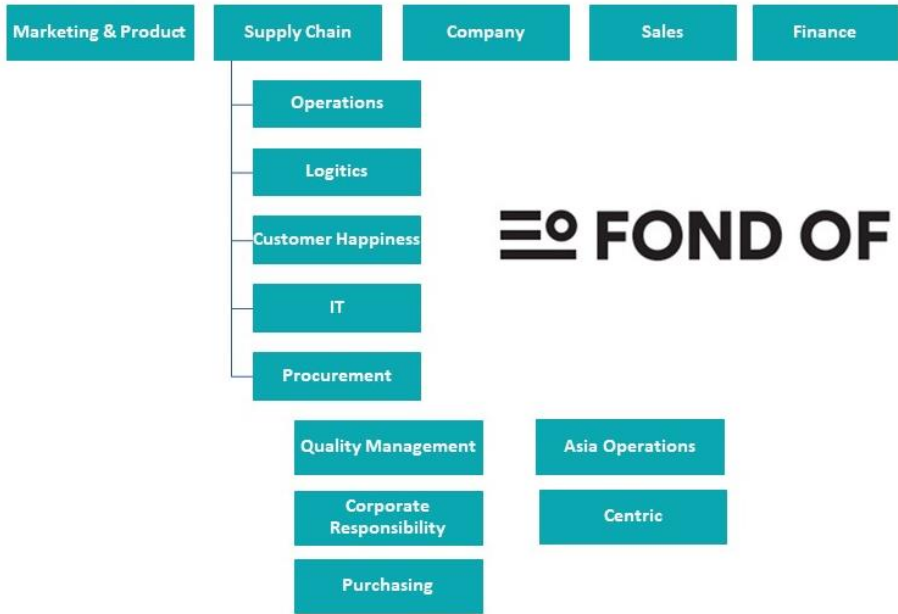


Figure 3: Organizational chart FOND OF



Figure 4: Organizational chart baesiq

2.4 Production Cycle

Since we combine five brands under our core company FOB Holding GmbH, there are various production cycles, depending on brand and product. However, we have set a product development process that reflects the yearly cycle for our main brands Affenzahn, ergobag, and Satch. For those brands, we only have one collection per year. Vaguely, the cycle looks as follows:



Figure 5: Production cycle

During the **concept phase**, our team gathers information on current megatrends. This process is being conducted throughout the year and is independent of the other steps.

In the next step, during the **loading phase**, we identify how those trends can affect our product range and we start coming up with new product ideas. Further, we identify which products fit our brand image, could have a market impact, and match the megatrends. Once we have decided which products we want to develop, our designers start with the first product drafts during the **design phase**. This phase takes a lot of time since we need to communicate with our suppliers, make samples, and redesign them. In this phase, we also look at the respective sustainability requirements, making sure that materials are in line with them and that the factories are set up for production.

Once we have all our product designs ready, the product team hands all the information over to our purchasing department. During the **purchasing phase**, they negotiate with our suppliers and fix timelines for the shipments. Once all of this is set, our suppliers start sourcing the parts and production can finally start. Usually, our suppliers have six months to produce our goods. Once they are ready and shipped to our warehouse, we enter the launch phase, in which our marketing team starts their campaigns, and we place our products on the market.

All in all, the cycle takes about 16 months from start to finish.

2.5 Supplier Relations

We did not select any new direct suppliers in the past fiscal year. As we have rather reduced our product portfolio - sfoli as a brand has been discontinued - it was not necessary to look for new suppliers.

We have nevertheless adapted our selection process to our risk-based work. In concrete terms, this means that we carry out risk scoping at the country level (if the country is not yet in our portfolio) and at the factory level for all potential new suppliers. To do this, we use the OECD's eleven social and

environmental risk areas that apply to the apparel and footwear sector. For risk scoping at the country level, we use indices and risk analysis from independent sources, such as NGOs, or FairWear's country studies. For the assessment at the factory level, we also consult certifications and existing audit reports. Site visits and interviews with factory management are also included here. Together with criteria from other departments, such as quality, price, communication, and development, a decision is made with all departments and management, considering all risks. If we decide on a supplier, a detailed CR onboarding follows, in which our standards, requirements, and processes are explained in more detail.

As already mentioned at the beginning of this section, we discontinued one of our shoe brands and struggled extremely with sales figures in the shoe market in the last fiscal year. As a result, we had to reduce orders and decided to leave one of our shoe suppliers in Vietnam to be able to support our other shoe supplier with at least a few more orders. Both suppliers had to deal with the reduction of our quantities as well as with the reduction of other brands. As Innolux had only one other major brand with even more leverage than us, which cancelled all orders, production had to be outsourced to a subcontractor at short notice, as it was no longer worth keeping production running in the original factory. This change was not properly discussed with us (all subcontractors must be approved by us), which is why we decided not to place another order.

Moreover, we have ended our business relationship with two suppliers in Turkey. Firstly, we terminated the cooperation with our sock producer from Turkey, bilteks, earlier than planned. There were problems during the audit conducted. Once inconsistencies in the document checks for time records, attendance list for H&S and fire drill trainings were found and the owner was asked for clarification the owner told the audit team to end the audit and leave the factory. Since we encountered strong resistance from the factory, we decided not to continue the cooperation. Monitoring in the form of independent audits is an essential tool for us to get an overview of the conditions on site and to get an understanding of the situation. Secondly, by the end of the fiscal year, baesiq decided to also end our business relationship with our cotton apparel supplier in Turkey. While this decision was driven by several reasons, also here, an important factor was the supplier's repeated unwillingness to conduct a Fair Wear audit at the factory due to concerns with the Fair Wear labor standard of 'Freedom of Association'. Unfortunately, several attempts to discuss and resolve these concerns with the supplier remained unsuccessful. As there were also other non-CR-related recurring issues, we finally decided to end our cooperation. As, due to economic reasons, we generally decided to reduce our cotton apparel portfolio and there is the opportunity to also produce similar products at our supplier in Portugal, we decided to consolidate our supply chain and will shift the production of future collections to this Portuguese supplier with which we already work with since 2018.

Finally, we heavy-heartedly put our decision to leave Myanmar as a production country into effect and carried out a responsible disengagement process with our production facility in Myanmar, building on our internal Responsible Exit Strategy and Fair Wear Guidance. Overall, the business relationship with the supplier who produced outerwear and fleece jackets for our brand pinqponq, proved to be very positive for us throughout the entire business relationship. However, unfortunately, we do not see any prospect of improvement for the further deteriorating political and human rights situation in Myanmar. Due to the absence of the rule of law, the collapse of local mechanisms to address human and labor rights violations, and the lack of possibility to conduct audits and own visits, we can no longer independently monitor the working conditions in the factory. As a result of these limitations and our very small leverage at the factory, we felt that we could no longer fulfil the heightened HRDD that would be required given the current context.

While our decision to disengage from the factory due to this reason was first communicated to the supplier in May 2022, throughout the whole of FY22/23 we were busy implementing a responsible disengagement process together with the supplier to limit any possible negative impacts our leaving might have on the workers. The management of the supplier repeatedly assured us that our decision to disengage from the factory would not result in any layoffs because our orders only accounted for about 2% of the total production volume of the factory. Nevertheless, it was very important to us to support the factory and its workers in the remaining time in the best possible way. This included the joint development of a phase-out plan. Before leaving the factory, we placed one last order in Myanmar in November 2022, which was produced in Myanmar until May 2023. To help improve the health of workers at the factory, we implemented and financially supported a Nutrition Program in cooperation with another Fair Wear member brand and SMART Myanmar. As a result, we were able to ensure that instead of normal white rice, fortified rice enriched with minerals and vitamins was served in the factory canteen. In addition, a restroom and necessary equipment were set up for nursing female workers to allow mothers to nurse their children in a protected space. Moreover, we continued to follow up and resolve complaints that we have received via the Fair Wear Workers Helpline (see Chapter 4). Ultimately, together with the supplier, we have decided to move the production of future pinqponq outerwear collections to two factories of the same supplier in Vietnam. This decision was made based on our previously very good experience with the supplier, their know-how for our products as well and their commitment to responsible business practices and joint improvements. While production of our products will only start in FY23/24, we have already personally visited the factories in advance and exchanged with two other Fair Wear member brands who also produce at these factories and already conducted Fair Wear audits there.

2.6 Integration of Monitoring Activities and Sourcing Decisions

So far, our **risk scoping and risk assessment** have influenced our sourcing strategy and decisions, especially when selecting and onboarding new suppliers. In addition to independent NGO reports and Fair's country studies, the **results of audits and other assessments**, such as on-site visits and interviews, are considered.

To further enhance the integration of audit results, training, and other assessments, as well as the implementation of the Fair Wear Code of Labor Practices, we have fundamentally revamped our sourcing strategy for the first time and developed it in a workshop together with our Purchasing team. A fundamental aspect of future sourcing decisions will be our newly implemented **two-way feedback process**. Firstly, we will assess our direct suppliers annually in five different categories (corporate responsibility, logistics, purchasing, quality management, and development/design). These categories will be evaluated by the respective department and will culminate in a Supplier Scorecard. However, since a partnership always involves two parties, we also invite our suppliers to assess us in similar categories, following the Better Buying questionnaire. Both sets of results will be discussed directly with our suppliers during the so-called Supplier Days (starting in 2023) held annually. Initially, there will be a meeting with the management for a general alignment of perspectives, followed by in-depth discussions with the respective departments regarding the results.

3. Coherent System for Monitoring and Remediation

In the fiscal year 2022/2023, in collaboration with Fair Wear, we successfully carried out four monitoring audits in total, three in Vietnam and one in Turkey. This effort resulted in auditing 90% of our order volume, which is lower than last year. One reason is that two of our suppliers would have had to be audited at the end of our financial year to count towards the threshold. We have decided to postpone these two audits until the next financial year. We also planned to audit one of our shoe suppliers but since we ended the partnership, we had to cancel the audit.

As of this year, there is no longer a threshold from Fair Wear that we have to reach. By working on a risk-based approach, we will decide on a case-by-case basis which factories to audit, when, and how often. The period in between can be shorter or longer than three years and can be carried out on individual or all Code of Labor Practices.

In addition to these audits, our anonymous complaints hotline remains a crucial component of our monitoring system, which is elaborated upon in detail in Chapter 4 of our report. We have also conducted a proprietary checklist for assessing subcontractors, supplementing our routine health and safety inspections to gain deeper insights and enhance opportunities for improvement.

Furthermore, our Asia Operations Manager is half of the time stationed in Asia to be on-site with our suppliers and to be able to act quickly in case of short-term issues and to further strengthen the business relationship.

A comprehensive overview of our suppliers for the fiscal year 2021/22 is presented in Figure 6.

Factory Name	Country	Order volume in %	Estimated Leverage	Audited
Seyfeli Dis Tic. Ltd	Türkiye	0,13%	1,60%	✓
ASG Global Co.,Ltd	Viet Nam	30,40%	25,00%	✓
<i>Phuong Nam Vina Garment Company</i>	Viet Nam	0,19%	30,00%	✓
<i>Hankook Vina Embroidery Company</i>	Viet Nam	1,49%	35,00%	
<i>Dang Quang Vina Co., Ltd.</i>	Viet Nam	0,86%	19,00%	
HAKSAN VI NA Co. Ltd.	Viet Nam	12,58%	18,82%	✓
Doppler	China	0,72%	2,35%	✓
INS Vina	Viet Nam	5,53%	52,00%	✓
<i>UK VINA</i>	Viet Nam	0,06%	70,00%	
Pungkook Saigon 2	Viet Nam	1,38%	0,80%	✓
<i>Cty Tnhh in Hanh Phuc</i>	Viet Nam	0,02%	1,20%	
Shenzhen SingBao Sewn Products Co., Ltd. (SBL)	China	13,29%	13,00%	✓
<i>Dongguang Shengying Bags Co., Ltd.</i>	China	3,71%	36,00%	✓
<i>Starry Ltd. (GSL) (Guangxi)</i>	China	3,53%	16,00%	
<i>Tian Hui Bags Factory</i>	China	2,51%	40,00%	✓
<i>Shengde Bags Factory</i>	China	1,25%	20,00%	
Viva Vina Branch 1 Co. Ltd.	Viet Nam	12,72%	41,00%	✓
<i>Hankook Vina Embroidery Company</i>	Viet Nam	0,11%	35,00%	
<i>Damy Vina Co., Ltd.</i>	Viet Nam	0,18%	2,60%	
Myanmar Tah Hsin Industrial Co., Ltd.	Myanmar	1,30%	2,00%	✓
ASG VINA CO., LTD	Viet Nam	3,34%	5,70%	✓
<i>Dang Quang Vina Co., Ltd.</i>	Viet Nam	0,10%	19,00%	
<i>Phan Tao Ly</i>	Viet Nam	0,02%	2,00%	
bilteks corapcilik san. ve tic. ltd. sti	Türkiye	0,07%	0,18%	✓
Innolux Group Asia Pte Ltd. (MU 2)	Viet Nam	1,65%	10,00%	✓
<i>DAI LUC DONG NAI JOINT STOCK COMPANY</i>	Viet Nam	2,52%	10,00%	
Marzim, Sa	Portugal	0,31%	4,80%	

Figure 6: Suppliers overview, subcontractors, and support processes in italics

3.1 Suppliers in Vietnam

In the financial year 2022/23, in Vietnam, we engaged with a total of 15 distinct suppliers. Out of these, we established direct business relationships with six of them, while the remaining nine suppliers operated as sub-suppliers. Our communication with these sub-suppliers was facilitated through our primary suppliers.

All our primary suppliers in Vietnam have undergone comprehensive audits within the past three years. Fortunately, we were also able to audit one of our long-term subcontractors for the first time and are now working intensively on the corrective actions.

In the audits carried out in Vietnam, the most frequent findings were in the areas of 'Safe and healthy working conditions', 'No excessive working hours', 'Freedom of association', and 'Payment of a living wage'. Many of the OHS findings were resolved quickly. Similarly, many factories had policies that were not in line with the local labour laws. These were also all adapted and approved by the local authorities. To verify the implementation of corrective actions, we request photographic or documentary evidence.

In addition, during our visits to Vietnam and during two audits, we found that three factories employ homeworkers who carry out various tasks at regular or irregular intervals. As homeworkers are a very sensitive issue, as they are particularly affected by the violation of labour rights, we have drawn up a homeworking policy and will work together with our partners over the next few years to make the issue visible and improve the situation for homeworkers.

As we had findings in the areas of freedom of association, communication, and social dialogue in all previous audits of our Vietnamese suppliers, we initiated the Fair Wear training program on 'Communication and Factory Dialogue' in three factories in the last financial year. This training is offered specifically for Vietnam and helps to strengthen the dialog between management and workers to quickly address and resolve complaints and concerns, among other things. The program lasts 12 months and involves management, general worker population, and a small group of volunteer workers or representatives.

At another supplier, we first initiated the WEP Basic Training to lay the foundations of labour rights and grievance mechanisms as well as social dialogue.

Dealing with overtime and ensuring a living wage remains a significant challenge. The order situation has decreased to such an extent that overtime is not a serious issue now. But this can only be a short-term effect, which is why we regularly discuss the issue with our partners and check the general order situation as well as working hours and capacities. Regarding 'Payment of a living wage', we are

working together with a supplier in Vietnam to test the Fair Price App and generate learnings from this to apply to all direct partners in Vietnam – so this is an ongoing project.

ASG Global Co., Ltd	
Address	Plot A4, street No6, Long Hau-Hoa Binh IZ, Nhi Thanh, Thu Thua, Long An
Products	Bags & Accessories
Production Processes	Cutting, Packing, Finishing, Gluing
Order Volume in %	25%
Audit & Date	Fair Wear Verification Audit: May 2022
Main findings related to the Code of Labor Practices	Management system, Freedom of association and right to collective bargaining, Factory communication, Living Wage, Working hour, Safety and healthy working conditions
Relationship started in	2011
Visited in 2023 by whom & topics discussed	CR, QM, Product Development, Management
Employee structure (gender breakdown)	1875 in total 89% women 11% men
No. of migrant workers ¹	199 77% women 23% men
Average overtime	9 hours / week (2022)
Wage level ²	100% des Living Wage Estimate
Union and/or worker representation	Trade Union of ASG Global Company (VGVL)
Subcons / support processes	Phuong Nam Vina Garment Company Hankook Vina Embroidery Company Dang Quang Vina Co., Ltd.

ASG VINA CO., Ltd	
Address	90/10 Nguyen Van Tiet, Lai Thieu Ward, Thuan An Town
Products	Bags & Accessories
Production Processes	Cut, Make, Trim, Packing
Order Volume in %	3.34%
Audit & Date	Better Work: September 2022
Main findings related to the Code of Labor Practices	Working hours, Safe and healthy working conditions
Relationship started in	2011
Visited in 2023 by whom & topics discussed	CR, Quality Management, Development, Design, Product Management
Employee structure (gender breakdown)	999 in total 85% women 15% men
No. of migrant workers ³	743 in total 62% women 13% men
Average overtime	9 hours /week

¹ Migrant workers: workers from other provinces within the country

² average value based on estimate of region 1 and 4 in Vietnam due to no valid data for region 2

³ Migrant workers: workers from other provinces within the country

Wage level ⁴	74% of Living Wage Estimate Region 1 Vietnam
Union and/or worker representation	29 worker representatives at ASG Vina, 85% women 15% male
Subcons / support processes	Dang Quang Vina Co., Ltd. (Printing) Phan Tao Ly Embroidery Unit (Embroidery)

HAKSAN VINA Co. Ltd.	
Address	Quarter 3, Tan Dinh Ward, Ben Cat Town, Binh Duong
Products	Footwear
Production Processes	Cut Make Trim, Cutting, Embroidery, Packing, Finishing
Order Volume in %	12,58%
Audit & Date	Fair Wear Monitoring Audit: July 2022
Main findings related to the Code of Labor Practices	Freedom of association and right to collective bargaining, Living Wage, Working hours, Safe and healthy working conditions
Relationship started in	2019
Visited in 2023 by whom & topics discussed	CR, Quality Management, Development, Design, Product Management
Employee structure (gender breakdown)	1736 in total 89,5% women 10,5% men
No. of migrant workers ²	836 in total 88% women 12% men
Average overtime	18 hours / week
Wage level ⁵	87% from LW estimate Region 1 Vietnam
Union and/or worker representation	Trade Union of Haksan Vina Co. Ltd. (VGCL)

INS Vina	
Address	204/15 Pham Van Sang Street, Hamlet 2, Xuan Thoi Thuong Commune, Hoc Mon District, Ho Chi Minh
Products	Bags
Production Processes	Cut & Sew, Packaging, Product Finishing
Order Volume in %	5,53%
Audit & Date	Fair Wear Monitoring Audit: March 2023
Main findings related to the Code of Labor Practices	Factory management system, Social dialogue and communication, Discrimination, Living wage, Working hours, Health & Safety
Relationship started in	2012
Visited in 2023 by whom & topics discussed	CR, Quality Management, Development, Design, Product Management
Employee structure (gender breakdown)	332 in total 76% women 24% men
No. of migrant workers ⁴	None
Average overtime	3 hours / week
Wage level	92% of LW Estimate Region 1 Vietnam
Union and/or worker representation	Trade Union of INS Vina Company (VGCL)
Subcons / support processes	UK VINA

⁴ [Living Wage for Ho Chi Minh City, Vietnam - Global Living Wage Coalition](#)

⁵ [Living Wage for Ho Chi Minh City, Vietnam - Global Living Wage Coalition](#)

Viva Vina Branch 1 Co. Ltd.	
Address	450/60 Dang Thuc Vinh, Dong Thanh village, Hoc Mon District, Ho Chi Minh
Products	Bags
Production Processes	Cut & Sew, Cutting, Packaging
Order Volume in %	12,72%
Audit & Date	Fair Wear Monitoring Audit: March 2023
Main findings related to the Code of Labor Practices	Discrimination, Safe & healthy working conditions, Legally binding employment relationship
Relationship started in	2011
Visited in 2023 by whom & topics discussed	CR, Quality Management, Development, Design, Product Management
Employee structure (gender breakdown)	489 in total 84% women 16% men
No. of migrant workers ⁶	108 in total 16,25% women 6,25 % men
Average overtime	5 hours / week
Wage level ⁷	93% from LW estimate Region 1 Vietnam
Union and/or worker representation	Trade Union of Viva Vina Company Branch 1 (VGCL)
Subcons / support processes	Hankook Vina Embroidery Company Damy Vina Co., Ltd.

Pungkook Saigon II Corporation	
Address	2A-Road 8, Song Than 1 Industrial Park, Di An City
Products	Bags & Accessories
Production Processes	Cut, Sew, Embroidery, Product Finishing, Packaging
Order Volume in %	1.38%
Audit & Date	Better Work: June 2022
Main findings related to the Code of Labor Practices	Working hours, Freedom of association and right to collective bargaining, Safe and healthy working conditions
Relationship started in	2016
Visited in 2023 by whom & topics discussed	CR, Quality Management, Development, Design Product Management, Purchasing
Employee structure (gender breakdown)	4097 in total 78% women 22% men
No. of migrant workers ⁸	none
Average overtime	8.75 hours / week (as of Jan-Aug 2022)
Wage level	117% of Living Wage Estimate Region 1 Vietnam
Union and/or worker representation	The Grassroot Trade Union of PungKook Saigon II Female Union Members: 3030 Male Union Members: 553
Subcons / support processes	Cty Tnhh in Hanh Phuc (Printing)

⁶ Migrant workers: workers from other provinces within the country

⁷ [Living Wage for Ho Chi Minh City, Vietnam - Global Living Wage Coalition](#)

⁸ Migrant workers: workers from other provinces within the country

3.2 Suppliers in China

In China, our current sourcing network spans six distinct production facilities. Our supplier relationships can be categorised as follows: We maintain direct business associations with two of them, Starry SBL and Starry Guanxi. Three production sites, namely Shengde, Shengying, and Tian Hui, act as subcontractors, with our communication being routed through our primary Chinese supplier, Starry. For one supplier, our connections are indirect and mediated by an intermediary agent (Doppler).

During the financial year 2022/2023, we had no audits at our Chinese facilities, but we are still working on the Corrective Action Plans from the previous audits which were conducted in 2021/2022.

In the Chinese audits, certain labour standards, specifically 'Freedom of Association', 'Reasonable Working Hours', 'Payment of a Living Wage', and 'Health and Safety', posed notable challenges. By maintaining a process of continuous follow-up and implementing remediation measures, we were able to address most of the identified issues in collaboration with our suppliers and other brands sourcing at the same factories. For instance, excessive overtime could be reduced as the factory has eliminated overtime one day a week. Nevertheless, the cultural acceptance of working overtime in China, coupled with many suppliers employing migrant workers who rely on overtime to support their families, adds complexity to finding a comprehensive solution. Nonetheless, we engage in ongoing discussions with our suppliers to strive for improvement in this complex area.

Some 'Health and Safety' findings could be resolved as well. However, certain issues, including overtime hours, living wage payments, and freedom of association, remain particularly challenging. Like our approach with suppliers in Vietnam, we monitored the working hours over several months and engage in ongoing discussions with our suppliers to strive for improvement in this complex area.

The issue of 'Payment of a Living Wage' remains a demanding one. Unfortunately, we are still unable to accurately determine the current percentage of living wage paid on average by our suppliers due to a significant portion of wage records being falsified. We plan to conduct new audits in 2023/2024 to get verified information on working hours and wages. Our strong commitment is to establish verified wage records for all our suppliers in the future and progressively increase the proportion of living wage payments until reaching 100%.

Likewise, the labour standard concerning 'Freedom of Association' presents ongoing challenges. Many suppliers in China encounter difficulties in meeting the requirements for freedom of association. Common audit findings pertain to the election of worker representatives and the missing awareness of roles and functions of unions at the worker level.

Shenzhen SingBao Sewn Products Co., Ltd. (SBL)	
Address	No.2 South Da Lang Road, Dunbei Industrial Zone, Long Hua New District, Shenzhen
Products	Bags & Accessories
Production Processes	Cute Make Trim, Cutting, Embroidery, Packing, Finishing
Order Volume in %	12,11%
Audit & Date	Global Services Verification Audit: May 2021
Main findings related to the Code of Labor Practices	Working hours, Freedom of Association and right to collective bargaining
Relationship started in	2013
Visited in 2023 by whom & topics discussed	Development – due to travel restrictions in the beginning of 2023 it was not possible to visit yet, but it is planned for next year
Employee structure (gender breakdown)	615 in total 66% women 34% men
No. of migrant workers ⁹	445 in total 62% women 38% men
Average overtime	More than 20 hours / week (not verified due to inconsistencies in attendance and production records)
Wage level	Not verified yet
Union and/or worker representation	Singbao Trade Union (All China Federation of trade Union)
Subcons / support processes	Dongguang Shengying Bags Co., Ltd. Tian Hui Bags Factory Shengde Bags Factory Starry Ltd. (GSL) (Guangxi)

3.3 Supplier in Myanmar

In the financial year 2022/2023 we sourced outerwear and fleece jackets for our brand pinqponq at one production facility in Myanmar.

The latest audit available to us was conducted in July 2022. It was commissioned by a fellow Fair Wear brand who kindly shared the report with us. In addition, we had 2 complaints from the factory in our fiscal year 2022 (see also Chapter 4). The factory has already several positive practices in place but there are areas for improvement concerning meeting the Fair Wear labor standards fully. According to the audit there is no discrimination during hiring, employment, promotion, or termination and underlined that the ratio of women in leading functions is very high. However, while the auditors could not find evidence of verbal abuse, several complaints that reached us suggest that there is a systematic problem of verbal abuse by certain supervisors towards workers at the factory. As a result of our joint complaints handling with the factory management and another Fair Wear brand, the

⁹ Migrant workers: workers from other provinces within the country

management is continuously working on resolving the issue long-term and has respectively introduced external trainings and disciplinary measures for supervisors.

Concerning 'Safe and healthy working conditions' the company conducts fire and evacuation training twice a year. First aid boxes are well stocked, one full-time nurse is hired in the infirmary. However, occupational health checks are only provided to worker in the printing department and no new first aid trainings have been arranged since the pandemic. To help improve the health of workers at the factory, together with another Fair Wear brand we implemented and financially supported a Nutrition Program with the supplier. As a result, we were able to ensure that instead of normal white rice, fortified rice enriched with important minerals and vitamins is served in the factory canteen and that a rest room was set up for the female workers to nurse their children in a protected space.

Regarding 'Freedom of association & collective bargaining', the factory does have a worker representation. However, not all workers participated in the respective elections, and some new workers did not know these representatives.

Regarding 'No excessive working hours', there generally is no excessive overtime at the factory. Sunday work is very rare and only performed by a small group of workers if there is a special reason. However, in previous years there had been complaints that reported that supervisors told workers to work during their lunch break as well as concerns with announcements to raise overtime during peak seasons. Together with another Fair Wear member, we have intensively discussed this issue with the factory management. As a result of these talks, the factory introduced patrols by the management and shut down electricity during lunch breaks. Another complaint concerning overtime could be quickly resolved after the company management reconsidered local regulations and the workers' concerns.

Finally, the 'Payment of a living wage' remains a challenge at the factory. The wages are above the legal minimum wage. However, extreme inflation in the country increases living expenses. Management is aware of this and has increased bonus payments to balance higher living expenses due to inflation.

The continuously deteriorating political and human rights situation in Myanmar continued to severely limit our ability to assess the conditions on-site and to collaborate for continuous improvement. The local situation did neither allow us to visit the factory ourselves nor could we commission a Fair Wear Audit at the factory. Given this situation, we feel that we can no longer fulfil the heightened HRDD that would be required and therefore decided to completely disengage from Myanmar as a production location (see Chapter 2.5).

Myanmar Tah Hsin Industrial Co., Ltd	
Address	Plot No. D-1 Mingaladon Industrial Park, Mingaladon Township, Yangon
Products	Outerwear Jackets & Garments
Production Processes	Cut, Sew, QC, Embroidery, Screen Printing, Ironing, Finishing, Packaging
Order Volume in %	1.3%
Audit & Date	Summations: July 2022
Main findings related to the Code of Labor Practices	Freedom of association and right to collective bargaining, Safe and healthy working conditions Living Wage, Working Hours, Discrimination in employment
Relationship started in	2020
Visited in 2023 by whom & topics discussed	No visit due to local political situation
Employee structure (gender breakdown)	1300 in total 96.5% women 3.5% men
No. of migrant workers ⁶	15
Average overtime	15 hours / week
Wage level	35% of Living Wage based on 2022 Asian Floor Wage Estimate
Union and/or worker representation	Not unionized. There is a workplace coordination committee (WCC) consisting of 8 elected worker representatives.
Subcons / support processes	none

3.4 Suppliers in Turkey

In the FY22/23 we sourced cotton apparel products for our brand pinqponq in Turkey.

The factory had a SEDEX Members Ethical Trade Audit (SMETA) in October 2021. According to this audit, the producers comply with most of the FairWear labour standards. Concerning 'Employment is freely chosen', 'No discrimination in employment', 'No exploitation of child labor', 'Freedom of association', 'Safety and healthy working conditions' and "Legally binding employment relation" and 'Payment of a living wage' no non-compliances could be found. Room for improvement remained concerning 'No excessive working hours'. Regarding the finding of too high overtime, the supplier has implemented a plan to keep overtime below 5% each month.

Starting in 2021 together with another FairWear member brand, we aimed to also conduct a FairWear audit and training at the factory. Unfortunately, our supplier did repeatedly not consent to the audit due to fear of unionizing. The labour standard of 'Freedom of Association' is known to be especially challenged in Turkey. Several attempts on our part to discuss and resolve the suppliers' concerns remained unanswered. This conduct does not align with our expectations of supplier-buyer relationship that fosters continuous improvement and is aligned with our CR standards. As, in addition, there were several other recurring non-CR-related issues, after careful consideration of all factors we have decided to terminate our collaboration by the end of the financial year 2022/2023.

Seyfeli Tekstil Dis Tic. Ltd.	
Address	Buca OSB Mah. 2/20 Sk. No:59, Izmir
Products	Apparel
Production Processes	Cut, Sew, QC, Ironing, Packaging
Order Volume in %	0.13%
Audit & Date	SEDEX Members Ethical Trade Audit: October 2021
Main findings related to the Code of Labor Practices	Working hours
Relationship started in	2020
Visited in 2023 by whom & topics discussed	No visit
Employee structure (gender breakdown)	85 in total 67% women 33% men
No. of migrant workers ¹⁰	none
Average overtime	21 hours/week
Wage level	No recent value available
Union and/or worker representation	Not unionized. There is a worker committee and 2 freely elected worker representatives.

3.5 Supplier in Portugal

Throughout our financial year 2022/2023 we had just one supplier in Portugal who produces apparel products for our brand pinqponq. We already worked with the supplier since 2018.

According to our risk assessment, we classify Portugal as a low-risk country and did not have an audit at the factory. However, baesiq's product manager, who was also CR responsible at the time, and a new purchaser were able to visit our Portuguese supplier, Marzim, in the last fiscal year. While the visits were mainly related to product development topics both reported a very positive impression of the working conditions and treatment of workers at the small family-run production facility. Nevertheless, we also let the factory sign our revised Code of Conduct and other policies and send us a picture of the updated Fair Wear Worker Information sheet with the eight Fair Wear labor standards and the complaints hotline in Portuguese. However, in the financial year 22/23, we did not receive any complaints from Portugal.

Marzim SA	
Address	Rua Da Madrugada 632, Estela, Porto
Products	Apparel
Production Processes	Cut, Sew, Embroidery, Washing, Ironing, Finishing/Packaging
Order Volume in %	0.31%
Audit & Date	N/A - low-risk country
Relationship started in	2018
Visited in 2023 by whom & topics discussed	CR, Development, Product Management, Purchasing

¹⁰ Migrant workers: workers from other provinces within the country

Employee structure (gender breakdown)	31 in total 90% women 10% men
No. of migrant workers* ¹¹	None
Average overtime	Not yet verified
Wage level	Not yet verified
Union and/or worker representation	Not yet verified

¹¹ Migrant workers: workers from other provinces within the country

4. Complaints Procedure

As part of the Fair Wear membership member brands must ensure that workers at their suppliers can issue a complaint concerning any kind of violation of a labor standard. For us as a brand, this means that we must make sure that all our suppliers hang up a worker information sheet within their factories. This sheet explains, in the local language, the essential rights that workers have and further shows the complaint hotline and/or an email address of Fair Wear. Workers can make anonymous reports via this hotline or mail and relate to a local Fair Wear partner to make a complaint. This complaint will then be checked by Fair Wear and, if found to be admissible, it will be handed over to us. If the complaint is found to be grounded, we will set up and implement a remediation plan together with the supplier and where applicable also with other Fair Wear member brands. To make sure that the issue is indeed resolved to the satisfaction of the complainant the local Fair Wear complaints handler monitors and verifies the taken remediation activities via communicating with the complainant until the issue is settled. Moreover, Fair Wear regularly reports about each complaint process on its own. In our annual company update, we ask our suppliers as well as their subcontractors to send us a new photo of the poster in their factory each time. In addition, during our site visits, we regularly check that worker information sheets are posted and visible to all employees. We also encourage our suppliers to include information on Fair Wear and the complaint hotline during the orientation programs for new employees.

Complaints in FY 2022/2023

In our financial year 2022/23 we received **three complaints** of which two were from workers in our factory in **Myanmar**. The other two complaints were received at production facilities in **Vietnam** and **China**. In addition, we were still following up on one complaint from the same factory in Myanmar that reached us only shortly before the closure of our previous financial year 2021/2022.

Complaints in Myanmar

As in the previous year, also for our fiscal year 2022/2023, most complaints originated from our supplier in Myanmar. As the local situation and the lack of on-site visits continue to make it very difficult to get independent information about the conditions in the factory, we were particularly fortunate that Fair Wear's complaint mechanism for Myanmar continues to operate, as this gives us one of the few remaining opportunities to communicate as directly as possible with affected workers. Both, one new complaint as well as an old but still open complaint originated from the same production facility in Myanmar.

Complaint 1241 - Country: Myanmar - Received: 01/06/2022 - Status: Verification

The still open complaint from last year concerned a systematic problem at the factory which has also been reported in previous years and concerns the tense relationship between supervisors and workers. Specifically, workers reported excessive production pressure resulting in verbal abuse by the supervisors and forced overtime during lunch breaks. As a result of initial consultations between us, another Fair Wear member brand, and the factory management, it was decided to introduce training and disciplinary measures, i.e. warning letters, for the supervisors of the factory. Unfortunately, in 2022 and early 2023, it became clear that these initial remediation measures were not sufficient to solve the issues as we received new complaints on the same problems. As a next step, initiated by the other Fair Wear member at this factory, SMART, an EU-funded social compliance advisory program implemented by local experts, was asked to do an on-site assessment of the situation. Following the recommendation of this assessment, supervisors received continuous training on workplace communication and supervisory skills by SMART to tackle the root causes of verbal abuse towards workers. To resolve the lunch break overtime issue, the factory management introduced a new policy to prohibit work during lunch breaks, reinforced its monitoring efforts, and the issuing of warning letters to supervisors. After receiving three warning letters supervisors will have to leave the factory. Moreover, the electricity for sewing machines is switched off during breaks. During the summer of 2023, we were first informed by the Fair Wear complaints handler that workers verified that the situation had finally improved. However, a few weeks later, there were again new complaints on the same issues. As this showed that the effective remediation of the systematic issues requires time and continuous monitoring, this complaint is not yet finally closed but remains under verification.

Complaint 1420 - Country: Myanmar - Received: 29/05/2023 - Status: Resolved

A new complaint that reached us from our Myanmar factory workers reported their health and security concerns with an announced raise of overtime hours per day during peak season that had been made by the factory management. Luckily, this complaint could be resolved within a few days. Due to reconsidering local regulations on extended hours and learning about the worker's concerns, the factory management withdrew the rise of overtime hours.

Although we have in the meantime terminated the collaboration with the factory in Myanmar but will continue to work with the same supplier in Vietnam, it is still very important to us that the reported problems will be resolved as soon as possible. To underline this, we had another call with the Myanmar factory management who assured us again that they are continuously working on resolving all open complaints in close collaboration with the remaining Fair Wear member brands, SMART and Fair Wear.

Complaints in Vietnam

Complaint 1356 – Country: Vietnam - Received: 01/02/2023 - Status: Resolved

In one of our shoe factories in Vietnam, we received a complaint in early February. A worker had contacted the Fair Wear hotline because, upon her return from vacation, she unexpectedly found out that she had been dismissed. She had trouble returning on time from her hometown and, as her phone was broken, she couldn't contact anyone promptly. Fair Wear advised her to contact the HR department. The HR department explained that she was absent for 5 days without notice and was therefore dismissed, and she would not receive any outstanding salary or dismissal notice. As a result, the complaint was submitted to us.

Together with Icebug, we discussed the complaint and promptly contacted the factory's management to request their statement. They responded immediately and provided a detailed account of the situation, as well as meeting records with union representatives, the production manager, and the HR department. It was revealed that it is common for some workers not to return after the Lunar New Year holiday and to be formally dismissed by the factory. Since the worker had not contacted the factory for several days, the factory management assumed she would not return and subsequently dismissed her. They assured that her remaining due payment would be made promptly, and she would receive the dismissal decision and all other relevant documents. The information she had received earlier was incorrect and did not align with the standard procedure. There had been a misunderstanding, which was resolved internally.

The outstanding salary was paid on February 16, and the documents were received by post with confirmation on March 11. The complainant was thankful for the outcome and happy that she could stay in her hometown for the remediation process. This led to the closure and publication of the complaint.

Complaints in China

Complaint 1442 – Country: China - Received: 21/06/2023 - Status: Closed

This complaint reached us at the end of June 2023 via the Global Services Hotline. A worker residing in a dormitory on the factory premises filed a complaint about a roommate. The roommate had woken up around 7 in the morning, and after the complainant got up twenty minutes later, the roommate became upset and insulted the complainant, claiming that the complainant had been too loud. They had an argument, during which the roommate poked the complainant in the face twice and made threats.

The case was reported to us anonymously, and we were asked to contact the management and request the implementation of appropriate policies and processes to prevent such cases in the future.

Together with another non-Fair Wear brand that sources from the same factory, we contacted the management and requested them to explain the existing policies and processes and why they were not effective. The management promptly responded with a detailed report on the incident and the existing processes. There are various internal channels for lodging complaints regarding issues in the dormitories (suggestion box, email, WeChat, administrative manager, person responsible for dormitories, 24-hour security guards). Additionally, there are rules specific to the dormitories that should be known to everyone as they are posted on-site and included in the employee handbook.

During the remediation process, there was a temporary mix-up as there were two cases in the dormitories at the same time. However, both cases were resolved internally with the administration department. Both parties signed a reconciliation statement, and the complainant decided not to pursue the case any further.

5. Training & Capacity Building

Making change happen requires everyone to pull together. That is why we see it as our task to communicate our CR activities to the entire company and to all our suppliers to raise awareness of the issue. Our aim is that the motivation for social and environmental improvements comes from within the individual teams and suppliers and not from us. We want to achieve this through regular communication and training.

5.1 Activities to inform Staff Members

We have the ambition that every employee is informed about our CR and HRDD activities and philosophy. Therefore, a CR presentation has been implemented into the onboarding process of every new employee. The intention is to raise the awareness of all employees to the relevance of sustainability within FOND OF and baesiq to spread the thought of sustainability and HRDD into all other areas of the organization. Next to the CR Onboarding, the CR team also shared our Social Report, our Responsibility Report, as well as the results of our latest Brand Performance Check with the whole company via Slack or presentations.

A big project over the last fiscal year has been the creation and implementation of our Responsible Business Conduct Policy. Therefore, the CR team conducted several workshops with various staff from different departments from baesiq and FOND OF, including purchasing, HR, organizational development, design & development, and product management. As a result, we not only raised awareness of socially and ecologically sustainable business practices but jointly developed a robust policy framework that aligns with our mutual values and principles.

5.2 Activities to inform Manufacturers, Agents and Workers

Before entering a new business relationship, we send the Fair Wear Code of Labor Practices (CoLP) to all suppliers and agents so that they are aware of the standards we work with. In addition, we have a detailed CR discussion with each new supplier or agent in advance, in which we also explain our standards and working methods.

To further deepen these standards in the factories, we also conduct regular training. Therefore, we largely rely on Fair Wear's workplace education programs (WEP) and other training when communicating with workers. Last year, we also decided to conduct a WEP basic training with one supplier in Vietnam to educate the workers and management on the Code of Labor Practices, grievance mechanisms, and social dialogue. Three other suppliers in Vietnam started the Communication and Factory Dialogue Programme which focuses on management-worker dialogue within factories which can lead to better communication and help with addressing grievances and concerns.

Normally, we check during regular supplier visits whether factory management understands our requirements and aspirations and whether the worker information sheet is hung up. Further, we provide them with more exact information on the eight labor standards and the Fair Wear approach.

6. Transparency & Communication

Since the achievement of the FairWear Leader status in 2018 we proudly communicate our CR efforts through many different channels.

Our five brands mainly use their websites and social media to inform the public about our sustainability strategy and current achievements, such as the regaining of the Leader status in 2022. Each brand has its sustainability section on its website, where they for instance describe our cooperation with Fair Wear. In addition, all brands frequently communicate through their Instagram and Facebook channels with sustainability Q&As.

For the fourth year in a row, we have also published a Responsibility Report in which we report on projects and issues regarding social and environmental sustainability from the past financial year. Being published online via our brand and company website and social media (Instagram, LinkedIn), the Responsibility Report informs our stakeholders about certain sustainability indicators, explains our risk analysis, provides an overview of our production locations, and introduces our partners, including Fair Wear. It is our ambition to design the report in an easily understandable and appealing way to give our customers an insight into our daily work.

Further, FOND OF and baesiq communicate via press releases or the CR section of the company and brand websites. Here, we also publish the latest Brand Performance Check Results, Social Reports, and supplier lists. Moreover, by answering several inquiries throughout the year, we individually inform respective customers, retailers, and other stakeholders about how we, together with Fair Wear, work on continuously improving our social responsibility and the conditions at our production facilities.

Via all these channels, we generally communicate openly about what happens at our factories and how problems can be solved in cooperation with Fair Wear. By sharing things that still need to be improved upon, we thus motivate ourselves to work on the best solutions for workers and suppliers.

7. Stakeholder Engagement

Through our membership with Fair Wear, we have the chance to meet multiple stakeholders. This has enabled us to establish contact with the Clean Clothes Campaign as well as the International Labor Organization (ILO). Although we are not a member, we are also in regular contact with the German Textiles Partnership and the German Society for International Cooperation (GIZ) to stay up to date regarding news and developments in the political field. Closely related, the Green Button is another strong partner for us. The Green Button is a meta label for sustainable textiles of the German government and is also operated by the GIZ. For our products to bear the Green Button label, on the one hand, we need to show that we fulfil the standards recently reinforced requirements on corporate due diligence. On the other hand, we must also demonstrate that the specific product has been produced sustainably. In this regard, the Green Button functions as a so-called meta label and does not establish its criteria. Among other things, our Fair Wear Leader status enables us to label certain products with the Green Button and thus build consumer trust.

Moreover in 2022 FOND OF joined the Learning and Implementation Community (LIC) which is a peer learning program initiated by the Multi-Stakeholder Initiative Working Group that developed the Common Framework for Responsible Purchasing Practices (CFRPP). LIC offers us the exciting opportunity to engage in a series of discussions and workshops with the aim of further improving our purchasing practices in collaboration and exchange with suppliers and other European brands.

For the identification of country-specific risks, Fair Wear's country studies provided valuable assistance. In addition, we gathered information on possible risks through external sources like OECD, ITUC, or Textile Exchange. This enabled us to have a thorough overview of possible human rights risks in our sourcing countries. Furthermore, we value the exchange with other member brands of Fair Wear very much, as they often work on similar projects.

Contact

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Affenzahn

ergobag

Satch

A=OR

●● pingpong