

FOND OF GmbH & baesiq GmbH

Responsible Business Conduct Policy

 FOND OF baesiq

Affenzahn

ergobag

Satch

A=OR

••pingpong

Preamble

This Responsible Business Conduct (RBC) policy is the foundation of how we conduct business under the values of the FOND OF Group. FOND OF GmbH and baesiq GmbH are part of FOND OF Group Holding GmbH (FOND OF Group) with their five brands Affenzahn, ergobag, Satch, Aevor, and pingpong. This policy shows our commitment to internationally acknowledged due diligence for RBC standards.

As outlined in our [Environment and Human Rights Declaration](#), the FOND OF Group is committed to identifying and preventing human rights violations, strengthening human rights, and providing remediation when violations occur. In addition, we also analyze our potential risks to the environment and try to avoid impacting the environment negatively through our actions and to contribute our share to climate protection.

In doing so, we base our actions on the implementation of the Fair Wear Code of Labor Practices and the textile and footwear-specific risks defined by the OECD.

Furthermore, this policy is drafted in accordance with:

- Conventions and recommendations of the International Labour Organization (ILO) on labour and social standards
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- United Nations (UN) Guiding Principles on Business and Human Rights
- UN conventions on children's rights
- UN Convention on the Elimination of All Forms of Discrimination against Women

The FOND OF Group expect all business partners and employees to adhere to these principles. When selecting suppliers, we make sure that they share our basic understanding of sustainability and are willing to work on this together. We obtain assurance of this by having our suppliers sign our [Code of Conduct](#).

We are committed to protecting the rights of particularly vulnerable stakeholder groups such as children, women, migrant workers, homeworkers, people with disabilities, and ethnic and religious minorities. The specific risks to these stakeholder groups are also taken into account in our risk analysis.

To minimize negative impacts on the environment, we work together with the recognized organizations [bluesign®](#), [the Global Organic Textile Standard \(GOTS\)](#) and [the Leather Working Group](#). In addition, we annually assess our Scope 1-3 CO₂e emissions and, together with the Science Based Targets Initiative, have set reduction targets from 2022 until 2030 to reduce our Scope 1&2 emissions by 42% and all emissions until 2042 by 90%.¹

The policy will be communicated internally and with external stakeholders. Also, we will publish the policy online to be transparent about our actions and stay accountable.

¹ This applies for FOND OF GmbH only. The baesiq GmbH is currently working on a comprehensive strategy.

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Our vision & mission

Making small worlds bigger day by day – since 2010, the FOND OF Group has been about enthusiasm. For products, brands, design, sustainability, and above all people. We want to be companions when small worlds become bigger. From kindergarten, school, and university to working life. In doing so, we do not disregard the people who help develop and manufacture our products with a lot of effort and dedication that combine innovative functionality and highest quality with unique design and sustainability. It is important to us to convey a responsible attitude towards the people in our supply chain and the environment from an early age. As a company that offers products for future generations, we see it as our responsibility to contribute with our business activities to ensure that future generations also have a future worth living. True to the motto: everyday for future.

Our values

The foundation upon which we build our partnerships rests on a set of core values that serve as guiding principles for every facet of our interactions. At the heart of our philosophy is the unwavering commitment to authenticity, curiosity, solidarity, responsibility, and ambition. These values do more than merely adorn our mission statement. They are the cornerstones of our approach to collaboration, communication, and growth.

Authenticity – We communicate our values proactively and ensure that all partners we work with have the same values, especially in upholding human rights. We exercise constructive criticism towards our partners and improve our cooperation together. We interact with our partners in an unbiased way.

Curiosity – We approach our partners in an open and solution-oriented manner. We are empathetic toward our partners. We communicate cooperatively by creating space to clarify problems, address questions, and understand decisions.

Solidarity – We encourage continuous feedback for good collaboration. We communicate clarity, transparency, and security. We can rely on each other.

Responsibility – We take responsibility for our mistakes and learn from them together. We know our limits and communicate them clearly to our partners. We think relationships long-term as well as sustainable and act accordingly.

Ambition – We give open feedback and encourage mutual progress. We set measurable goals together and evaluate our performance openly and honestly in order to grow sustainably and operate in the market. We are passionate about our partners, celebrate our successes, and learn from our mistakes.

Scope

The scope of this policy refers to all product groups distributed by FOND OF GmbH and baesiq GmbH, which are both parts of FOND OF Group Holding GmbH (FOND OF Group). We do not limit ourselves to textile products. In the first step, this policy applies to all our business relationships with suppliers of the last production stage, i.e., our Tier 1 suppliers, including subcontractors, support processes, and intermediaries. The aim is to extend this policy to the entire supply chain in the long term. In the meantime, we are preparing our deeper supply chain to the extent that they will also meet the requirements in the future. Until then, the policy only applies to the final stage and our direct business partners. For the definition of this scope, we are guided by the definition of Fair Wear, which interprets the world of work according to ILO C190 - Violence and Harassment Convention² as follows:

- (a) in the workplace, including public and private spaces where they are a place of work;
- (b) in places where the worker is paid, takes a rest break or a meal, or uses sanitary, washing and changing facilities;
- (c) during work-related trips, travel, training, events or social activities;
- (d) through work-related communications, including those enabled by information and communication technologies;
- (e) in employer-provided accommodation; and
- (f) when commuting to and from work.

Commitment to Human Rights Due Diligence

To avoid negative impact, we commit to Human Rights Due Diligence by continuously scoping human rights risk on the country, sector, business and sourcing model, and product levels. We also conduct a risk assessment of all our production locations to implement measures for remediation and prevention of identified risks. We are eager to validate and track our progress and communicate it openly with all stakeholders.

The FOND OF Group will collaborate with industry peers, civil society organizations, and other stakeholders to share best practices, address common challenges, and promote transparency in the textile sector. It will actively participate in multi-stakeholder initiatives and disclose relevant information about its human rights performance.

² [Convention C190 - Violence and Harassment Convention, 2019 \(No. 190\) \(ilo.org\)](https://www.ilo.org/conventions190)

Commitment to Responsible Purchasing Practices

At FOND OF, we recognize that there is a link between our purchasing practices and working conditions or potential human rights violations in our supply chain. To prevent negative impacts of our purchasing practices, we commit to the Common Framework for Responsible Purchasing Practices, which is developed by Multi-Stakeholder Initiatives supporting their member companies in implementing practical improvements in purchasing, to increase the scope for improved working conditions in supply chains.³ To increase the impact we participate in the Learning and Implementation Community which is a peer-learning community, working together with supply chain partners, to practically implement changes by getting insights from different stakeholders and establishing an exchange with other brands and best practices.

Equal Partnership Models: We believe in fostering equitable partnerships with our suppliers. We will engage in transparent, open, and mutually beneficial collaborations, treating our suppliers as partners rather than mere vendors.

Collaborative Planning: We will engage in collaborative planning processes with our suppliers to ensure that production schedules and orders are aligned with their capacity and capabilities. This will reduce the risk of excessive overtime while promoting efficiency throughout our supply chain.

Fair Payment Terms: We are committed to providing fair and timely payments to our suppliers. We will ensure that payment terms are negotiated transparently, taking into account the financial health of our suppliers and allowing them to invest in sustainable practices and their workers' well-being.

Sustainable Costing: We will consider the true cost of production, especially including labor costs and the goal to pay prices which promotes the payment of living wages. This will enable us to support sustainable practices and fair wages within our supply chain.

Ethical Sourcing: We will prioritize the sourcing of materials and fabrics that meet stringent environmental and social standards. Our goal is to reduce the environmental footprint of our products and ensure that workers involved in the production process are treated fairly and work in safe conditions.

Approach to conducting HRDD

For the FOND OF Group 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 Fair Wear Foundation.

“Sector risks in the garment and footwear sector include, but are not limited to, the following: child labour; discrimination; forced labour; excessive hours of work; work-related and health; violations of the right of workers to establish or join trade unions and representative organisations 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

³ [The Common Framework — The Common Framework \(cfrpp.org\)](https://www.cfrpp.org/)

the basic needs of workers and their families; discrimination; hazardous chemicals; water consumption; water pollution; greenhouse gas emissions; bribery and corruption.” (OECD)⁴

In the first step, we evaluate all our production countries against those risks. 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 rights for the improvement of working conditions in the long term.

In order 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 supplier days. 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 KPI's to track our progress.

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 this workshop we formulated various policies and strategies. These include the Responsible Exit Strategy, the Responsible Sourcing Strategy, the Subcontracting Policy and the Homeworking Policy.

Transparency

We further aim to have a full overview of all our production locations. For the collaboration of our suppliers with potential subcontractors and/or homeworkers, we have drawn up a Subcontracting Policy to which each supplier must adhere. The agreement states that direct suppliers must provide us with detailed information about their collaboration with potential subcontractors before the start of production. The information about the subcontractors should at a minimum include the production location, outsourced production processes, and working methods. New subcontractors may only be used if the FOND OF Group has been able to check them in advance and has formally approved them. In addition, we have developed a Homeworking Policy to the cycle of hidden homework and actively support the disclosure of homework in our supply chain to mitigate the various

⁴ [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(oecd-ilibrary.org\)](https://www.oecd-ilibrary.org)

human rights risks associated with homework, especially affecting women who are the majority practicing homework.

Review and update

This Responsible Business Conduct policy will be reviewed and updated regularly to reflect changes in legal requirements, industry standards, and our evolving commitment to Human Rights Due Diligence and environmental sustainability.

In this regard, we would like to point out that we are aware that we are not perfect, and that sustainable change and the fulfillment of due diligence for responsible business conduct in all its aspects is a continuous process. We don't have an answer for everything yet, but we are constantly working with our partners on joint ideas to make a positive impact on people and the environment in the long term. Our partners are encouraged to use this document to educate their suppliers and subcontractors on the standards and values of the FOND OF Group described in this policy.

Table of amendments

Date	Version	Key changes	Valid from
July 2023	1.0	First version	31.07.2023



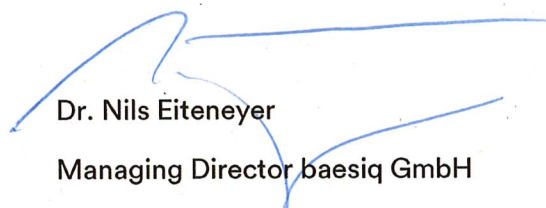
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