

FRISTADS®

**SUSTAINABILITY
& CORPORATE
RESPONSIBILITY**



FROM OUR CEO

The term “responsibility” originates from the Latin word “respondere”, which means to respond or reply. Today, companies are required more than ever to respond to certain questions: How are they contributing to society and the environment? How do they treat the people who work for and with them?

“Taking responsibility means addressing these questions”.

At Fristads Kansas Group we are deeply engaged in answering these questions. Consequently in 2015, we redefined our strategy to address higher challenges moving from Corporate Social Responsibility (CSR) to Sustainability and Corporate Responsibility (SCR). We believe that our business has an impact beyond social compliance.

In 2020 we want to be a Group that is synonymous with innovation, quality and sustainability. A Group that continues to be recognized for performance and efficiency. A company that is respected for its values, its vision, and for its sustainable responsible conduct.



Anders Davidsson, Fristads Kansas Group CEO



OUR CONTRIBUTION TO A SUSTAINABLE DEVELOPMENT

Sustainability & Corporate Responsibility (SCR) is a broad-based movement in business that encourages companies to take responsibility for the impact of their activities on customers, employees, communities and the environment. Companies committed to corporate responsibility also agree to abide by international labor, human rights and environmental standards.

Here's what we're doing to ensure that Fristads Kansas Group's products are produced under safe, fair, legal and humane working

conditions and taking care of the environment throughout the supply chain – and some background on how we got to where we are today. The Fristads Kansas Group's SCR team acts as a platform of resources to complement the brands own activities. We give our brands a common base of targets and guidelines for their actions in sustainability to ensure the highest level of best practice is reached across the Group, while letting each brand create the specific solutions most relevant to its business.

SOCIAL COMPLIANCE

As a participant of the **United Nations Global Compact's**, we are committed to its guiding **10 principles** for Corporate Responsibility on Human Rights, Labour, Environment and Anti-Corruption.

We take respect for human rights, and compliance with international and local labour laws, very seriously.

To ensure that we uphold high standards, within our Code of Conduct, labour standards are based on those of the **International Labour Organisation (ILO)** and the **Universal Declaration of Human Rights**, in relation to forced labour, child labour, freedom of association, compensation, working hours, occupational health and safety, and a legally binding employment relationship.

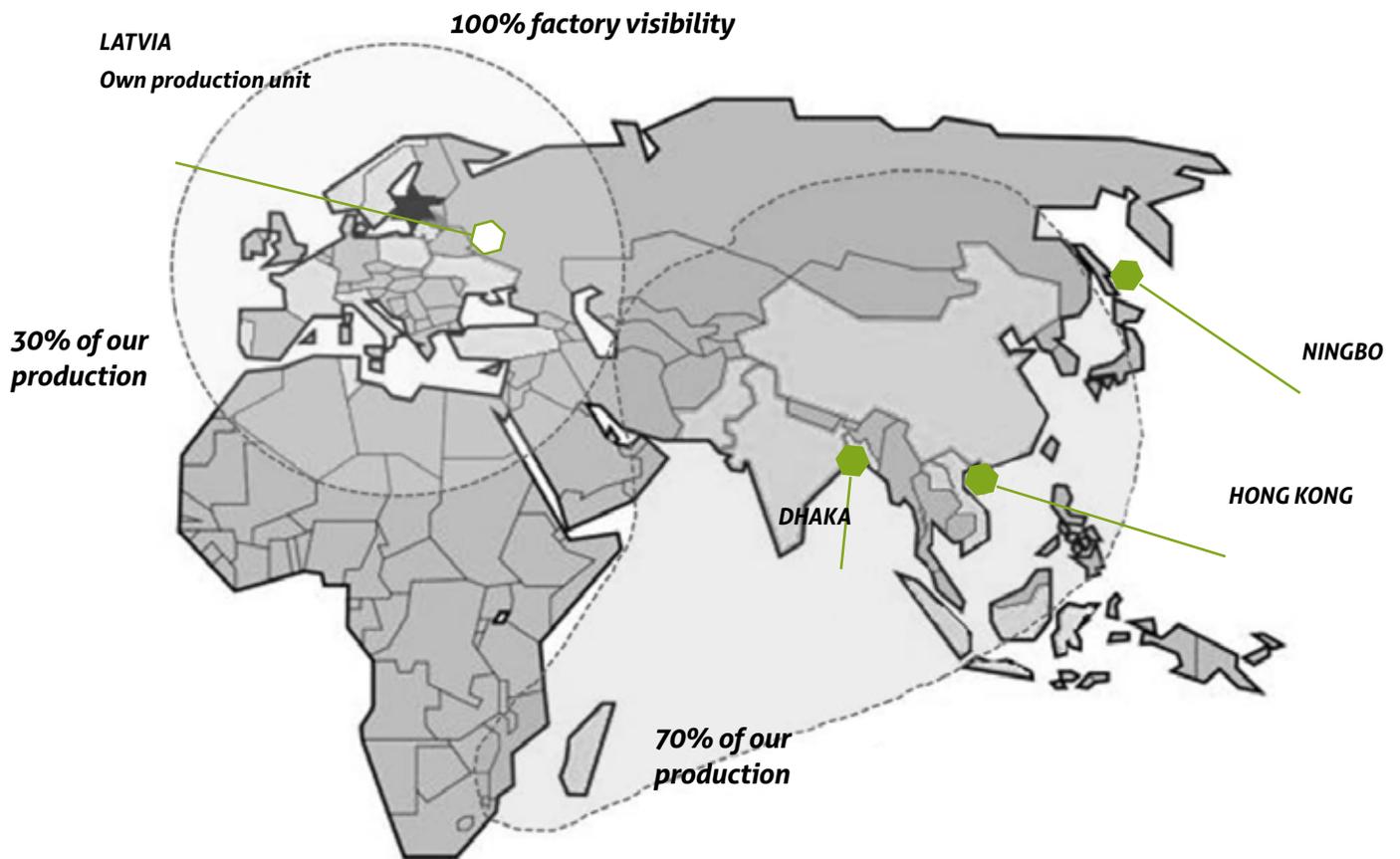
We also recognize that all activities associated with the production, consumption and end-of-life disposal of products has an impact on our environment.

We believe that it is our responsibility to work actively and systematically to contribute to a process of continuous environmental improvements within our sphere of influence.

The United Nations Global Compact is the world's largest corporate sustainability initiative.



A UNIQUE APPROACH FACTORY TRANSPARENCY & PRODUCT TRACEABILITY



FROM SUPPLIER TO FACTORY WORLDWIDE VISIBILITY



We encourage all stakeholders to contribute to our vision of significantly reducing the impact on the environment and supporting the communities in which our brands operate.

Our supply chain extends across seventeen countries and the group owns 3 factories in northern Europe. **Our suppliers are important to our business** and we expect them to meet our specific standards in relation to human rights, environmental and ethical business practices. All supplier sourcing is reviewed, approved and managed through our dedicated supply chain teams.

By signing our Code of Conduct, our suppliers have committed, as a mandatory requirement before orders can be placed, **to disclose each and every factory manufacturing Fristads Kansas Group's brands products** and enroll in our Compliance Program. As a member of the FTA, audits are conducted under the BSCI system enabling us to support and train them implementing sustainable remediation.

SUSTAINABILITY & CORPORATE RESPONSIBILITY AND ASIA QUALITY

THE MERGER OF RESPONSIBILITIES

Our responsible sourcing framework is grounded in industry standards, ongoing learnings and a philosophy of continuous improvement.

In **Asia**, **100% final of all finished products are inspected** by our Group Quality controllers and they are trained to identify compliance deviations and report it in real time to the Group SCR team relocated in our Hong Kong IPO. For us sustainability equates quality.

In **Bangladesh**, in particular, where the minimum requirement to be eligible in our Group compliance program is for factories to have been **audited either by Accord or Alliance**. Our Group Regional

Compliance team supports factories in achieving correct action plan in due time. Fristads Kansas the brand is as a member of Accord since 2015.



A SUSTAINABLE BUSINESS IS EVERYONE'S BUSINESS

Preferred sourcing at sustainable suppliers is a group practice to support positive commitment and encourage employees to take ownership for the positive impacts of the company.

We believe that **responsible sourcing and product development** is an important foundation of our success as a company and our role as a leader in work wear product innovation. And by understanding that it is critical to the lives, welfare and development of communities,

we are committed to making a difference. We source and nominate more than 50% of our raw materials, ensuring **a continuous social and environmental compliance monitoring** of our fabric and trims suppliers.

FAIR WEAR FOUNDATION

The Fair Wear Foundation is a non-profit, independent multi-stakeholder initiative that supports and promotes good labour conditions in garment production. Together we make sure our suppliers refrain from the use of forced labour, child labour and worker discrimination.

All workers must have fair wages and hours, a safe working environment and legally binding conditions of employment. The results from the Fair Wear Foundation's audits are published on their web site each year.



CHEMICAL COMPLIANCE PROGRAM

Therefore, on the 1st of January 2016, we have launched a **Chemical Compliance program with our partner SGS** to help us build customized testing packages that fit our industry and products. Core range products (raw materials or finished goods) are been tested based on criteria like volumes and also taking into consideration potential risks (i.e. special finishes like anti-flame or water and stain repellency).

Testing of core range raw materials and finished goods is conducted four times a year and test results reviewed, recorded and made available upon request to our customers.

OUR RESPONSIBLE SOURCING JOURNEY

We are committed to attaining the highest standards in sustainability and corporate responsibility business practices.

In order to make a real, sustainable and positive difference, the Company holds itself and its suppliers, accountable to its standards. We act professionally, diligently and ethically and we expect the same of every supplier, which is mirrored in our Code of Conduct Supplier Commitment.

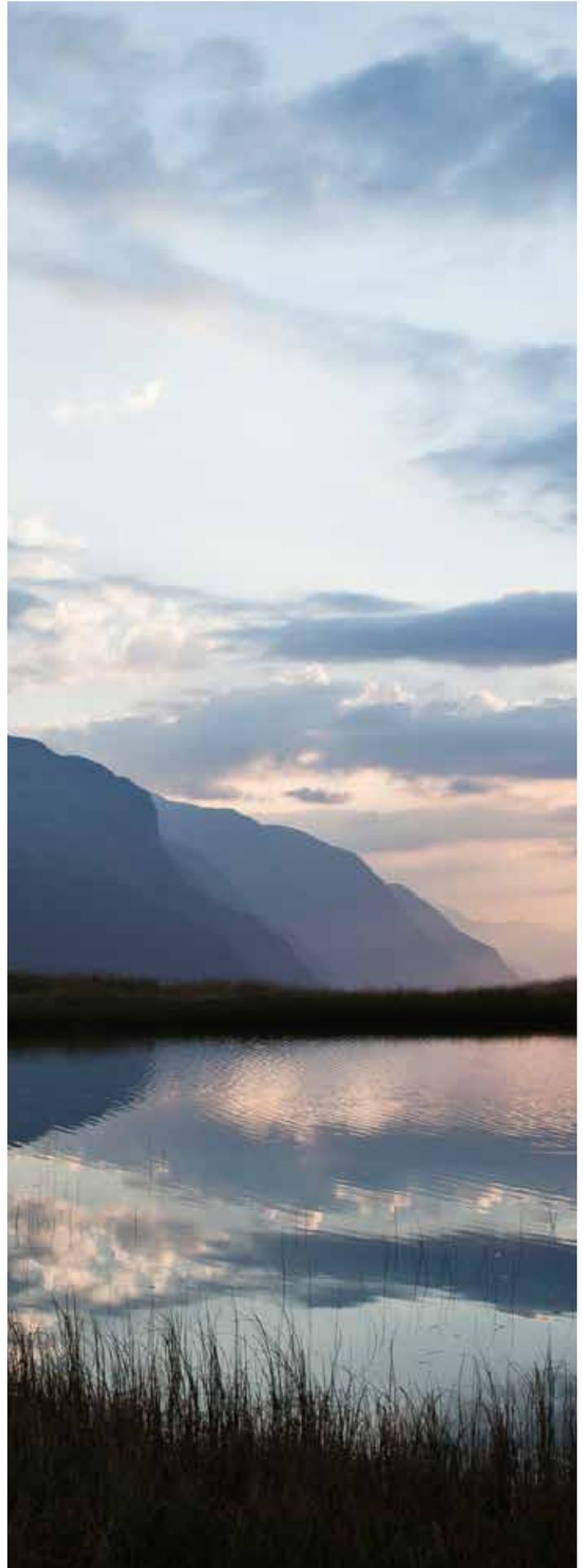
Fristads Kansas Group has a program in place to ensure its suppliers abide by all local laws and meet the international requirements of our responsible sourcing guidance. We actively promote and foster an open dialogue around any issues that arise during our relationship – it is only through this that we can effect meaningful change.

In order to manage on-going supplier performance, we maintains a proactive audit and compliance program centred on worker welfare, factory working conditions, environmental legislation and impact. Fristads Kansas Group has full access to supplier facilities, factory workers, employee, safety and environmental records as required under the Fristads Kansas Group Code of Conduct Supplier Commitment. The BSCI audits reports and findings are monitored by our Regional Compliance teams, in Riga for East/ Central/ South Europe, in Dhaka for Bangladesh/ India/ Pakistan and in Hong Kong for China/ South Esat Asia/ Rest of the World.

Our internal compliance team's mission is to continuously support factories in improving on their social and environmental impact, as we believe that sustainable remediation is achieved through positive dialogue and constructive changes.

Fristads Kansas Group Sustainability & Corporate Responsibility function reports into the Group Sourcing and Supply Chain director, who reports into the CEO. The Board reviews and approves the Sustainability & Corporate Responsibility (SCR) policies and maintains oversight of supplier performance under our program.

We believe our approach is the most appropriate way of doing business and as a result, our customers will have a stronger connection with our brands.



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