



FRISTADS KANSAS GROUP
SUSTAINABILITY
Annual Report 2019



Anders Davidsson
CEO Fristads Kansas Group

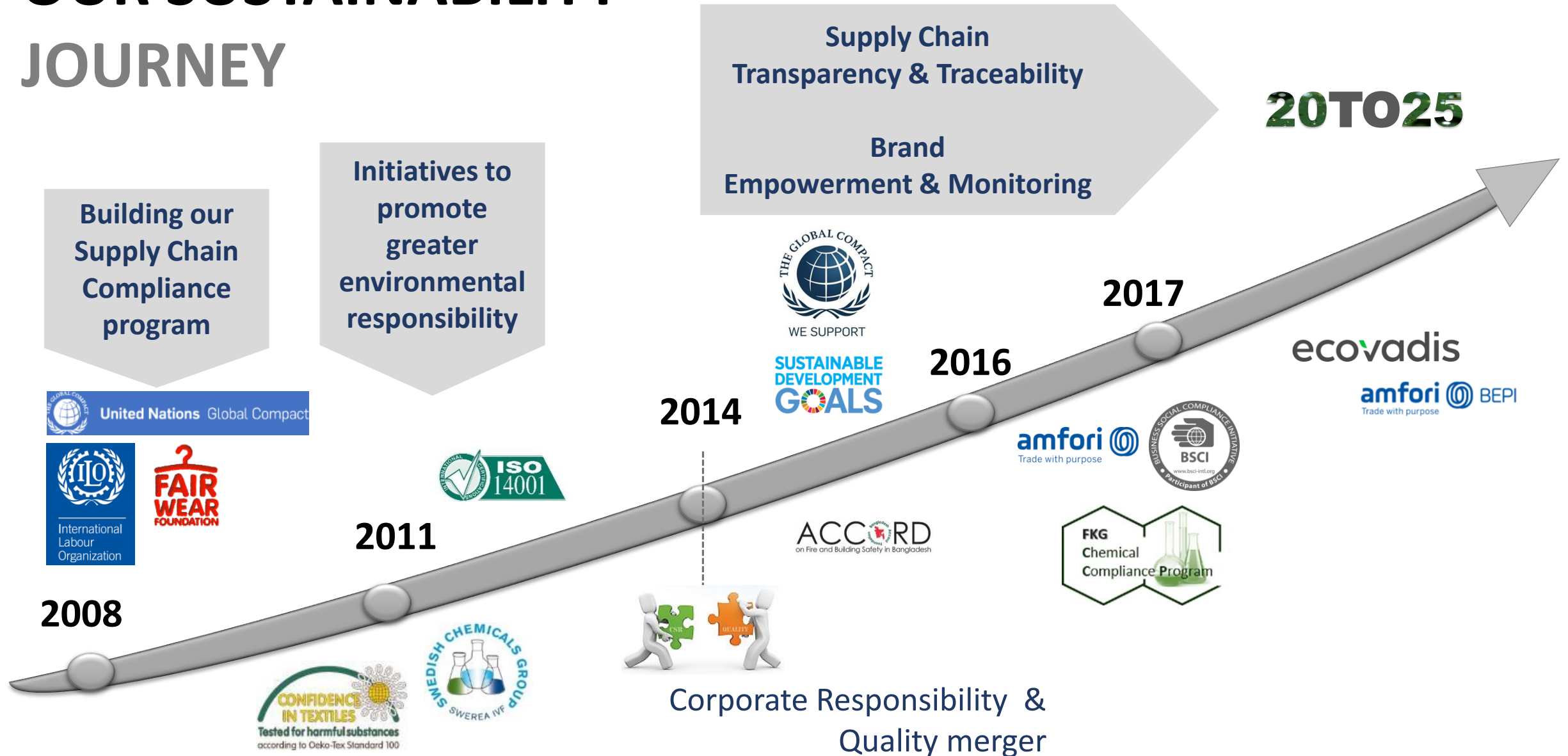
At **Fristads Kansas Group** we think that to craft tomorrow's workwear, we need to go beyond our limits by supporting our brands in addressing at the highest level all the sustainability goals ahead of us all.

We continue to commit ourselves to the 10 Principles of the United Nations Global Compact and have linked our 2020-25 Sustainability strategy to the new United Nations Sustainable Development Goals.

In 2019 we have taken strong commitment to amongst our brands to evaluate each of their environmental impact while pursuing consolidation our shared supply chain.

Sustainability is part of what we do every day, throughout our value chain and wherever we operate.

OUR SUSTAINABILITY JOURNEY





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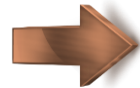


FRISTADS KANSAS GROUP
SUSTAINABILITY

OUR COMMITMENT

WE HAVE CHOSEN

- **ecovadis** framework to address the 4 SCR issues, setting a minimal requirement on policy implementation *(Group SCR team support)*



Labor practices and Human rights



Ethics (fair business practices)



Environment



Sustainable Procurement

CRAFTING TOMORROW'S WORK WEAR

CARING



Planet Footprint

COLLABORATING



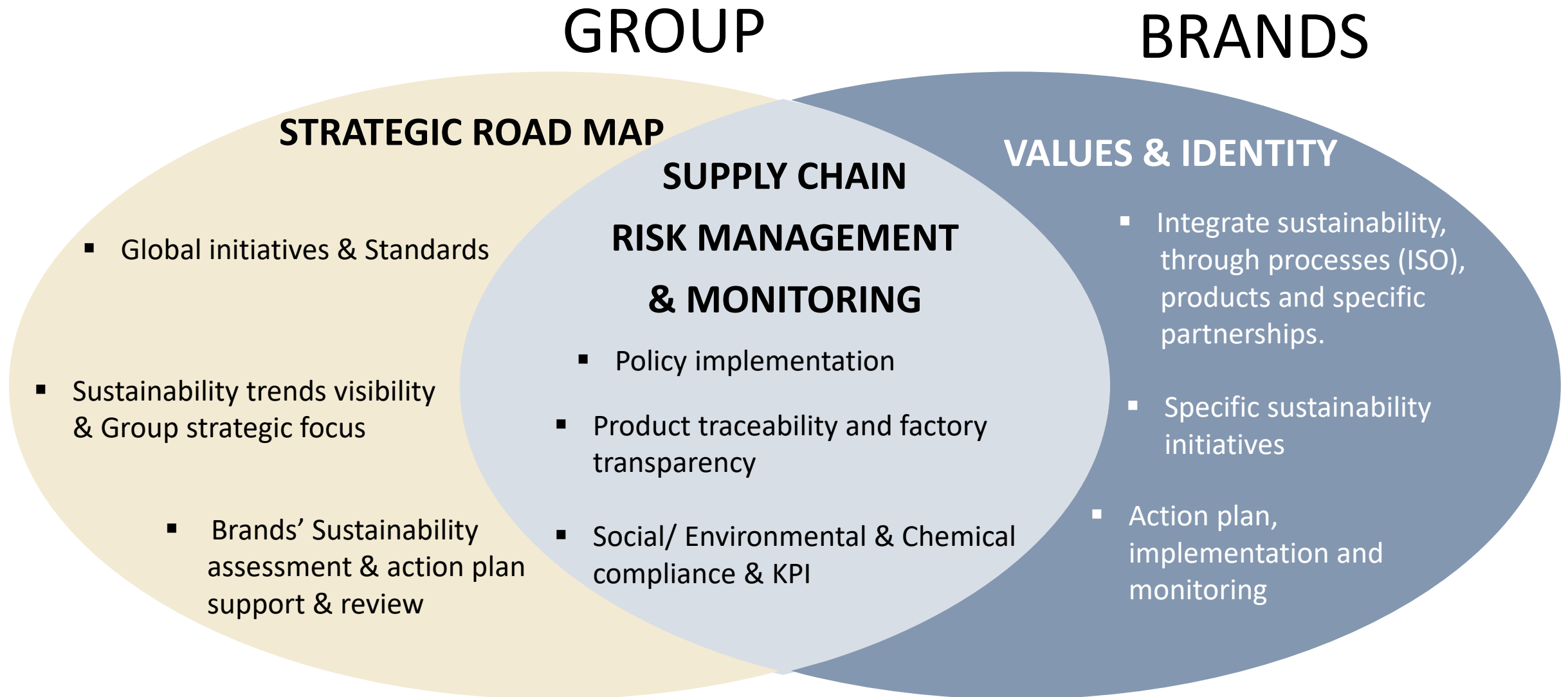
Sustainable Buying Practices

CREATING



Innovative Alternatives

SUSTAINABILITY APPROACH



GROUP's SDG's FOCUS

We recognize that our brands' activities have an impact*



**SDG's on which our brands activities have very minor impact*

FRISTADS KANSAS GROUP



FRISTADS KANSAS GROUP

LINE 1

SEWING: JACKET
ORDER FRISTADS

Q/C INSIDE

SUPPLY CHAIN COMPLIANCE



INTRODUCTION



Social Compliance

Description:

Compliance with industry standard/ UNGC 10 principles/ ILO Core Conventions for all factories across Tiers.

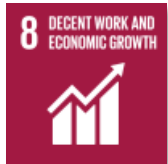
Relevant to United Nations Sustainable development Goals 1, 3, 5, 8, 10.



The KPIs, highlights the number of audited factories and their ratings, for zero tolerance issues description and escalation process are detailed in p.14 and 15.



Fristads Kansas Group is providing its own *Supplier Code of Conduct* to all its brands' factories since 2014.



The team of Regional Compliance Managers across all major sourcing regions monitor the implementation of the Code via audits, site visits and capacity building activities. The Code's provisions are set out in the *Supplier Code of Conduct Guidelines* sent and detailed to every factory.



Since 2016, our **internal compliance program** is accredited by [amfori](#), under the BSCI standard, but we recognize the implementation of other standards (*detailed in p.15*) at designated factories according to Tier classification and sourcing country risk level.

Our supply chain base is divided into **Strategic** factories who are responsible for 70% of each of our brands business volume and **Tactical/ Complementary** factories, used on a less frequent basis and responsible for less business/ order volume.

Brands have consolidated their supply chain base according to the classification above since Q2 2019.

The requirement for any new factory to enroll in our Fristads Kansas Group Compliance program is mandatory and it remains each brand's sourcing team's responsibility to inform the Group Compliance team of a new factory.

In 2019, our Group Compliance team has primarily worked with strategic factories, across tier 1 and 2, to support their improvement while updating each brand's sourcing team of non compliance issues at their Tactical/ Complementary factories.

Group Country Risk Classification

Low Risk

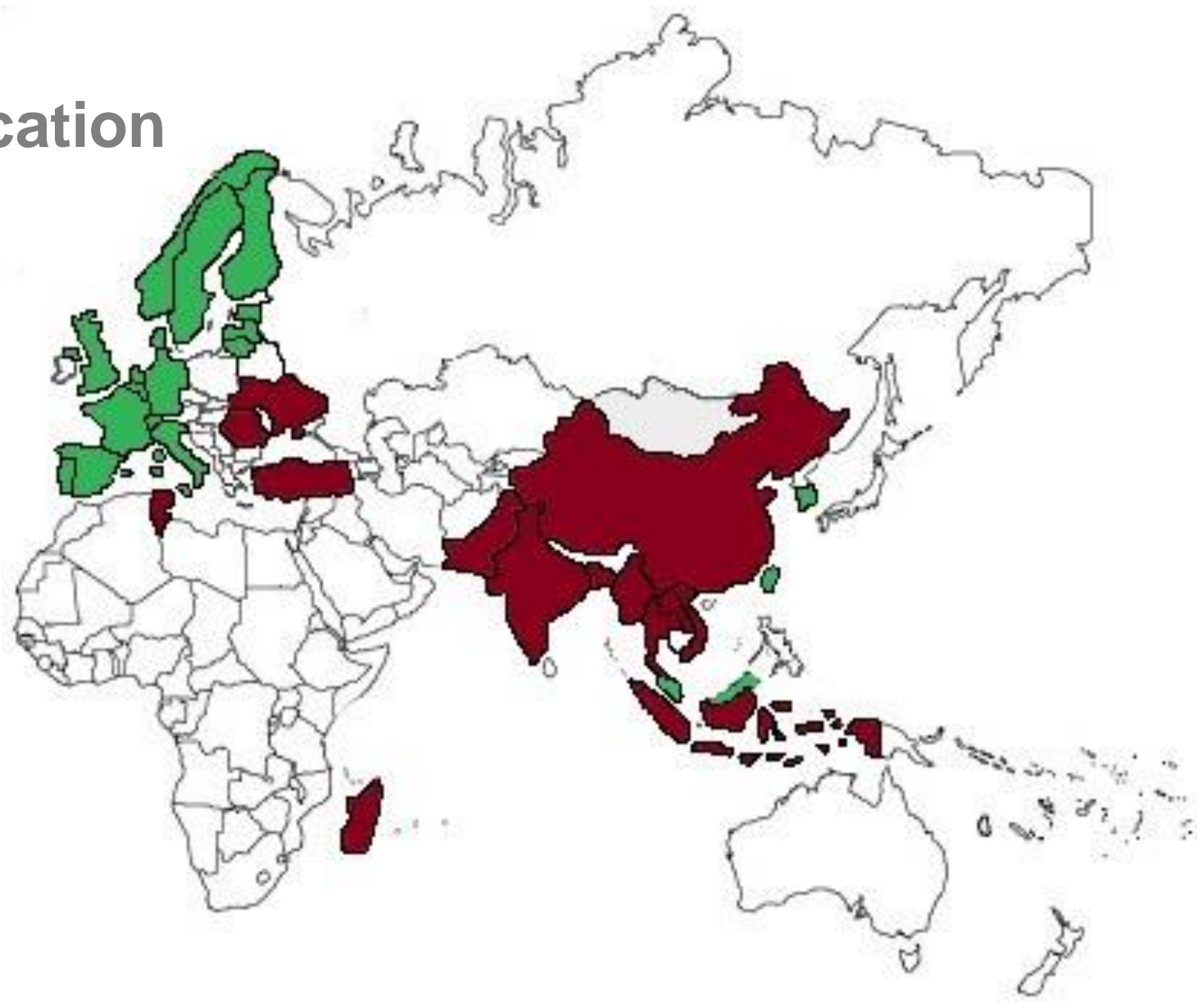


Austria
Belgium
Czech Rep.
Denmark
Estonia
Finland
France
Germany
Hong Kong
Hungary
Italy
Japan
Korea
Latvia
Lithuania
Malaysia
Netherlands
Norway
Poland
Portugal
Slovenia
Spain
Sweden
Switzerland
Taiwan
UAE
UK

High Risk

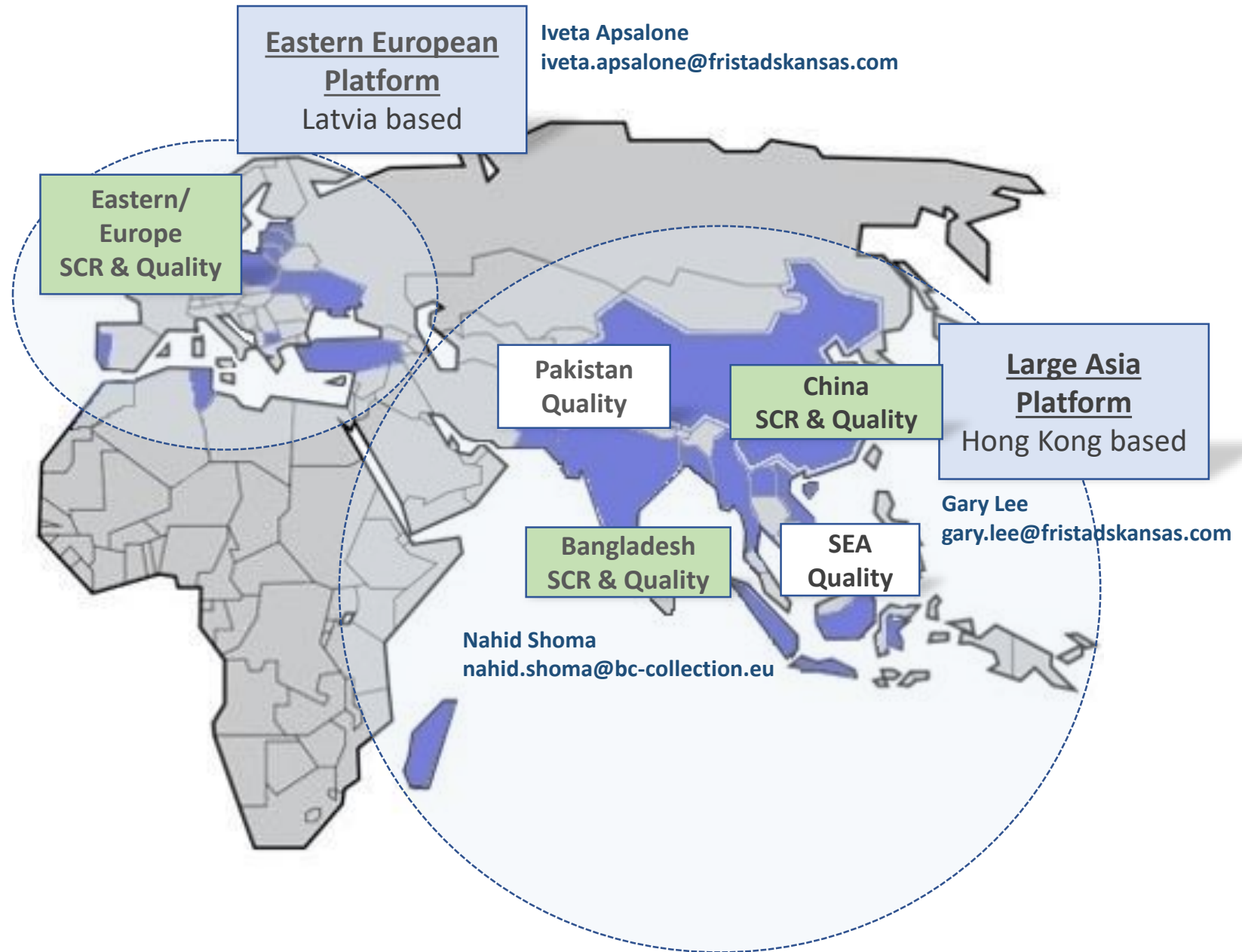


Albania
Bangladesh
Bosnia and Herzegovina
Bulgaria
China
India
Indonesia
Laos
Macedonia
Madagascar
Malaysia
Morroco
Pakistan
Romania
Thailand
Tunisia
Turkey
Ukraine
Vietnam

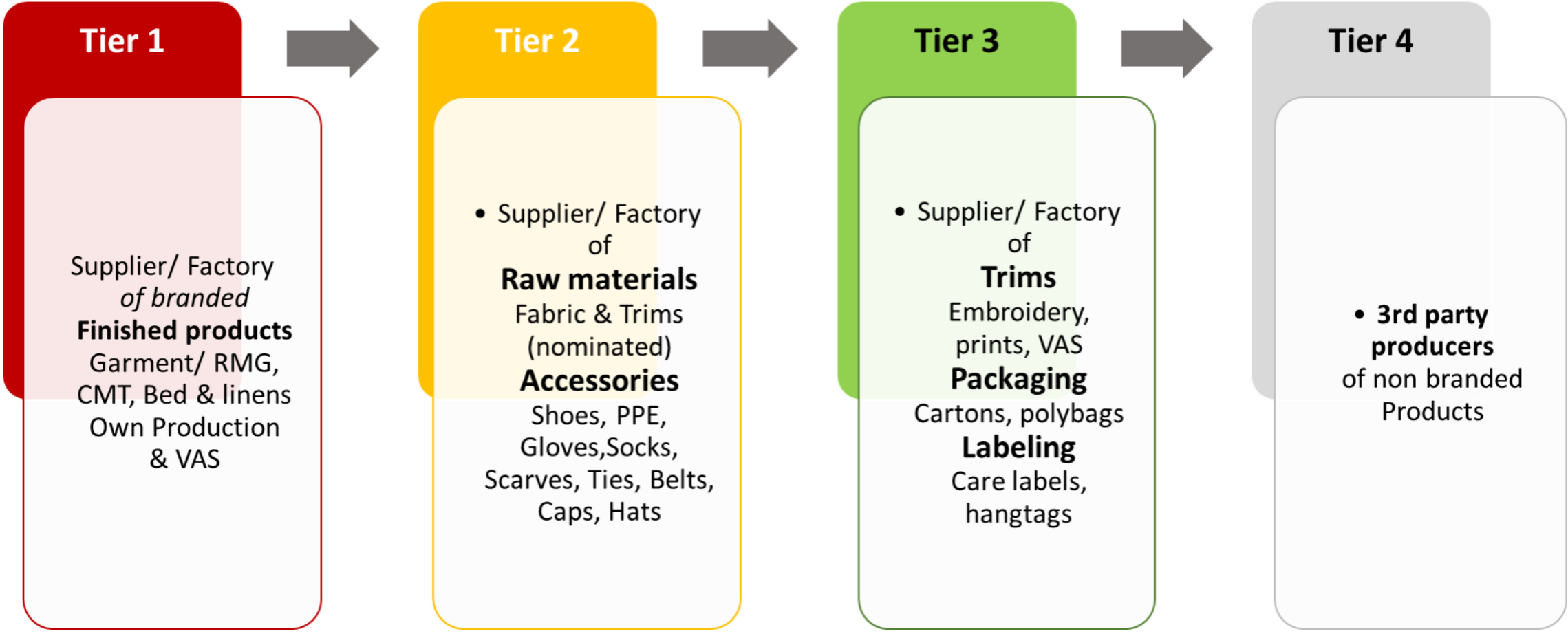


GOVERNANCE & MONITORING

- Quality controllers, **trained to identify** compliance deviations and report in **Real time** to Regional SCR team
Zero Tolerance spotted in factory.
- On site Brand empowerment of compliance monitoring.



TIER CATEGORIES



AUDIT STANDARD & FACTORY COMPLIANCE PROCESS PER COUNTRY RISK



Tier 1

Finished (branded) products Garment, CMT, Bed & linens, Own production & VAS

- BSCI/ SA8000 mandatory audit
- Review of existing certification/ audit ISO 26000/ ISO 14001, STeP by OEKO-TEX®, SMETA (Sedex), WRAP or other)
- **if no certification/ audit available** BSCI/ SA8000 standard audit to be completed



Tier 2

Raw materials, nominated Fabric/ Trims & Accessories, Shoes, PPE, Gloves, Socks, Caps, Ties, Scarves, Belts

&



Tier 3

Trims, Embroidery, Prints, VAS, & Packaging & Labelling

- Review of existing certification/ audit ISO 26000/ ISO 14001, STeP by OEKO-TEX®, SMETA (Sedex), WRAP or other)
- **if no certification/ audit available** BSCI/ SA8000 standard audit to be completed



BSCI

AUDIT RATING SYSTEM

Overall Rating	Description	Level of Maturity
A Very Good	Minimum seven PAs rated A No PA rated C, D, or E	Very good level of maturity that allows the auditee to maintain its continuous improvement process without a professional follow-up audit.
B Good	Maximum three PAs rated C No PA rated D or E	Good level of maturity that allows the auditee to maintain its continuous improvement process without a professional follow-up audit.
C Acceptable	Maximum two PAs rated D No PA rated E	Acceptable level of maturity that requires auditee to develop a related remediation plan within 60 days of the audit date. A professional follow-up audit is envisaged to assess continuous improvement.
D Insufficient	Maximum six PAs rated E	Insufficient level of maturity that requires auditee to develop a related remediation plan within 60 days of the audit date. A professional follow-up audit is envisaged to assess continuous improvement.
E Unacceptable	Minimum seven PAs rated E	Unacceptable level of maturity that requires auditee to develop a related remediation plan within 60 days of the audit date. A professional follow-up audit is envisaged to assess continuous improvement.

COMPLIANCE TEAM

FACTORY RATING

Rate	Factory Rating	Rating Comments
5P	Excellent	All remediation perfectly done and always positive approach.
4P	Good	Good cooperation and monitoring of remediation commitment within time frame.
3P	Acceptable	Remediation plan is available on platform and actions are in progress.
2P	Bad	Poor quality of the audit result and unwilling to respond and commit to improvements.
1P	Unacceptable	Remediation plan not available, from previous audit, no improvement and violations were carrying forward. No reply at all.

ZERO TOLERANCE

Code Red

Child Labour

- Workers who are younger than 15 years old (or the legal minimum age defined by the country, e.g. 14)
- Workers younger than 18 who are subjected to the worst forms of child labour (forced labour, prostitution, pornography and illegal activities)

Bonded Labour and inhumane treatment

- Not allowing workers to leave the workplace against their will, including when they are forced to work overtime against their will
- Use of violence or the threat of violence to intimidate workers to force them to work
- Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion and/or verbal abuse

Occupational Health and Safety

- Occupational health and safety violations that pose an imminent and significant threat to workers' health, safety and/or lives

Unethical behaviour

- Attempted bribery of auditors
- Intentional misrepresentation in the supply chain (e.g. hiding production sites)

GROUP OVERVIEW

AUDITED FACTORIES & PERFORMANCE

2019 - Q4

Rating	Strategic			Tactical/ Complementary			Total
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	
A	17			8	1		26
B	7			6	2	1	16
C	25	3		44	19		91
D	4	3	1	2	5	1	16
E							
Zero Tolerance							
Other (audit standard)	12	7		6	3	1	29
No Audit	21	26	27	62	239	153	528
Total	86	39	28	128	269	156	706

Shared factories amongst Brands

- 108 across Tiers
- 19 in Tier 1
- 37 in Tier 2

No zero tolerance issues dealt with at year end.

Tier 1, 76% of all our factories have been audited against 48% for tactical and complementary.

Tier 2, 33% of all our factories have been audited against 11% for tactical and complementary.

Tier 3, 4% of all our factories have been audited against 2% for tactical and complementary.

FRISTADS KANSAS GROUP

CHEMICAL COMPLIANCE

RESTRICTED SUBSTANCE LIST



Our **Restricted Substance List (RSL)** is based on the chemical guidance of our partner RISE IVF | Swerea, updated twice a year it reflects the latest EU harmonized legislation which includes:



**Product Safety
Regulation**



POPs regulation



**Biocide
Regulation**

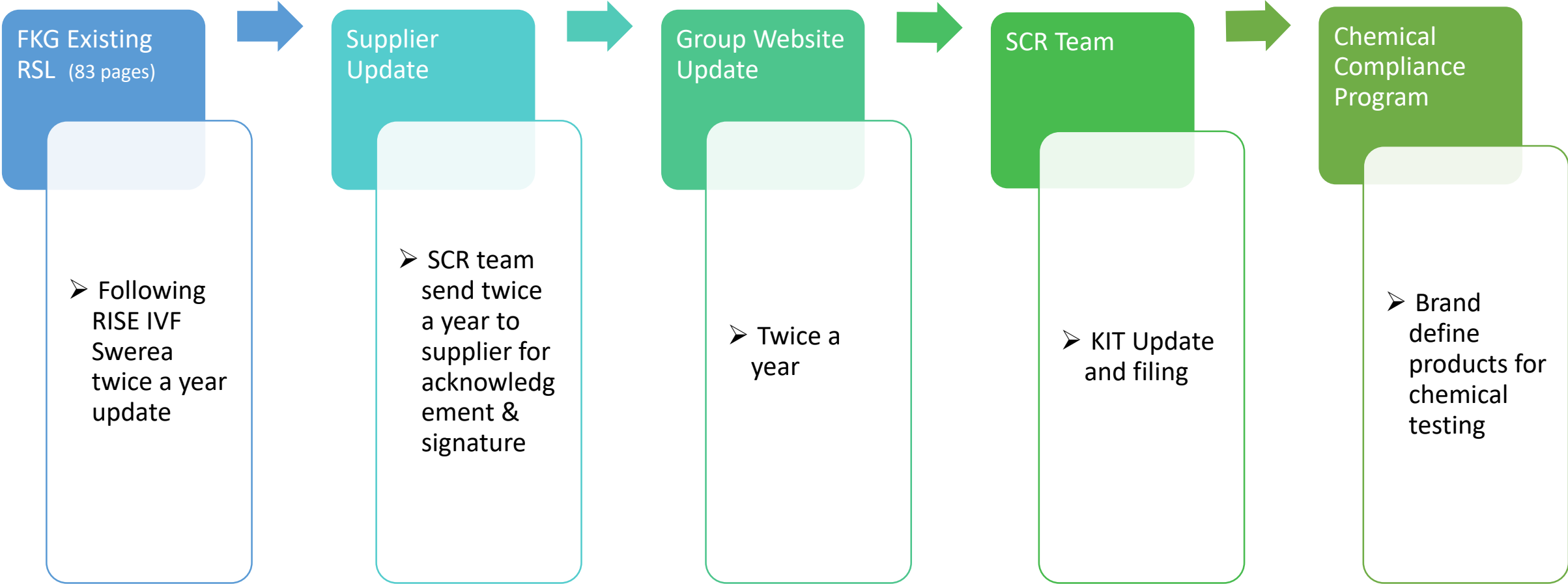


**Substance of Very
High Concern**



RSL

EXISTING PROCESS



COMPLIANCE PROGRAM

BACKGROUND

- Apply same methodology assessment than for supply chain compliance,
- All suppliers sign our Restricted Substance List,
- 2016, with our partner SGS launch of our **own chemical testing protocol**.

PROCESS

- Dedicated chemical testing packages defined with SGS appointed as third party testing laboratory.
- Testing of core range raw materials and finished goods at supplier's cost.
- Compulsory testing program managed centrally by our Group SCR Team.

ROAD MAP

- 2016: **over 100 nominated** fabrics and trims **reports** performed or reviewed,
- 2017: test **focus on** core ranges' **finished products from non nominated raw materials 80%**,
- 2018-2020: Focus high risk ranges (FR/ sensitive certified tenders) and new launches.

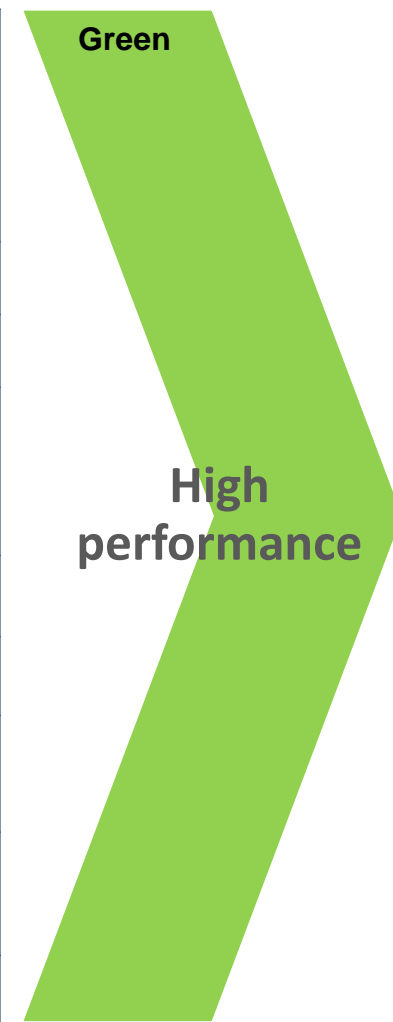


CHEMICAL COMPLIANCE

RATING & PROCESS



Risk level	RED – Non Compliance REACH (Restricted Substances Annex XVII) When chemical is banned or regulated (limited value) Product recall/ sales restriction/ fine + communication hazard	ORANGE - SVHC Substance of Very High Concern (Candidate List) Rule of 0.1% weight article Duty to communicate to professional users/ dealers (not final consumer)	Yellow - Common market requirements (Not yet restricted) But under high concern example PFOA, formaldehyde, ...
Time frame	RED Immediate	ORANGE	YELLOW
From	Group SCR	Group SCR	Group SCR
To	Sourcing - Supplier Owner/ Supply Chain/ Product Development	Sourcing - Supplier Owner/ Product Development	Sourcing - Supplier Owner/ Product Development
To	Brand and Group CEO/ Board	Group Board Quarterly reporting	Group Board Quarterly reporting
Action	Running orders frozen	No new orders placed until remediation completed	Corrective Action Plan with supplier
Time frame	within 24h	3 months	3 months with potential 3 months extension
Additional action	Supplier compensation in case of orders cancelled if no remediation	Supplier owner responsible to request random testing (from 1 to 10 within 12 months) at supplier's expense	Supplier owner responsible to request random testing (from 1 to 10 within 12 months) at supplier's expense
Additional action		Resourcing	



Human Rights

[Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and](#)

Fristads Kansas Group Sustainability & Corporate Responsibility Policy

[Principle 2: make sure that they are not complicit in human rights abuses.](#)

Fristads Kansas Group Compliance Program and Union engagement
Fristads Kansas Group Code of Conduct
BSCI Code of Conduct

Labour

[Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;](#)

Fristads Kansas Group Compliance Program and Union engagement

[Principle 4: the elimination of all forms of forced and compulsory labour;](#)

Fristads Kansas Group Compliance Program

[Principle 5: the effective abolition of child labour; and](#)

Fristads Kansas Group Compliance Program

[Principle 6: the elimination of discrimination in respect of employment and occupation.](#)

Fristads Kansas Group Compliance Program
Fristads Kansas Group Code of Conduct
BSCI Code of Conduct

Environment

[Principle 7: Businesses should support a precautionary approach to environmental challenges;](#)

ISO 14001 Certification
Fristads Kansas Group Chemical Compliance Program
BEPI

[Principle 8: undertake initiatives to promote greater environmental responsibility; and](#)

ISO 14001 Certification
Fristads Kansas Group Chemical Compliance Program
BEPI

[Principle 9: encourage the development and diffusion of environmentally friendly technologies.](#)

ISO 14001 Certification
Fristads Kansas Group Chemical Compliance Program
BEPI

Anti-Corruption

[Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.](#)

Fristads Kansas Group Anti-corruption Policy and Compliance Program

Supplier Code of Conduct

FRISTADS KANSAS GROUP

FRISTADS KANSAS GROUP has embraced and is committed to the United Nations Global Compact's guiding 10 principles for Corporate Responsibility on Human Rights, Labour, Environment and Anti-Corruption, and our Code of Labour Standards is based on those of the International Labour Organisation (ILO). We recognise that our business has an impact on environmental and social aspects far beyond our own immediate operations and we expect our suppliers and each and every of their factories to share the same values.

The Fristads Kansas Group Code of Conduct for Suppliers, lists the minimum requirements for supplier performance pertaining to human rights, labour rights, environmental management and anti-corruption. These requirements are applicable to Fristads Kansas Group and all its brands' suppliers as well as its own production facilities. It is a non-negotiable requirement from our side that all our suppliers should follow this code, communicate the obligations set out herein and ensure compliance with the code throughout their organisations, supply chain and each and every of the factories that produce Fristads Kansas Group and all its brands' products.

HUMAN RIGHTS and LABOUR STANDARDS

EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105). Suppliers shall not engage in human trafficking or exploitation, and shall not retain employees' government-issued identification, Passports or work permits as a condition of employment.

THERE IS NO DISCRIMINATION IN EMPLOYMENT

In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of Employment termination, retirement, and any other aspect of the employment relationship shall be based on the Principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, Nationality, social origin, deficiencies, or handicaps. (ILO Conventions 100 and 111)

NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment shall be no less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138). There shall be no forms of Slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and Forced or compulsory labour. Children [in the age of 15 - 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. (ILO Convention 182).

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Convention 87 and 98) The Company shall, in those situations in which the right of freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143).

PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Whenever the legal or

industry minimum standards are not sufficient to meet these basic needs, suppliers are encouraged to provide adequate compensation to their employees in order for the basic needs to be met. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period (ILO Convention 1). If local law allows employees may voluntary work overtime and on rest days and shall always be compensated at a premium rate.

DECENT WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible. (Following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited. Clean bathrooms and access to potable water shall be provided. If dormitories are available for the workers, these should be designed and maintained in a way that ensures human dignity and an acceptable degree of personal privacy.

LEGALLY BINDING EMPLOYMENT RELATIONSHIP

Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected.

FIRE SAFETY

Fire safety is an important concern in manufacturing operations, proper safety conditions must be maintained both in the factory workplace as well as all office, living, dining, and recreational facilities.

FRISTADS KANSAS GROUP

ENVIRONMENTAL STANDARDS

EMISSIONS TO AIR, WATER AND GROUND

The Fristads Kansas Group supplier shall ensure compliance with all applicable laws and regulations pertaining to air, water and noise pollution and if required obtain the necessary permits and be able to demonstrate compliance with those permits.

The Fristads Kansas Group supplier shall ensure compliance with all applicable laws and regulations pertaining to ground contamination.

WASTE MANAGEMENT

Companies must ensure that waste is stored and disposed properly as per legal regulations without any harm to employees and the environment.

CHEMICALS MANAGEMENT IN THE FACTORY

(Below, the word chemicals refer to both substances and products, such as lubricant oil, glue, solvents, and dyes.)

The Fristads Kansas Group supplier shall ensure compliance with applicable laws and regulations pertaining to procurement, storage, handling and use of chemicals.

The Fristads Kansas Group shall have a valid permit for chemicals that are legally restricted. The supplier shall demonstrate compliance with those permits. Specific requirements regarding chemicals in products related to information provision, limit values for chemical residues in products, banned chemicals and testing requirements are detailed in the Fristads Kansas Group Restricted Substances List (RSL).

RECORDS AND PROVISION OF INFORMATION

The Fristads Kansas Group supplier shall establish and maintain a list of all chemicals used in production and maintenance, including the name of the chemical product, the purpose or area of use and a reference to a Material Safety Data Sheet.

The Fristads Kansas Group supplier shall have valid Material Safety Data Sheets (MSDS) for all chemicals used in production and maintenance.

PROCEDURE FOR CHEMICAL MANAGEMENT

The Fristads Kansas Group supplier shall have a written procedure for the storage, handling and use of chemicals. The procedure shall specify who is responsible to ensure that proper procedure for handling chemicals is always followed at the supplier.

EMPLOYEE INFORMATION AND TRAINING

The supplier shall ensure that employees that procure, store, handle and use chemicals have the right competence and are adequately trained. Records from training shall be kept by the supplier.

Information regarding the risks and safe handling of chemical compounds and substances shall be displayed at storage areas and in production areas where the chemical is used. The information can be either the Material Safety

Data Sheet, or specific instructions for safe handling and use (following the MSDS). Information must be in a language understood by the workers.

LABELLING OF CHEMICALS

The Fristads Kansas Group supplier shall ensure all containers of chemicals - including temporary containers - are properly labelled with appropriate danger symbols and chemical names to ensure the contents are known and the potential risk minimized.

STORAGE AND HANDLING OF CHEMICALS

The Fristads Kansas Group supplier shall undertake all necessary precautions to prevent chemicals from leaking to air, ground and water.

DISPOSAL OF CHEMICALS

The Fristads Kansas Group supplier shall dispose chemicals in compliance with legal regulations referring to their classification.

ANTI-CORRUPTION

The Fristads Kansas Group follows a policy of zero tolerance for all forms of corruption, including extortion and bribery. Suppliers shall not engage in any form of bribery, corruption, extortion and embezzlement. Fristads Kansas Group will not accept any kind of corruption related to our business and we expect all our employees and our partners in the supply chain to embrace this position.

AUDIT AND ASSESSMENT

The Fristads Kansas Group reserves the right to audit compliance to its Code at any time at its suppliers and each and every of its factories.

The suppliers and each and every of its factories are to sign the Fristads Kansas Group Code of Conduct, and by doing so agree to allow Fristads Kansas Group and/or any organisations acting on its behalf, to carry out audits with or without notice at the supplier's production premises and the production premises of the supplier's factories, at any time.

The Fristads Kansas Group supplier and/or factory shall cooperate fully with the audit team during audits and shall grant full access to the premises and any documentation that the audit team ask for, as per Fristads Kansas Group Supplier Compliance Guidelines document.

FRISTADS KANSAS GROUP



All together

FRISTADS KANSAS



wenaas



HEJCO



martinson

