

FILIPPA K

Human Rights Due Diligence & Environmental Policy

FILIPPA K – HUMAN RIGHTS DUE DILIGENCE & ENVIRONMENTAL POLICY

Sustainability has been at the core of Filippa K's DNA since the beginning. With our minimalistic approach we create versatile, long-lasting products that are easy to combine and integrate into every wardrobe. We design with effortlessness in mind, driven by our signature Filippa K look and attitude. Committed to reducing our environmental impact, we create garments that stand the test of time in terms of quality and style. Our aim is to inspire a movement of mindful consumption, where less, but better, is more. We collaborate with industry partners to explore innovative solutions in sustainable materials and supply chain practices, recognising the collective effort required to transform the fashion industry.

The purpose of the Filippa K Human Rights Due Diligence & Environmental Policy is to establish a comprehensive framework that guides our business practices, ensuring that our business actively minimises its environmental and social footprint to the greatest extent possible. Filippa K is committed to conducting its business with integrity, ethics, and a strong sense of responsibility towards our employees, customers, communities, and the environment.

1. Our Commitment

This Human Rights Due Diligence and Environmental Policy outlines our commitment to ethical behaviour, social and environmental responsibility, and sustainable business practices. The policy applies to all employees, directors, suppliers, and partners associated with Filippa K. Violation of our Human Rights Due Diligence and Environmental Policy or any other policies or regulations is not tolerated.

People & Culture

Filippa K aims to provide a safe and inclusive workplace where all employees are treated with respect and dignity. Any form of discrimination or harassment is not tolerated. We commit to investing in our employees' professional development and well-being. We prohibit any form of bribery, corruption, or unethical influence in our business.

Filippa K conducts several annual employee surveys to identify concerns and issues within the workforce. We have internal safety representatives and a whistleblowing structure that can report suspicions of misconduct in confidence.

Our policies listed below are available internally on our intranet, which is accessible to all employees:

- Ethical rules policy
- Injuries & incidents
- Crisis support & handling
- Gender equality
- Discrimination & victimisation policy
- Sexual harassment
- Drug & abuse
- Stress
- Rehabilitation & work modification
- Whistleblowing policy

Suppliers & Sourcing

Filippa K is committed to upholding labour and human rights in our supply chain. We expect our suppliers and partners to adhere to the same ethical and responsible business conduct principles outlined in this policy and we will work collaboratively with our supply chain to ensure compliance. We strive to have equal and long-term partnerships with all our suppliers. We do not tolerate child labour, forced labour, or any form of discrimination or harassment in our supply chain.

Our focus areas within labour and human rights concerns include but are not limited to the following:

- We commit to an equal partnership with our suppliers, where a two-way dialogue and long-term commitment from both sides are key. We want to support our suppliers in their improvements to achieve better working conditions and increased social dialogue between workers and management.
- We commit to transparent dialogue with our suppliers and expect the same from them, where all usage of subcontractors needs approval from Filippa K before production starts.
- We commit to following our responsible sourcing strategy that encourages healthy working conditions for our suppliers.
- We commit to communicating and contributing to good production planning for suppliers that minimises the risk of working overtime.
- We commit to using transparent pricing for our production and increasing our support for suppliers earning living wages. We support the collective bargaining process and acknowledge the gender pay gap, rooted in historical gender norms and stereotypes that undervalue women's contributions. Addressing this issue involves promoting pay equity, challenging gender stereotypes, and fostering inclusive workplace policies to ensure fair compensation.
- We commit to increasing communication with workers through social dialogue and promoting freedom of association.
- We commit to learning more about gender-related issues and risks in our supply chain, so we can implement measures aimed to address and mitigate these risks for gender-based discrimination and violence.

Environment

Filippa K is dedicated to taking responsibility for the environmental impact of our business. We will comply with all environmental laws, regulations, and industry standards that apply. We strive to minimise our environmental footprint by conserving resources, reducing waste, and promoting sustainable practices throughout our operations. We also strive to source materials and products from suppliers who share our commitment to environmental sustainability and ethical practices.

Our focus areas within environmental concerns include but are not limited to the following:

- We commit to only designing garments that stand for longevity, both in terms of quality and design.

- We commit to advancing and exploring opportunities in circular design and business models, including garment repair, resale, and minimising waste throughout our value chain.
- We commit to increasing the share of recycled and certified styles and materials within our collections.
- We commit to focusing on traceability and mapping our whole supply chain, to assess risk and collect data for both environmental and human rights.
- We commit to increasing the usage of renewable energy and promoting energy efficiency in our operations and supply chain.
- We commit to minimising packaging usage, prioritising recyclable or biodegradable materials, and phasing out virgin plastic packaging.
- We commit to using the best transportation option available in terms of the environment whenever possible. We will focus on reducing air freight and promoting fossil-free fuels where possible.
- We commit to assessing water consumption and pollution across our value chain. We commit to promoting more efficient water use, ensuring the adoption of high-quality water treatment systems, and limiting the release of microfibers.
- We commit to enhancing our understanding of our business's impact on biodiversity, and to developing strategies that positively contribute to biodiversity.

2. Human Right Due Diligence Process & Work Routines

In 2023, in partnership with Fair Wear Foundation (henceforth referred to as FW), we started working according to the principles of the Human Rights Due Diligence Directive (HRDD) and following the Organisation for Economic Cooperation and Development (OECD) guidelines, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector.

We apply these principles to our manufacturing suppliers (tier 1), including subcontractors, and plan to extend this to material suppliers (tier 2), where we currently risk scope mainly on a country level. Manufacturing suppliers must obtain our approval before starting production when using subcontractors. We don't approve home-based work, due to the challenges in effectively monitoring for human rights violations. Our process of identifying and addressing risks to human rights in our supply chain is described below:

Identify Risk and Potential Harm

The textile sector is a vast and complex industry, spanning the globe with its production and supply chains. As we've been identifying risks and potential harm in our supply chain, we've been evaluating our product range, business and sourcing model. We've also looked at the risks in countries we source from and specific risks within the textile sector. The risk assessment requires comprehensive due diligence, stakeholder engagement and supplier collaboration.

FW code of labour practices, derived from the International Labour Organisation (ILO) Convention and the UN's Declaration on Human Rights, together with Filippa K's Code of Conduct and sourcing policy form the basis of our risk scoping and monitoring.

The eight Codes of Labour Practice (CoLP) are listed as the below.

EMPLOYMENT IS FREELY CHOSEN. There shall be no use of forced, including bonded or prison labour (ILO Convention 29 and 105). Nor shall workers be required to lodge “deposits” or their identity papers with their employer.

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING. The right of all workers to form and join trade unions and to bargain collectively should be recognised (ILO Convention 87 and 98). Worker’s representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143). The representatives must be chosen by the employees and cannot be in a managerial position. Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities. Workers shall own the decision of whether or not to join the union.

NO DISCRIMINATION IN EMPLOYMENT. Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps (ILO Convention 100 and 111).

NO EXPLOITATION OF CHILD LABOUR. There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and not less than 15 years (ILO Convention 138). Children aged 15-18 shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals (ILO Convention 182).

PAYMENT OF A LIVING WAGE. Wages and benefits paid for a standard working week shall at least meet legal or industry minimum standards, ensuring it covers basic needs and provides some discretionary income (ILO Convention 26 and 131). Employees shall be clearly informed about their wages including wage rates and payment period.

REASONABLE HOURS OF WORK. Hours of work shall comply with applicable laws and industry standards, not exceeding 48 hours per week on a regular basis, and employees shall have at least one day off per week. Overtime shall be voluntary, not exceed 12 hours per week, or 240 hours per year, shall not be demanded regularly and always be compensated at a premium rate.

SAFE AND HEALTHY WORKING CONDITIONS. A safe and hygienic working environment shall be provided, following industry best practices, addressing specific hazards, and implementing effective regulations to prevent accidents and minimise health risks. Workers shall use personal protective equipment if needed. Any form of abuse, threats or harassment by the employer is strictly prohibited.

A LEGALLY BINDING EMPLOYMENT RELATIONSHIP. Employers shall meet requirements under labour or social security laws and regulations arising from the regular employment

relationship. Younger workers shall be given the opportunity to participate in education and training programs.

The major social risks that we've identified within our sector are forced and child labour, unsafe working conditions, low wages, hours of work, discrimination and lack of worker rights, poor social dialogue, and grievance mechanisms that can result in labour exploitation.

The major environmental risks we identified are connected to our industry's resource usage of water, energy, chemicals, and waste generation. The textile industry consumes vast amounts of water and energy during raw material production and manufacturing. Identifying and addressing water scarcity and high energy consumption in the locations we source from is therefore essential. Additionally, the use of harmful chemicals in dyeing and finishing processes can have serious environmental and health consequences. The fashion industry also generates significant waste, including discarded clothing, off-cuts, and unsold inventory. It is crucial to identify ways we can reduce waste, encourage recycling, and transition towards a circular economy.

The global nature of textile supply chains is very complicated and often leads to opacity and complexity, making it difficult to trace the origins of raw materials. Enhanced transparency is necessary to ensure ethical sourcing. We've identified that our materials with the highest risk are as follows: cotton, wool (including mohair, alpaca, cashmere, and yak), and leather. These are our focus as we work towards tracing the materials to Tier 4, the raw material production. Examples of potential risks with these materials include the possibility of forced labour for cotton with Chinese origin, as well as labour and environmental issues for leather tanneries located in high-risk countries.

Leverage and collaboration

Our main risk within our business model is that we work with many factories with whom we have a low amount of leverage. This makes it more difficult for us to prevent or mitigate any impacts that have been identified, and it creates challenges in monitoring initiatives or other projects. Therefore, our focus on sourcing in the coming years is to consolidate our supplier base and increase our leverage.

We believe in 'strength in numbers' to provide the biggest opportunity to drive real change. This is why Filippa K is part of a network of likeminded brands with similar supply chains which regularly discuss and share information. We collaborate with others to adopt common HRDD approaches, share risk findings, and improve working conditions at production sites. We work together with other brands to assess, address, and verify human rights impacts. In cases of adverse impacts, we collaborate with responsible parties to remediate harm or use leverage to support remediation efforts.

The majority of these brands are also members of FW, and we are also actively trying to broaden our network with other brands which share the same supplier base as us.

We primarily source directly from our suppliers, and when using agents we promote visibility and aim to have direct contact with the suppliers through them. We have a goal to increase

our agents' knowledge about HRDD and conduct training, so they can improve their support for Filippa K within the field.

Country risk scope

The human and labour right risks vary between countries. For example, high-risk countries that we source from like China and Turkey have major issues that include workers being discriminated against for joining, or not being allowed to join, unions or collective bargaining agreements. In Vietnam, the main issues are excessive overtime, low wages and gender-based discrimination. Examples of low-risk countries that we source from are Lithuania, where the major risks are gender-based discrimination and the right for collective bargaining, and Portugal, where the major risks are corruption, usage of migrant workers and low wages. Our supplier country risk rating is based on information from NGOs and country studies done by FW, and is updated at least once per year. According to our sourcing strategy, we will always conduct a major risk assessment before deciding to onboard a supplier from a new country.

Factory risk scope

The risk assessment for a specific factory includes an onboarding meeting with the supplier where we discuss labour and human rights, a possible factory visit, and an analysis of their latest audit if it is available. Going forward, we aim to include the workers' representatives in these meetings as well. The supplier must complete and submit a questionnaire regarding labour rights, sign our code of conduct and the FW transparency document, and provide a photo of the Worker's Information Sheet posted in the factory. This sheet includes the eight code of labour practices in the local language, and a complaints mechanism where workers can anonymously report any violation of their rights.

Part of our factory risk assessment includes audits, especially with new suppliers in high-risk countries. All factories in high-risk countries should be audited every three years. We also prioritise verification audits that evaluate specific labour rights issues found in the monitoring audit, in order to verify that improvements have been made after the discussions between Filippa K and the factory.

Gender lens

It's essential for us to have a "gender lens" in our risk assessment as it's primarily women working in the textile industry. This means analysing potential risks with a focus on gender-specific challenges and vulnerabilities, informed by insights from FW and other stakeholders. Incorporating this perspective helps us address issues like gender-based harassment, wage gaps, health and safety concerns, and work-life balance, ensuring more inclusive labour practices.

We acknowledge that gender norms create power imbalances, leading to discrimination, particularly against women. We must also consider intersectionality, where factors like race, religion, and age intersect with gender in creating workplace inequalities.

We are reviewing our policies and contracts to ensure they reflect our commitment to gender equality. This includes supporting suppliers in implementing gender equality measures and verifying these through documentation such as pay slips and organisational

hierarchies. Given the underrepresentation of women in factory leadership, we will explore training opportunities to empower women and enhance their role in decision-making. We also aim to strengthen grievance mechanisms for reporting gender-related human rights violations without fear of discrimination.

Cease, Prevent or Mitigate Harm

Based on our risk assessments and insights from stakeholder engagement, we assess how to structure our business operations to prevent and mitigate the risks in our supply chain.

We're currently updating our policy documents, internal routines and purchasing agreements to prevent and mitigate negative impacts on supply chain workers. Our agreement shall align with the Common Framework for Responsible Purchasing Practices (CFRPP) and ensure that we take responsibility for areas such as equitable payment terms and sustainable lead times.

We believe that the best way to prevent harm in our supply chain is to inform workers about their rights. It's only when you know your rights that you can stand up for them. We do this by following our onboarding process and having regular meetings with our suppliers. We require all our manufacturing suppliers to inform workers about their rights and post the Worker's Information Sheet by FW in their local language.

We also believe that the best way to prevent harm is to have a deeper knowledge of our suppliers, which is best achieved by visiting them. We aim to visit each manufacturer either every other year, or every third year. Unfortunately, we have had to reduce this due to the COVID-19 pandemic and geopolitical situation, but we aim to increase our visiting rates moving forward. When we're not able to visit suppliers, they often visit the Filippa K headquarters in Stockholm instead. When visits are not possible, we arrange digital video meetings on a regular basis.

A very important step in preventing and mitigating risks is actively working with suppliers on the Corrective Action Plan (CAP) after audits and visits. If needed, we shall support the supplier by arranging training to raise awareness about workers and management. This is especially important if findings concern the freedom of association and/or the grievance mechanism. We've worked with suppliers on the CAP for many years but recognise that there is still a need to review these processes and ensure they are more structured and effective. This is something we will work on in the near future.

Social dialogue

We value inclusivity and social dialogue without discrimination, actively supporting freedom of association and trade union representation. We've begun involving worker representatives in management meetings and encourage their participation in audits and discussions. Given the underrepresentation of women in these roles, we aim to support and encourage their active involvement as workers representatives. Complaints related to social dialogue, freedom of association, and collective bargaining will be taken very seriously and investigated. We also emphasise the importance of anonymous grievance mechanisms and regular worker committee meetings to ensure a safe space for workers to voice concerns.

There should also be a record for complaints and remediation that can be verified by the workers representative.

If we detect a risk, we prioritise it based on both the likelihood and severity of the harm. Severity is based on the scale (gravity of the impact), scope (number of individuals it concerns), and whether or not the harm is irremediable. If harm is detected we always try to analyse the root cause, as this is more effective in systematically preventing and solving underlying issues rather than just treating the specific harm.

Responsible exit

Occasionally we need to end our collaboration with suppliers. This can be due to business-related issues, or to the supplier repeatedly failing to cooperate in our work addressing risk and harm in their factory. When ending a business relationship with a supplier, we should act according to our responsible exit strategy to ensure that it will not have a negative effect on the factory workers. Suppliers shall always be informed about our exit, as far ahead of time as possible based on our leverage.

Track

We monitor and re-evaluate our risk assessment, both on a country and supplier level, to identify possible new risk trends. We use different tools to verify and validate improvements that have been implemented and proven effective, depending on the topic. Examples of these verification methods are audits that look at a specific topic, support from the local FW team to verify documents, interviews with workers, and requesting documents and photos to confirm compliance. If we see that the risk remains, we evaluate the cause and possible improvements such as training or other support from external stakeholders.

Communicate

We regularly monitor, measure, and review our sustainability performances. We communicate our status and progress through our annual sustainability report that's based on the Global Reporting Initiative standard (GRI), the social report and Brand Performance Check (BPC) from Fair Wear Foundation, the Higg Brand and Retail Module, and the sustainable and ethical fashion brand rating module called "Good On You". Our sustainability report, social report and BPC report are available for all our stakeholders on the Filippa K website. We strive for improvements by establishing ambitious, well-defined and measurable goals and strategies for the future.

Remedy Process

In our onboarding process with suppliers, we investigate if they have a grievance mechanism and meet the criteria of legitimacy, predictability, equitability, and transparency based on guidelines from FW. We provide our suppliers with the FW Worker's Information Sheet, which includes an anonymous rights violation complaint hotline, and require them to post this for their workers. We are notified about the complaints by FW and can investigate further and develop a remediation plan with the supplier. The remedy should meet the supplier country's national laws as well as international guidelines. Our aim is to restore the affected person(s) situation as soon as possible before harm has occurred, and respond proportionately to the significance and scale of the adverse impact. The satisfaction of the

complainant after the remedy is always evaluated. For support in our remedy process, we use local FW staff or other external stakeholders.

3. Policy Review

The policies and procedures in this document will not remain static. The document is designed to be adaptable, and the content, including policies, procedures, and guidelines, may be updated as deemed necessary and appropriate by the organisation. Any modifications of these policies, procedures, or guidelines will be communicated to all concerned parties in writing.

The Human Rights Due Diligence and Environmental Policy was presented for the first time for approval by the CEO of the company dated 17th of November 2023. The policy is reviewed on a periodic basis or at least annually, jointly by the Sustainability department, VP Product & Sustainability, VP Human Resources and Filippa K's CEO.

The policy is endorsed by senior management within the company and the management is committed to ensuring the principles herein are upheld.

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