

MINI RODINI

Social Justice Commitment 2021

Content

1	Code of Conduct _____	3
2	Responsible Sourcing _____	4
3	FairWear Foundation _____	5
4	Supplier Relationships and Assortment Planning _____	6
5	Integration of Monitoring Activities and Sourcing Decisions _____	7
6	Audits and Remediation _____	8
7	Examples of Our Cap Remediation _____	9
8	Backlog of Follow Up From 2020 _____	9
9	Living Wages _____	10
10	Complaints Handling _____	11
11	Training and Capacity Building _____	12
12	Internal Trainings _____	12
13	Tracing Our Supply Chain _____	13
14	Production Locations _____	14
15	Transparency and Communication _____	15

1 Code of Conduct

Our code of conduct is a set of principles concerning labour rights that all of our suppliers must sign and adhere to. The principles are based on the fundamental conventions by the International Labour Organisation (ILO), the UN Universal Declaration of Human Rights and the Code of Labour Practices by Fair Wear Foundation.

The Mini Rodini Code of Conduct is as follows:

- Employment is freely chosen
- No discrimination in employment
- No exploitation of child labour
- Freedom of association & the right to collective bargaining
- Payment of a living wage
- No excessive working hours
- Safe and healthy working conditions
- Legally-binding employment relationship
- Environmental impact obligations
- National and international legal obligations

To give these words meaning, we have adopted a strict social compliance program. Together with our suppliers and other brands we work hard to improve the working conditions in the textile industry.



2 Responsible Sourcing

The best way to ensure the workers who make our products are treated fairly, is to only work with factory managers who treat their workers fairly. This is why our selection process is so important. Our stringent due diligence process guides us when sourcing new factories, so that we find like minded partners to work with from the outset.

If and when we need to find a new supplier, the first step is for the Sustainability Manager to use a checklist that reviews a new potential supplier's own environmental and social commitments. If the factory has had any social audits in recent years, this will be reviewed as well. We try to find suppliers who already have environmental and social considerations embedded in their business. This often means that they are open to our strict social requirements and have already come a long way in this work themselves. During the checklist exercise, and if the potential production will take place in a new production country, the Sustainability Manager also looks at the socio-political context in the area. This analysis uses research materials such as the FWF Country Risk Studies, the FWF wage ladders, as well as sources such as the UN Guiding Principles on Business and Human Rights.

For step two the Sustainability manager asks the new supplier to fill in the FWF self-assessment questionnaire. Only after these two steps have been taken our buyers can check the more business-related areas such as prices and lead times. If the buyer is confident the supplier will be able to produce our products, the Sustainability Manager and buyer will go on to step three which is visiting the new factory. They will check the factory and ask the supplier to sign our code of conduct, as well as ask them to fill in our Production Location Check, where all of the lower tier suppliers are

listed. The buyer will only be able to place an order after step three has been completed.

When an order is placed, the factory is enrolled in our social monitoring program. FWF posters are hung on the factory walls that inform workers about their labour rights and they are provided a helpline number that they can call if their rights have not been respected.

If the factory is in a country classed as "high risk" (China and Turkey were high risk countries where we produced in 2021) and they already had a social audit in place we will compare their audit to the FWF Social Audit quality-check. In this comparison we will assess whether we can accept the audit or not. If the factory did not have an acceptable social audit already in place, or if we concluded that they needed a new audit, we will commission a FWF audit to take place in the factory.

If, on the other hand, the factory is in a "low risk" country (Portugal and Lithuania were low risk countries where we produced in 2021), FWF does not require us to perform a social audit as these countries have robust governmental institutions that safeguard labour rights. Both our Lithuanian and Portuguese factories are audited nonetheless and we get regular updates.

Normally, we visit all factories that produce Mini Rodini garments on a regular basis. The year 2021 was still not back to normal due to the pandemic and travel restrictions. We were not able to visit any of our factories in China, Lithuania or Portugal, but instead kept in close contact with our suppliers on video calls. Although we were not able to physically meet with our suppliers and inspect their factories, all of those frequent calls gave us a better understanding into the day-to-day operations in the factories. For the new factories that we were not able to visit we added additional questions to a self assessment checklist to get the best possible picture of the factory.

During a period of low spread of the coronavirus, the jersey team from Mini Rodini travelled to Turkey to visit the main suppliers, and some new ones.

Our supplier evaluation process was updated during 2021. The new supplier evaluation scoring will better reflect the performance of our suppliers from different performance areas. Production Performance is evaluated from development, quality, communication and delivery accuracy. Both Production coordinators as well as logistics team are involved and contribute in these areas.

3 FairWear Foundation

Mini Rodini has been a member of Fair Wear since 2016. One of the things that makes the FWF membership unique, is that we are held accountable for the claims we make. This means that a brand cannot talk the talk without walking the walk. We are in close contact with FWF throughout the year, and once a year they visit our office and review how well we maintained the FWF Code of Labour Practices in our production locations. This verification is called the annual FWF Brand Performance Check (BPC).

In the spring of 2021, FWF performed their fifth Brand Performance Check on us, evaluating how well we had been working with labour rights issues during 2020. The BPC for 2020, which involved several interviews and document controls, evaluated how well Mini Rodini had met FWF's requirements and implemented the Code of Labour Practices with special care to the pandemic, adaptations, and certain measures implemented in our supply chain. The result of 2020 was that we were again graded as leaders.

FWF were very pleased that we implemented a social monitoring program for 86 % of our supply base. Our sourcing strategy aims for a long term stable supplier base and we place 64 % of FOB at suppliers where we have had a business relationship for more than 5 years. 7 % of our total FOB is considered as tail-end and these are mainly seasonal/ special products.

Living wages is a central part of our sustainability work and despite the pandemic we were able to uphold the commitment.

REQUIREMENTS FOR 2021:

-We were required to catch up on the backlog of CAP follow ups from audits made just at the start of the pandemic that was left behind due to staff on furlough and lack of resources.

This was completed.

RECOMMENDATIONS FOR 2021:

-FWF advised us to cooperate with other brands and mitigate excess overtime hours

↳ *No established contact with other brands producing in the same factories. Ongoing process.*

-Provide tools and training for buyers in cost training to make sure there is enough money to cover the wages and necessary time and labour costing.

↳ *Not addressed in 2021. Process postponed.*

-Raise awareness of CoLP by trainings

↳ *Not addressed in 2021.*

-Investigate the root causes for complaints

↳ *N/A – no cases to investigate*

-Participate in ILO score module for capacity building in China

↳ *Postponed due to pandemic*

-Discuss and agree on next step after performed trainings to further strengthen the dialogue

↳ *Only one training performed, situation followed together with other brands.*

4 Supplier Relationship and Assortment Planning

During 2021 we continued our close contact and communication with our suppliers. Most of them went back to a new normal with more distancing and strict health policies. Throughout the year we have suffered heavy delays caused by Covid-19 related issues, such as lockdowns, absenteeism due to quarantine at different stages of the supply chain. They have been fully booked with orders, but in some cases not able to deliver on time due to late material inflow or low staff at that point. We have been flexible, changing release dates and moving around the planning as much as possible without damaging the relationship with our wholesale accounts. Since a big part of our business-structure is wholesale we are limited to catching their import windows, as too many delays will cause cancellations from their side, putting a big cost and stock on ourselves.

Our close working relationship with our suppliers comes down to the fact that we have for many years strived towards long-lasting supplier relations. In 2021, 68 % of our order value went to factories that we had worked with for more than 5 years (compared to 64 % in 2020).

Working together for a long time makes the relationship strong, resilient and caring. It also gives the factory better incentive to implement improvements we suggest to worker welfare, as they are confident we will keep working with them into the future. Further, long lasting relationships give us better insight into how a suggested improvement, such as a training module or Health and Safety measure, has had a positive effect on social justice.

To get to this point where our supplier relations are long-lasting, we are at first very picky with who we start working with. We only wish to work with suppliers who share our values on social justice and environmental

causes. To this end we have an onboarding process that guides us towards engaging with suppliers and factories that are in it for the long run.

Further, ending a supplier relationship is not something we do light heartedly. As we see it, it is far better to try to work through issues together with a supplier, rather than abandoning the partnership and jumping ship. However, this does not always work out, and we are sometimes in a situation where we must cease a relationship. In this case, we first evaluate how an exit would affect the supplier and factory workers, and through our exit policy we take appropriate action. We communicate our decision to the supplier clearly and timely, so that they understand our decision and have time to re-plan their production schedule.

Apart from working towards long-lasting relationships with suppliers and factories that share our values and commitments, we also strive towards having a consolidated supply chain with few suppliers and factories. This makes it easier to monitor our supply chain, and it means we have higher leverage with our partners. We limit the amount of niche products we include in our assortment to reduce the amount of tail end suppliers. This is because niche products, such as caps, are made in specific factories that only produce caps. Caps being niche products for us, means our orders are low and we have very little leverage in these factories.

In 2021 we counted 7 % of our total order value in our “tail end”.

In 2021, 70 % of our total order value came from factories where Mini Rodini had leveraged above 10 %, meaning our orders stand for more than 10 % of that factories total capacity. This is quite a good number for such a small brand within the textile industry, and in the future, we intend to increase

the number of factories where we have a stable business relationship with high leverage.

We are not big fans of fast fashion. We normally work on our collections for about one year before they are released, which gives us, our suppliers, and factories a fair bit of time to set up production plans and sampling.

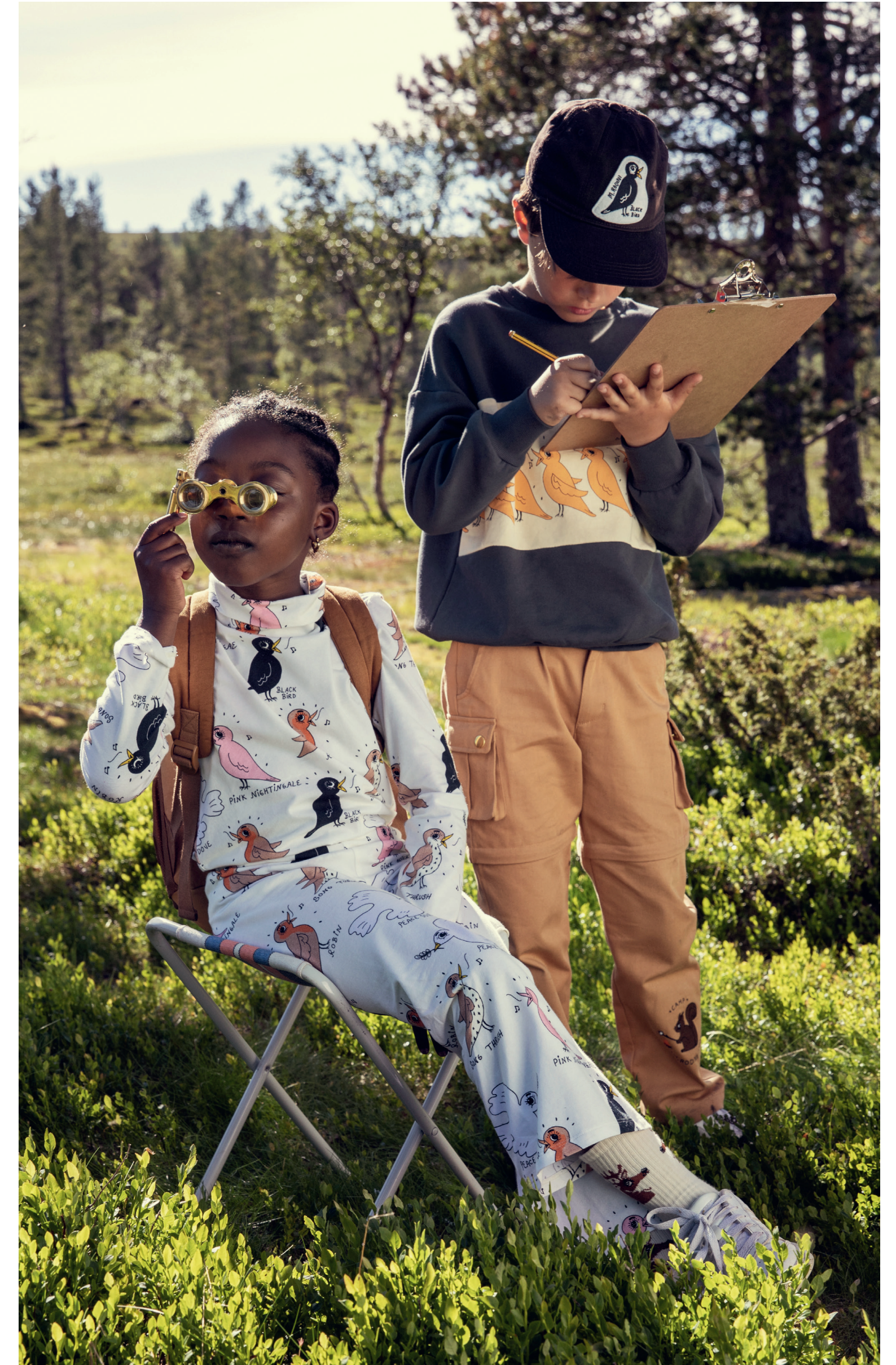
Having good internal production planning is essential to support our factories in establishing good working conditions. Short lead times and late order changes are among the main reasons for extensive overtime, many short-term seasonal work contracts, and poor health and safety.

Reality does not always turn out the way you plan it. During 2021 we did not manage to keep the initial planned timelines for each collection. We suffered from Covid-19 related delays from the start that affected the development phase for our products. Each situation was handled separately with each supplier., where there was available fabric we could get sample metres for artworks and photo samples, and in some cases we skipped the salesman samples and sold from sketches only. Although we reduced the development time we kept the order date and production time intact according to initial planning.

At the end of the year we are back on track and have improved our planning and timelines. We have a clear yearly plan and inform the suppliers of our collections and planning one year ahead. Suppliers are actively involved to make sure the production time is sufficient for them without causing overtime hours.

5 Integration of Monitoring Activities and Sourcing Decisions

The results from monitoring and evaluations are not closely connected to our sourcing decisions. We have a high basic level that we demand from our suppliers. When distributing the styles, we place them with the most suitable supplier with regards to quality, capacity and price. Except for the four jersey suppliers that compete for these styles, all other suppliers are experts in certain types of products.



6 Audits and Remediation

We, like almost all brands in our industry, do not own or operate any factories. We have to rely on our suppliers and factories around the world to develop Mini Rodini collections. It is so important that we choose partners who share our passion for creating high quality and sustainable products, and it is together with them that we work to improve workers' rights year on year.

We commissioned 11 FWF audits in 2021 compared to one in 2020.

Out of our total order value in 2021, 83 % of the factories we work with had an accepted audit, performed either by FWF or another third-party audit methodology. Out of the 17 % non-audited factories by order value, 10 % out of these 17 % were located in high-risk countries (China and Turkey). The remaining 90 % were in the low risk country Portugal.

The missing audit from the Chinese supplier was planned to happen, but was delayed due to Covid-19. It will be performed during early 2022.

All the social audits that we conduct are what's known as announced, as opposed to unannounced, meaning the factory management is aware when the social auditor will conduct the inspection. It is common for some brands to only accept unannounced audits in the belief that they can catch more failures in this way. We on the other hand choose to work only with factories we trust, and therefore want to build on that trusting relationship by not subjecting them to unannounced audits.

In choosing which factories to audit in a given year, we perform a risk assessment, looking at for example order volume and country risks. Once the audit has taken place and we receive the report, we work on a Corrective

Action Plan (CAP) together with the factory management. A CAP details all of the issues detected in an audit, and how they can be rectified. The CAP includes time frames, and is followed up by visits, emails and video calls until all issues have been addressed. Some of the factories we work with come through an intermediary supplier, and in these cases the supplier is also involved in the CAP progress. Further, some of our factories are shared by other FWF brands – in these cases we work with the other brands on following up on the CAP.

Health & safety concerns, such as fire extinguishers not hung up properly and workers not wearing masks or other protective equipment, are quite common issues that come up on our social audits. The other major issues that arise concern wages and overtime. This can include problems with records not being kept, workers doing too many overtime hours, and also annual leave and social insurances not being paid properly. A final issue that is very important to us at Mini Rodini is that workers should be paid a living wage. Sadly, this is very uncommon in our industry and we are working hard to come up with solutions and bring forth higher compensation to factory workers. Read more about how Mini Rodini tackles the issue of living wages further down.



7 Examples of Our Cap Remediation

Swimwear factory Turkey:

2 % of Mini Rodini production.

Reposted the new version of Labour standards with the complaints hotline number.

Established routines to monitor and limit excessive overtime.

Improved handling and labelling of chemicals.

Educated and certified 3 employees in first aid.

Exit doors and escape routes were cleared.

Fire extinguishers are mounted properly.

All workers files updated with complete information.

Jersey factory Turkey:

10 % of Mini Rodini production.

Escape routes and exit doors improved.

Improved handling of chemicals; second container.

Extra COVID-19 measures for sanitation.

Special hygiene procedure in the canteen.

Jersey factory Turkey, 6 factories sharing workflow and different work processes in the production line:

28 % of Mini Rodini production

Improved routines for grievance mechanism.

Corrected time tracking reports and verification of working hours as well as the “1 day off per week”.

Arrangements for praying areas to be hygienic and safe; special COVID-19 concern.

Denim factory Turkey:

1 % of Mini Rodini production.

Improvement of the fire alarms and signs in all areas.

Several persons were educated and certified within first aid.

Improved and documented procedures for grievance mechanisms.

Updates of the employment contracts and copies shared with all workers.

Improved routines for chemical handling and storage.

8 Backlog of Follow Up From 2020

Heavy-duty outerwear factory, China:

5 % of Mini Rodini production

Findings on working hours and remediation - project started to follow the working hours and payments to ensure alignment of wage and overtime bonuses.

Installation of water tank for collection of rainwater and improved fire safety.

Additional internal training on labour rights for all workers.

Lighter outerwear factory, China:

12 % of Mini Rodini production

Findings on time-tracking and overall working hours.

Our understanding from discussions with supplier is that there is a close communication with workers that have a big impact on the production flow as well as the working routines. There is an open climate and issues that might occur are discussed with management directly. Safety improvements made of escape routes and exit doors.

9 Living Wages

A term often used when discussing labour rights in the textile industry is “a living wage”, a wage that allows for a healthy and prosperous life. We, like many others, share the conviction that people who work in factories making our clothes should receive a decent wage that can support them and their family. The wage should cover a person’s own and family’s needs, such as food, housing, clothes, healthcare, education, and the ability to put away some savings.

A living wage is not the same thing as the minimum wage which is set by governments and is the bare minimum that employers must pay their workers. Even though most countries have a minimum wage, this will often not ensure people earn enough to support a healthy life, as the minimum wages have not risen enough to match rising living costs.

It is not easy to establish what a living wage is in a given country. This is because there are always different variations of living costs depending on where you live. As in all countries the costs of living are higher in the bigger cities than in rural areas. Also, many people will have different ideas of what needs to be covered in the living wage estimate and this will be heavily dependent on their living situation; if they are married with children, if they are a single parent, or if they are young and single. For this reason, we don’t have an exact value of what a living wage is in a specific country, but we do know that the legal minimum wage levels in the countries we source from are too low to cover basic needs.

The textile industry is extremely labour intensive, and most workers are women who work hard to support themselves and their families. However,

the wages in factories are usually very low. In the countries we source from, workers often cannot pay for schooling, medicine or set aside savings even though they work over 40 hours every week. This needs to change, and that is why we at Mini Rodini are introducing a living wage system into our supply chain.

In 2021 40 % of Mini Rodini’s production in high risk countries were made in factories where we are running a Living Wage project and where workers are paid an additional wage contribution.

Big success and process during 2021 – we teamed up with three other brands and at the end of the year implemented living wages at our woven factory in Turkey.

In 2022 we will continue the plans for implementation of living wages for all suppliers in high risk countries where we also have a leverage of more than 10 %.



10 Complaints Handling

As a member of the Fair Wear Foundation, we must ensure that all workers are informed of their rights and that all factories that we source from have FWF posters hung clearly on their factory walls. These posters provide information about workers' rights in the local language, as well as a hotline to call if they feel that their rights have been infringed.

This hotline provides a way for us and other FWF brands to hear about issues directly from the workers in a way that is usually not possible. When a complaint is made, the worker is directed to a FWF complaints officer and the worker has a choice to report anonymously if they wish.

Once a complaint has been logged, all brands who source from the relevant factory are notified. We then work together with FWF to assess the complaint and carry out an investigation to hear all sides. When resolved, the complaint is then reported to the public on FWF's website.

In 2021, we received one complaint via the FWF telephone hotline. We welcome the use of this hotline as it shows we are doing our job in keeping workers informed about their rights.

WOVEN FACTORY, TURKIYE:

6 % of Mini Rodini production

Complaint 25th of November 2021:

A worker reported that the company employs daily workers and this causes informal employment.

Action:

Mini Rodini took the lead on this for all participating FW brands. Factory Management responded and their reply was in line with the findings of the audit team and trainer from recent visits. The complaint is not grounded and is considered closed.



11 Training and Capacity Building

Our real wish is to prevent problems arising in the first place. The hotline and audits are there to catch things when they do arrive, whereas training gets to the root of the problem and helps to reduce complaints and issues. We do this by offering training both to workers, teaching them their rights and letting them know that FWF and Mini Rodini are there if things go wrong, and to management, to teach them to respect their workers' rights in doing their job.

With shared responsibility we supported WEP factory dialogue at a woven factory in Turkey.

Due to the pandemic restrictions, we could not conduct any training in China.

12 Internal Trainings

All new employees get a CSR introduction where the CoLP are properly explained. Sustainability day for internal education was cancelled in 2021 due to COVID-19, but Sustainability Managers have held presentations on monthly meetings for all employees.

13 Tracing Our Supply Chain

Garment supply chains consist of many tiers. First tier includes any factories that we work with directly; they sew our products. In tier 2 we find our factories' suppliers, they produce the fabrics. Suppliers in tier 3 make the yarn for the fabrics. Finally, in tier 4 we find the farms where the fibre is extracted, for example where the cotton is grown, or the sheep are kept.

Human rights abuses and exploitation of workers are less common within the sewing factories, but these are the ones most often visited by international brands, and who have the funds, knowledge, and dedication to secure good working conditions. In fact, abuses against workers' rights happen most often further down the chain, where the fabrics are made, threads are spun and cotton is grown. Mini Rodini is dedicated to gain closer ties to our entire supply chain, to get a clear picture of the working conditions for all those who helped make our products, and so we can work towards improvements if needed.

Mini Rodini's goal is to trace 100 % of our products, from raw material to finishing of the garment. To achieve this, in 2018 we partnered with the

Swedish/Indian IT start-up company TrusTrace and began tracing our lower-tier supply chain. This project will not only assist our sustainability vision, it will also make us prepared for the upcoming EU legislation about supply chain due diligence, which will force the whole industry towards becoming more transparent and sustainable.

In 2021 we traced all styles from Autumn/Winter season using TrusTrace's platform and 52 % of these styles were traced down to the farms, i.e. tier 4. Using TrusTrace, we are collecting data in order to calculate the environmental footprint of each of the traced styles with the aim to be able to assess our products and supply based on their environmental impact. This would mean that we, as well as our customers, will in the near future be able to communicate the product's climate impact .

52 % traced down to tier 4

33 % tier 3

19 % tier 1 and 2



14 Production Locations

So, what is the difference between a supplier and a factory? Some of the factories that produce our products are direct partnerships, and we work with them directly. Other factories are managed through an intermediary, called a supplier. Sometimes we will work with suppliers due to language barriers, as not all factory managers speak English. And sometimes we will use suppliers due to the difficulty in us sourcing factories with the right competency and of the right size. When restrictions allow travelling we visit each production location and will always have meetings with the factory management to discuss worker welfare and social responsibility.

Turkey is where most of our products are produced, and this is where most of our jersey is made. We have stable business relationships with our Lithuanian and Portuguese suppliers with lower environmental impact for their orders due to shorter transport. Woven products are now produced in Turkey instead of India and China remained our go-to for outerwear and accessories.

In 2021, we have had some turbulence among suppliers and factories. Some caused by the supplier side that they are not suitable for our order quantities. This was especially so for our niche products that are important

for brand image, but it is difficult to find a partner for our size, with our social and environmental requirements.

We worked with 18 suppliers, 5 more than in 2020. Out of the 18 suppliers, we worked with 32 manufacturing factories compared to 26 in 2020, who performed the cutting, sewing, trimming and quality control of our products. In total, we ended our relationship with 4 suppliers in 2021 and started relationships with 7 new suppliers.

Going into 2022, we are evaluating our supplier base and adding resources to cover for our business development plan.

The results from monitoring and evaluations are not closely connected to our sourcing decisions. We have a high basic level that we demand from our suppliers. When distributing the styles, we place them with the most suitable supplier with regards to quality, capacity and price. Except for the four jersey suppliers that compete for these styles, all other suppliers are experts in certain types of products.

CHINA

7 suppliers, 13 factories

CHANGED RELATIONSHIPS:

4 factory exits.

1 new supplier of sunglasses was onboarded.

INDIA

1 supplier, 1 factory

CHANGED RELATIONSHIPS:

Factory exit

TURKEY

7 suppliers, 13 factories

CHANGED RELATIONSHIPS:

New sock supplier onboarded.

Knitted garment factory - new factory for knitted accessories.

Denim Supplier exited.

PORTUGAL

1 supplier, 3 factories

CHANGED RELATIONSHIPS:

Ended relationship with one subcontracting factory on supplier initiative.

New factory onboarding for 2022.

LITHUANIA

2 suppliers, 2 factories

CHANGED RELATIONSHIPS:

1 factory exit.

15 Transparency and Communication

Sustainability is a core value for Mini Rodini that has been integrated in the company strategy from the start. Our values and sustainability efforts are included in all public communication. Environmental aspects of production are always added in the product info, as well as information on whether a product is produced in a factory where we have an active living wage program.

