

Beckmann social report

Reporting period (Financial year: January, 2020 – December, 2020)



www.beckmann-norway.com

Fair Wear Member since April 2020

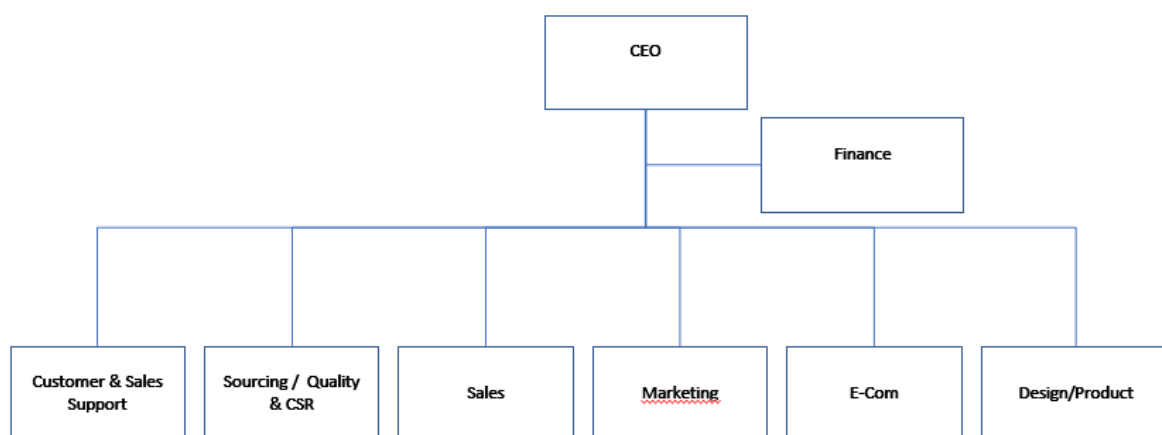
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Organisational chart

Beckmann organization chart



Summary: goals & achievements 2020

In the year 2020 Beckmann became a member at the fair wear foundation (FW) and implemented the FW Code of Labor Practices. Beckmann has with its relatively few number of suppliers and long relations good opportunities of getting good progress on adhering to the standards.

We took the first step of training Beckmann employees internally and at the factories to build the awareness of labor rights and introduce our ambition to improve the human rights and working conditions. Throughout a year's work we archived open dialogue with the suppliers in order to identify the areas for improvements. And we are following up the CAP from BSCI 3rd party auditing for improvements.

Together with the suppliers, we aligned the FW lead of direction, we are trying to limit the number of collaborations to long-term suppliers and avoid sub-contracting.

Sourcing strategy

SOURCING STRATEGY & PRICING

Beckmann has implemented a focused sourcing approach where the company works with a very narrow selected number of suppliers over long term in partnership cooperation's. Due to growing volume and demand for Beckmann products the company has prepared for onboarding of one new supplier for 2021 to increase total capacity. Main production partner has been a supplier to the company for over 15 years.

All backpacks and related accessories are produced in China. China is selected due to competence, experience, working conditions and supply chain. In addition, some small quantity of leather products are produced in India.

Beckmann has selected our supplier partners based on the following criteria's:

- **Quality:** Physical quality, capabilities
- Chemical **compliance** and sustainable materials
- **Social and work ethics:** adherence to legal requirements and Code of Labour practices
- **Development and design capabilities:** Sampling, new materials, new designs
- **Partnerships candidate:** Long term supplier, working mode, references
- **Price and competitiveness:** Unit price, MOQ, lead time, capacity

In 2020 Beckmann became a proud member of Fair Wear Foundations to support the labour practice improvements within our organization and with the suppliers. Beckmann, as a high quality brand targeting children consumers, has an objective to adhere to the Code of Labour practice for the company and its suppliers.

The responsibility for the sourcing strategy is managed by the Head of Sourcing, Quality and CSR. In addition the design/product development department plays a key role in the process for developing samples and new products. Furthermore, the Head of Customer and Sales Support is a key stakeholder due to order planning, order placement and logistic planning. The CEO of Beckmann is also involved in key decisions related to supplier management.

PRODUCTION CYCLE

Beckmann's target is to provide high quality standard and appealing original design products to all our valuable customers. Beckmann operates with one yearly collection, launched in September for sell in with first deliveries for November and following deliveries into the main selling year. The collection will consist of new models and continuing models from previous year. We start collection planning roughly one year ahead of launch, in August to give plenty of time to work out satisfied products and support a healthy internal process at Beckmann and our suppliers. The development and sampling continues until mid May the following year, whereby Beckmann and suppliers cooperates through our design management interphase system.

Each year there will be 2-3 main orders from Beckmann to our suppliers for the respective styles. The first one of these are placed already in June, to utilize the low season at the main bag supplier to balance and maximize the utilization of the capacity during the low season. Lead time will be agreed between suppliers and Beckmann based on annual order volume forecast provided by Beckmann during yearly order / price negotiation meeting before order placement starts. Furthermore shipping plan are established to the supplier after order placed, for partial shipment throughout the full year, to allow the supplier to adjust the production schedule.

Price negotiations are performed yearly and are based on detailed cost build up sheet in order to maintain details of each cost components, including wages/salary to workers. Beckmann has an ambition to support living wage standards.

For the financial year 2020 we did not formally onboard any new suppliers with FOB volumes in 2020 but spent significant time on onboarding a new bag supplier with FOB volume early on in 2021. We value the recommendation of new potential supplier from companies or resources who has business experience with the supplier. This is a valuable insight into gaining first hand experience feedback. Once the sourcing process starts for new suppliers we request documentations from the supplier inclusive but not limited to : Company introduction, Valid 3rd party audit report reg. social responsibilities, reference brands/customers that supplier is working with, financial report to get the insight of the supplier's. This combined with introductory meetings between suppliers key stakeholders and Beckmann team. We will continue with sampling if supplier pass the verification of this initial screening and evaluation. After samples approved, we normally book the factory visit for business discussion and onsite verification as the final step before the process starts to onboard new

suppliers. We focus on building capabilities at the new supplier through trainings, visits, information sharing regarding product quality, chemical compliance, social responsibility and sustainability.

For 2020 Beckmann decided to exit one supplier based on our internal evaluations. Beckmann has been facing rapid international business growth in the recent years. The exited supplier wanted to maintain/stay on existing volume of production and had limited room for improvements on new product development capability, price, product quality. Both parties agreed and gave enough time to terminate the cooperation in a responsible way.

INTEGRATION OF MONITORING ACTIVITIES AND SOURCING DECISIONS

2020 is the first year whereby Beckmann is an official member of Fair Wear foundation. Prior to 2020, Beckmann has performed its own monitoring activities including using external reports like BSCI. During 2020, due to COVID, we have not been able to travel and visit our suppliers as normal. As an alternative we have followed up through digital channels. As Beckmann has produced majority of our products at long term partner suppliers we already have a good cooperation and understanding of each other requirements.

Furthermore Beckmann planned and prepared for adding a new supplier for 2021 during 2020. This process was performed through a thorough evaluation according to our sourcing strategy targets and also taking into account the guidelines from our Fair Wear membership that started in April. The evaluations and audits on our 2020 supplier base will form basis for production planning and volumes for 2021.

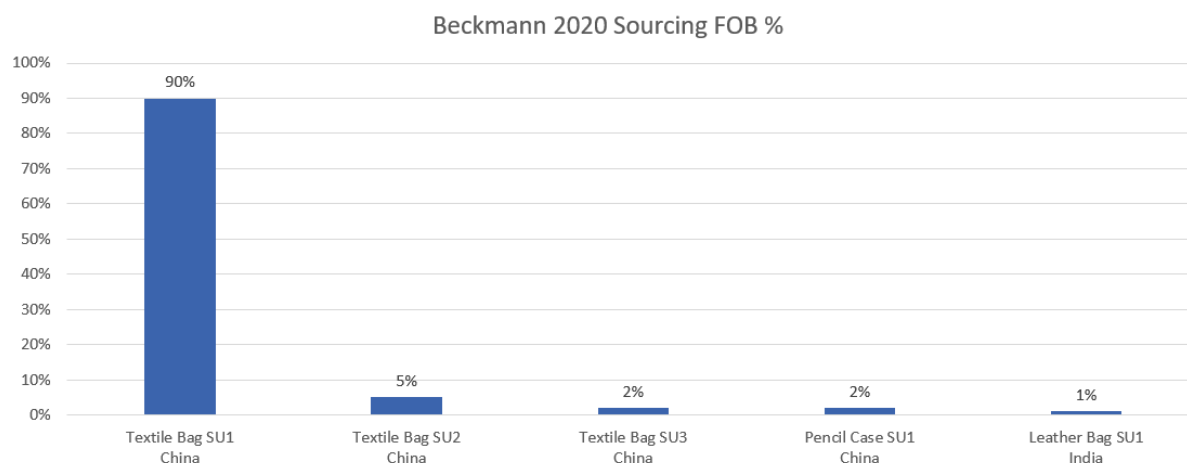
Coherent system for monitoring and remediation

As it's the first year of membership at Fair Wear, our main focus has been to bring all our suppliers "up to speed" on our reasons for joining and the requirements to be followed. This is only a start, as we know that this needs to be gradually embedded into the culture at both Beckmann side as well as at supplier's side. During the year we performed the Fair Wear Workplace Education Programme (WEP) training at the main supplier in 2020 which aimed to provide factory managers and workers with the

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tools they need to start an open dialogue about issues and opportunities in the workplace and about how to improve working conditions in the factory. Increased awareness about labour standards, together with functioning grievance systems, can contribute to improve working conditions.

Corrective action plan (CAP) process is implemented with our main suppliers and is executed based on existing BSCI 3rd party auditing reports. Meanwhile we are expecting the social audit by Fair wear to happen in 2021.



TEXTILE BAG SU1 AND SU2 CHINA

Our main bag supplier Textile Bag SU1 from China covers 90% FOB value in 2020 and is a long term partner to Beckmann. The company executes BSCI audit annually. In 2021 we are going to execute the Fair Wear Audit at this supplier. We perform monthly meeting to follow up on the existing 3rd party auditing Corrective Action Plans. In order to get the transparent information from the supplier we also collected the Fair Wear questionnaire with the supplier information filled in. To provide the sufficient contact information for handling the worker's complaints the Fair Wear worker information sheet are hanging on the wall at the factory.

In order to have a balance between capacity and business, we on board Textile Bag SU2 2 years ago which is also located in China (as a planned step in combination with the mentioned exited supplier). Currently we follow up the Corrective Action Plans based on the latest SMETA auditing report with this factory.

As first year member we motivated the above 2 suppliers to fill in the FWF's Labour Minute Costing, which explains the practical approach to calculate brands' share of living wage costs per factory. This, combined with our cost build up pricing, gives us good transparency in costing between us and the

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suppliers. It did take us some time with the process to collect as well as analyse the data received with the support from FW team to get the more accurate insights. From the 3rd party audit we see for example that there is a big gap between the national minimum wages and living wages. Currently the suppliers are paying the national minimum wages. To merge the gap will take some time, but with our improved focus and requests of documentation we believe this will gradually improve.

We have been monitoring working time with the suppliers, even though it was challenging to receive the sufficient documentation. We have been receiving the monthly work attendance reports. Which showed both above mentioned suppliers meet the 60 hours per week working time, 40 hours normal working hours, 20 hours overtime working hours and not more than 3 hours over time working per day as well as 1 day off per week.

The excessive overtime working shall be closely monitored specially during the peak season.

INDIA

Historically Beckmann had a larger leather bag and accessory product collection, which is not the key focus in the current collections. As such we still maintain 3 suppliers in India where we buy leather products. The annual purchasing FOB percentage is very small from 2% to less than 1%.

We collected the Fair Wear Questionnaire and posted the worker information sheet on the wall in each one of the factories. Furthermore during COVID-19 period we shared the video made by Fair Wear of how to clean and self-protect under the pandemic with the factories.

Complaints handling

No complaints were received related to our suppliers.

All the suppliers filled in the questionnaire from Fair Wear and posted the worker information sheet on the wall. In addition the WEP training gives the necessary information. The workers at the manufactures will reach out FW's local team if there is any complaint. Further it will be transferred to Beckmann. Eventual complaints will form basis for an evaluation at Beckmann side before further follow ups will be taken towards the supplier. In such instance we would call for relevant supplier management and worker involved separately to get the pictures from both sides and gather the proof to set together for evaluation. Solutions can be discussed openly with the 2 or more parties involved in the factory, if all the factors are aligned.

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In case further investigation needed, we may call for long term cooperation external auditing party Intertek China for support to go to the site at the factory to do the check and get the root causes for solution.

Training and capacity building

ACTIVITIES TO INFORM STAFF MEMBERS

All our employees should have an understanding of our membership at Fair Wear and our objectives for social responsibility. As soon as we become a member, we spread the news both internally and externally on our official website. In order to have a good introduction to all internal stuffs about new step Beckmann took with Fair Wear, we invited Fair Wear brand liaison to give a Fair Wear introduction online training for all Beckmann employees in 2020.

ACTIVITIES TO INFORM AGENTS

No agents are used by Beckmann.

ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

In order to secure and monitor the implementation and adherence to the Code of Labour practices we are dependent on reporting and follow ups from the workers at the suppliers, and in order to enable them to this actions we need to secure good communication of the opportunities to them. IN 2020 we executed the WEP training by Fair Wear Global Services (we call it FWGS under) at the main supplier in 2020. Factory management was cooperative and willing to learn knowledge about FWGS, but during the training for managers and supervisors, there was not much interaction between the management and our trainer; the management team was focused without much interaction and discussions with the trainer.

During the training for workers, workers felt that the training content was relatively new and listened very carefully. Some workers also took pictures of the key points. At the end of the training, some workers said that the training was very good and they learned a lot of knowledge that they didn't usually know, such as relevant legal knowledge, social responsibility, and FWGS etc.

With regard to the training results, 63 copies of questionnaires were distributed to the participants after the training and 62 copies were filled out. 48 reported the training content as very good; 9

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thought it was general and 5 thought it was so-so. Furthermore 38 thought the training duration of 2 hours was very good, 13 thought it was good and 11 thought it was so-so.

In terms of the communication to inform the supplier, our CSR manager speaks the local language which helps to give the explanation and support to the best we can towards the suppliers.

Information management

During 2020 the follow up with the suppliers were performed through monthly digital meetings reviewing the CAP status, progress and follow ups. When there is a possibility to visit the factories again, we plan to do site verifications and in-person meetings.

What efforts did you take to identify all production locations, including subcontractors?

We used to visit the tier 1 supplier and the supporting process supplier(silk screen print and embroidery suppliers) as well as fabric mill every year before COVID-19. We will continue when there is possibility to travel again.

We request our suppliers to provide the materials sourcing information for monitoring the source of supply.

At the same time, we agreed with suppliers not to use subcontractor unless approved by Beckmann.

Transparency & communication

We proudly shared the news as soon as we became a member on our official website with our customers and consumers. We are very excited to bring forward the annual social report to our customers and public, as of a way to give the insight of Beckmann's efforts and progress in social responsibility. Finally, we look forward to a potential product marking of the membership when we are eligible to do so.

Stakeholder engagement

The country study provided by Fair Wear for China gave us good understanding of key challenges and focuses.

Corporate Social Responsibility

Beckmann's Code of Conduct document that we agreed with suppliers covers business conduct, Anti-Corruption and Anti-Bribery as well. Furthermore Beckmann is today a partner to UNICEF in Norway with focus on children rights and living standards.

Since year 2020, Beckmann gradually replaced the textile materials on our bag with the recycle polyester (rPET) made from plastic bottles. Our goal will be to change out all the products materials with rPET or ocean waste materials that will be suitable for our products, to persevere the sustainable journey.