

Social Report

Start date membership:
June 2015

Reporting period:
January 2019- December 2019

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What we do

13 years ago, when we stumbled into the textile industry, we were outsiders. New kids on the block. Everybody told us that we are naïve. That things are as they are and that we wouldn't be able to change anything. This didn't stop us from asking the many questions which needed to be asked and we learnt our lessons the hard way. We realised what the textile industry has been all about so far: negligence, irresponsibility, cover-up mentality, greedy business in the form of inequitable capital allocation and unfair value creation. We decided that we want to make a difference. We went fully organic with our cotton, banned hazardous chemicals from all our supply chain, searched for innovative organic farming methods which also respect animal welfare. We invested in sustainable alternatives for fibres & materials, reached Fair Wear Foundations "Leader" status and worked hard to make a difference wherever we could. Moreover, we built a transparent chain of partners who support us in developing beautiful products with the highest

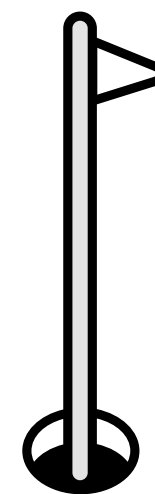
respect for Humans and Nature. We've been doing our homework since day one. 100% alternative & regenerative materials. 100% certified factories. 100% clean processes. 100% cost transparency and fair prices. 100% products without compromise.

In 2019 we kept on growing – in terms of WoManPower, new tiers in our responsible supply chains, turnover and wholesale partners. We are present in more than 30 markets through our own E-Commerce and 900 retail partners. We have 96 passionate employees, 77% of whom are female and 23% are male. 72% of our employees work full-time and 12% part-time. We also offer internships and jobs for students (10%) and 6% of our staff is on maternity leave taking care of our precious future. We work together with all those that share our vision. Grow to matter. Be true. And never give up.

Made to make a difference.

Summary

*Our goals are driven by our vision. And we are busy bees. So also, in 2019, we didn't lay low. There are numerous new projects and improvements being made at **ARMEDANGELS**. The following is a glimpse. The whole Social Report is a bit of a bigger look into our activities in terms of implementing the Fair Wear Code of Labour Practices along our supply chains. On our website and our social media channels, we talk about further exciting stuff, so make sure to become part of our community.*



Achievements

For the environment



By using 100% sustainable raw materials for our products we were able to **save**:

68%

Water

59%

Energy

55%

CO₂eq

10.660€

were donated to
Fridays for Future

No other campaign has highlighted the urgency of the climate crisis so clearly and so directly and is led by caring, young people with the same mindset as we have. Our Black Friday looked slightly different to everyone else's as well.

To close the loop



We partnered up with StayAwhile, the German Female Rental Platform, and made sure that

3.000

ARMEDANGELS pieces stay in the loop.

For diversity and equality



We again publicly spoke up and will keep on speaking up against racist ideology and propaganda on social media. Our voice was heard loud and clear when our post calling out a racist customer went viral on Instagram, with an overall reach of

67.948

people out there.

We launched our non-binary ARMEDANGELS Capsule Collection for everyone and anyone.

Achievements

For our supplychain



In 2019, we worked with 13 first tier suppliers in Portugal, Lithuania, Turkey and Tunisia.

We conducted 4 social audits, 3 communication trainings and one training on Gender-Based-Violence with excellent results.

We participated in the first harvest of our ARMEDANGELS Organic Farmers Association and financed drip irrigation instalment for two farms. This modern agricultural technique that irrigates crops with tiny droplets of water, helps farmers save time, money and water.



Sourcing

Sourcing practices at ARMEDANGELS have always been targeted to be highly responsible. We have been doing it since day one as we know that ethical sourcing is key to fair and safe working conditions as well as improved quality, strong partnerships, meaningful climate actions and a solid & trustful community.

Our sourcing practices include social and ecological parameters in all steps and our responsible pricing model is based on 100% cost transparency. As a further back-up we get support from voluntary standard and system-based tools of Fairtrade, GOTS (Global Organic Textile Standard) and the Fair Wear Foundation.

Our Responsible Supply Chain Team, consisting of Sourcing, Corporate Responsibility, Buying and Logistics, is mainly accountable for supporting our partners in the implementation of leading-edge requirements. We are in frequent and direct contact with them (via e-mail, telephone or onsite during visits). Our guidelines are a set of principles and aim at establishing best-practice working conditions and ecologically optimized processes and products.

1.1 Sourcing Strategy & Pricing Responsible Sourcing

In the industry the predominant factor in sourcing is still price. Whoever offers the lowest price, gets awarded and receives an order. At ARMEDANGELS, we recognise that doing business like this, poses numerous risks, among them a high risk of labour rights violations.

We look at our sourcing differently. It's about finding the right supplier to build a partnership. It is about purchasing goods and services considering the people, the planet and profits. It is about how our products are made, where they are made and by whom. It is about transportation choices. It is about being fair, transparent and open to all partners. And yes, our buying department also talks about prices, of course. We believe that ARMEDANGELS can't make a difference if we aren't leading in responsible sourcing & pricing.

Selecting new suppliers is based on our strict Responsible Sourcing Strategy which describes how we mitigate and assess human rights risks and how the outcome of this process influences sourcing decisions.

1.1.2 Responsible On-Boarding



Followed by the Responsible On-Boarding Process a complimentary assessment is conducted. Whether the supplier is located in a low or high-risk country, we conduct verification audits before even starting the sampling procedure. It is ARMEDANGELS requirement to comply with necessary standards and to know what's going on. This means understanding how the world is changing, how that affects our business and how we can contribute.

1.1.3 True Pricing

While we offer a high degree of transparency, we also require it from our partners. We were extremely busy implementing our True Pricing Methodology the last years which makes price negotiations almost obsolete. It basically is a radical open costing system, where we accumulate all information that make up the price of a piece of clothing. When we take the actual costs for fabrics, accessories, trims, artwork, labelling and packaging as well as labour costs, overhead and profit, there really is no need to negotiate & bargain anymore. It is, what it needs to be to be fair to workers, management and us as a brand.

In order to integrate the labour costs into each calculation, we use a methodology called labour minute costing introduced to us by FWF. The following exemplary graphics and calculations break down the transparent supply chains, the labour minute costs and the true product costs where four of our key products (jersey, denim, knit & woven) from 2019 were manufactured:

Portugal for example:


 average worker
 \times

 219 days
 $=$

 84.069 min

Labour Minute Cost:

14.813,00 € annual wage costs per worker
 $/$
 84.840 annual working minutes per worker

$=$ € 0,18

Portugal:

Average worker X 219 days = 84.096 minutes
 EUR 14.813 / 84.840 minutes = EUR 0,18

Turkey

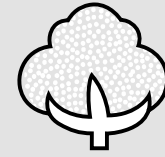
Average worker X 220 days = 93.555 minutes
 EUR 14.457 / 95.555 minutes = EUR 0,15

Tunisia

Average worker X 227 days = 106.747 minutes
 EUR 6.015 / 106.747 minutes = EUR 0,06

One of the big reasons to implement such a radical open costing for 100% of our products, was to make sure that we have transparency in the payment of actual wages and avoid negotiating against wages. We needed to know more about the link between buying prices and wage levels in the factories. Today, we know the labour costs of each of our products, making open costing an important tool and lever to encourage suppliers to even increase wages.

Sourcing



ORGANIC COTTON FARMING
Suminter India Organics
Pvt. Ltd, Chotila, India



ORGANIC COTTON GINNING
Suminter India Organics
Pvt. Ltd, Chotila, India



YARN SPINNING
Omax Cotspin Pvt. Ltd.,
Rajsitapur, Gujarat, India



YARN DYEING
Facol Tinturaria de fios,
Serzedelo, Guimarães, Portugal



CIRCULAR KNITTING
Vilartex, Corvite,
Guimarães, Portugal

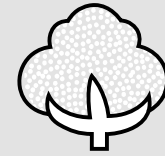


CUT MAKE TRIM
Becri – Malhas e Confecções,
S.A., Barcelos, Portugal

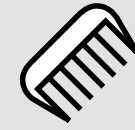


DALENA STRIPES Colour: Black-off white
Article No. 30000654 347
Production partner: Becri – Malhas e
Confecções, S.A., Barcelos, Portugal

TRUE PRODUCTION PRICE SPLIT
Material Costs: 55%
Labour Costs: 27%
Supplier's Overhead & Profit: 16%
Transports & Duties: 2%



ORGANIC COTTON FARMING
Aegean Region, Aydın, Söke,
Koçarlı Plain, Turkey



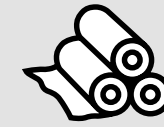
ORGANIC COTTON GINNING
Aegean Region, Aydın, Söke,
Koçarlı Plain, Turkey



YARN SPINNING
Orta Anadolu,
Kayseri, Turkey



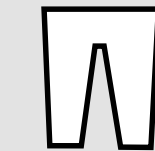
INDIGO YARN DYEING
Orta Anadolu,
Kayseri, Turkey



FABRIC WEAVING
Orta Anadolu,
Kayseri, Turkey

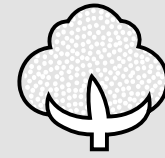


CUT MAKE TRIM
Denim Authority S.A.,
Ras Jebel, Tunisia



DYLAAN
Colour: Light stone wash
Article No. 30000205 801
Production partner: Denim Authority S.A.,
Ras Jebel, Tunisia

TRUE PRODUCTION PRICE SPLIT
Material Costs: 64%
Labour Costs: 14%
Supplier's Overhead & Profit: 21%
Transports & Duties: 1%



ORGANIC COTTON FARMING
Uçak Tekstil A.Ş.,
Izmir & Denizli Area, Turkey



ORGANIC COTTON GINNING
Uçak Tekstil A.Ş.,
Izmir & Denizli Area, Turkey



YARN SPINNING
Eren Tekstil A.Ş., Ulaş Çorlu,
Tekirdağ, Turkey



YARN DYEING
Eren Tekstil A.Ş., Ulaş Çorlu,
Tekirdağ, Turkey



KNITTING
BERA TEKSTIL TRIKO IML. TIC. LTD. STI.,
Istanbul, Turkey



LINKING
BERA TEKSTIL TRIKO IML. TIC. LTD. STI.,
Istanbul, Turkey



MEDINAA Colour: Black
Article No. 10252348 105
Production partner: BERA TEKSTIL TRIKO
IML. TIC. LTD. STI.

TRUE PRODUCTION PRICE SPLIT
Material Costs: 58%
Labour Costs: 24%
Supplier's Overhead & Profit: 16%
Transports & Duties: 2%

LENZING™

FIBER PRODUCTION
Lenzing AG,
Lenzing, Austria



YARN SPINNING
Textil Santanderina S.A.,
Cabezón de la Sal, Spain



FABRIC WEAVING
Textil Santanderina S.A.,
Cabezón de la Sal, Spain



FABRIC DYEING
Textil Santanderina S.A.,
Cabezón de la Sal, Spain



CUT MAKE TRIM
J. Caetano & Filhas, Lda.,
S. Miguel De Paredes, Porto, Portugal



GARMENT WASH
Irmãos Vila Nova, S.A.,
Vila Nova de Famalicão, Portugal



ZONJAA Colour: White
Article No. 30001689 188
Production partner: J. Caetano & Filhas,
Lda., S. Miguel De Paredes, Porto, Portugal

TRUE PRODUCTION PRICE SPLIT
Material Costs: 37%
Labour Costs: 44%
Supplier's Overhead & Profit: 17%
Transports & Duties: 2%

Living Wages & Fair Prices

The topic of living wages has been very present in the past years in our industry. We, too, want to find solutions and close the gap between legal minimum wages and what is considered to be a fair wage to cover all necessary costs of a decent living. However, we realised in the last years, that the lack of functioning ideas and the general excessive demand with the topic didn't really get the industry closer to the finish line.

As a brand, we do not pay wages directly to the workers. We don't own any of the factories. All our partners are individually owned entities working with us. Therefore, it's crucial to point out, that we pay fair prices for the garments we buy from them. And, due to our open true pricing method, we know the exact link between our prices and the wages. It's a tool that we can use to make sure that our prices are fair. We want to push the wage ladder from the bottom up. For us the time for talking is over, let's get to work!

Below in chapter 2, we have shown where our partner factories stand with regards to our fair paid level.

1.2 Organisation of the Sourcing Department

At ARMEDANGELS the sourcing department is vital to the way we do business. Our buying colleagues support our sustainable operations through assuring responsible purchasing practices, continuity of supply and fair production planning as well as the implementation of our open costing. As they are in contact with our suppliers on a daily basis, they are key to ensuring a positive partnership with them.

The Sourcing Department is handled by our Sourcing & Quality Manager, who is another key position reporting directly to our COO.

1.3 Production Cycle

ARMEDANGELS has four collections every year: Spring, Summer, Autumn and Winter. Both, for Men and Women.

Our usual production cycle begins with our design and product development phase including the internal design phase as well as the production of the first prototypes. We then ask our suppliers to produce samples for our sales team. During the sales period our sales team presents the new collection to our retailers and takes their orders. Once all orders are placed the production process can begin. Good internal production planning and a smooth production cycle are essential to support the factories in establishing fair working conditions. Short

lead times, seasonal production and late order changes are among the main reasons for extensive overtime, increased short-term seasonal work contracts and negligence of personal safety.

We, therefore, make it a priority to know our partner's capacity so as to plan the order volumes and the production times correctly. We stick to ten fixed delivery dates so that our factories do not have an unbalanced production workload with peak times and low periods. Seasonal work is a big challenge for factories, as they have to pay their workers all year round. By splitting the delivery dates, we are able to utilise the factories nearly throughout the year giving financial security to the factory management and minimising the necessity of overtime. We furthermore concentrated on expanding so-called NOS (never out of stock) articles that are standard in our assortment in 2019. This brings the opportunity to fill the lower seasons at our partners factories with standard productions in order to take out pressure and risk overtime, e.g.

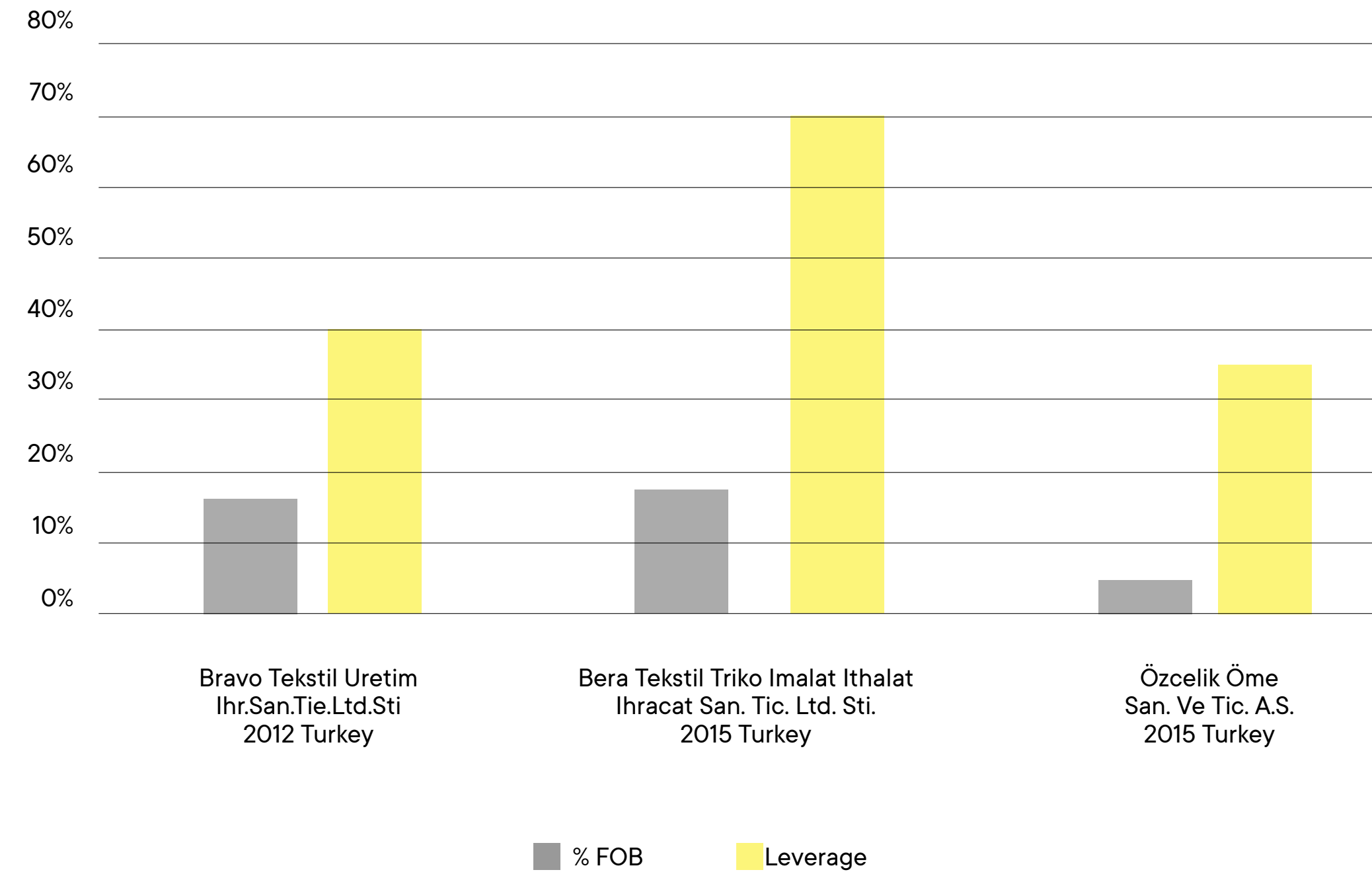
Our production lead-times vary between 12 to 18 weeks and are dependent on internal planning, the capacity of our suppliers and material lead-times. This is generally sufficient time for factory management to make a robust production planning without having to rely on overtime. As we know that some of our materials have long lead-times or might be delayed due to various reasons, we make it a priority to block long-lead time fabrics before placing the order, so that no delays are caused by late material deliveries.

Supplier Relations

1.4

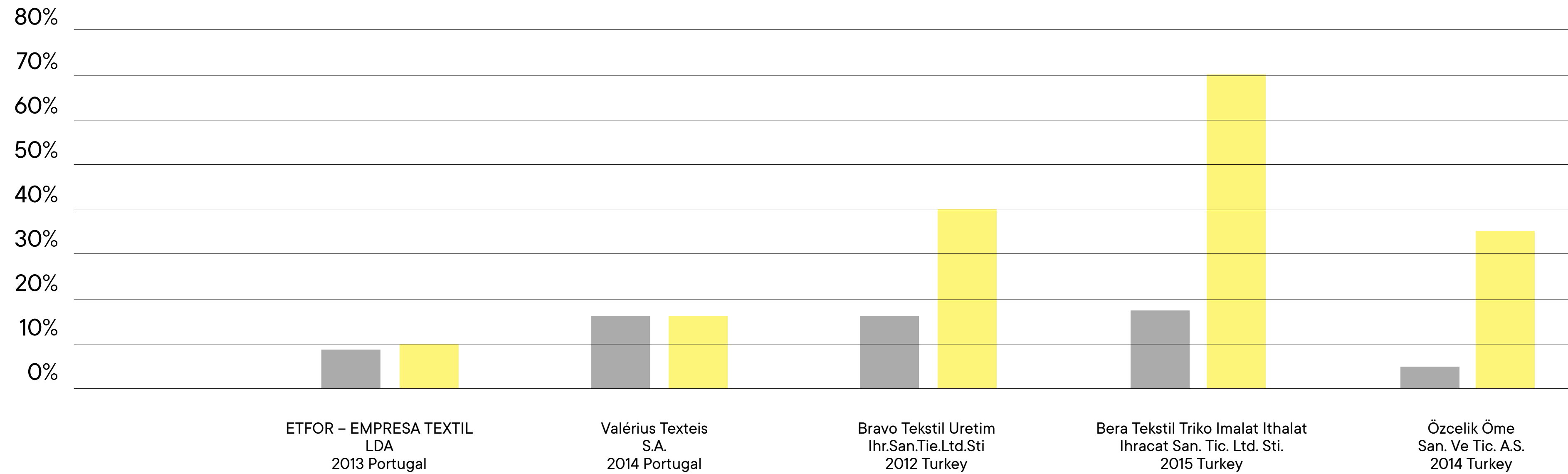
Simply put, sustainable products start with sustainable supplier relations. And sustainable supplier relationships are always built on mutual respect and trust – and as it is with relationships in general, they grow over time. Mutual understanding is key to this work. We don't want our partners to just do as they are told, but for them to really understand the reason behind this work and how it benefits not only the workers, but also the efficiency of the whole factory. Our experience has shown that establishing fair working conditions lead to improved workflow, productivity and higher quality as sick days, accidents and turnaround of workers are decreased, among others. Factories can hence decrease costs and increase output. Expanding liaisons, getting partners on board and excited for the way we do business is essential for a successful business relationship.

Hence, our aim is to find the best partners, who are willing to push the boundaries with us within reason, to make changes and improve over time. Partners who don't stand still but take on the challenges of our time. We aim to find partners who are in it for the long run, who want to be a part of the ARMEDANGELS story and who want to grow with us. We know that one of our main success factors is partnership on eye level. During 2019, 37,76% of our supplier volume was bought from factories where we have reasonable leverage (at least 35% of the factory production capacity).



Our objective is to further deepen our collaboration with our first-tier suppliers over the years in order to work towards a more fundamental transformation of the textile industry. Our partners do not change regularly; in 2019, 59,31% of our purchase volume came from factories with whom we have worked for more than five years.

Supplier Relations



1.4.2

Sustainable Supplier Evaluation

Twice per year the ARMEDANGELS Supplier Evaluation is conducted by an internal team (consisting of Buying, Sourcing & Quality, Product Management and Corporate Responsibility). This evaluation takes into account the price-performance ratio, compliance with delivery dates, quality, status quo of social and ecological standards, the social and ecological development of a supplier, the degree of innovation as well as their cooperation and level of transparency.

■ % FOB ■ Leverage

1.4.3 Brand Evaluation

Purchasing practices and their impact on suppliers' ability to provide decent working conditions have come under increasing scrutiny worldwide. To really make a difference we started thinking about implementing a systematic exchange of our ideas about purchasing practices that are working well and those that need improvement, without risking our business relationship already in 2018. Then, in 2019, we pioneered the ARMEDANGELS Brand Evaluation. In our Brand Evaluation, not only we as a brand evaluate the suppliers, but also our partners evaluate ARMEDANGELS bi-annually in seven key practices to verify the ability to adhere to the terms of our contracts and operate efficiently while providing a safe work environment. The first pilot last year was a real success and we were able to work out two hot spots (tight calendar & high drop rates) which we will change now. Changes to supply chain practices will not happen overnight. It is hoped that the first Brand Evaluation of ARMEDANGELS will spur this and increase operational efficiency while protecting reputation and profits. In order to tackle the challenges, ARMEDANGELS has committed to take and define measures for the underlined pain points. Furthermore, individual talks with the single supply chain partners will be held to create the basis of an institutionalized communication on these subjects. We hope that this new and transparent information and analysis about our cooperation practices will change and even tighten our good relationships.

1.4.4 Changes in Supplier Relations

As we keep on growing for good, we also keep out looking for new partners that share our vision and wish to be part of our community providing us with beautiful products. In 2019 we on-boarded and started working with three new partners:

- **Goucam: Gouveia & Campos SA - FWF Factory ID 14165**
- **TMR Fashion Clothing, Lda. - FWF Factory ID 14166**
- **Teksim Giyim Sanayi ve Ticaret Ltd. Sti - FWF Factory ID 3361**

We also terminated our business relationships with:

- **Aclan Tekstil Konfeksiyon Ic Dis Tic Ltd. Sti - FWF Factory ID 10036**
- **Supercorte Empresa de Confecoes S.A - FWF Factory ID 10646**
- **UTENOS TRIKOTAZAS - FWF Factory ID 2631**

Below in chapter two, we provide more details for each of our partner factories and the what and why. We have Nothing to Hide.

Supplier Relations

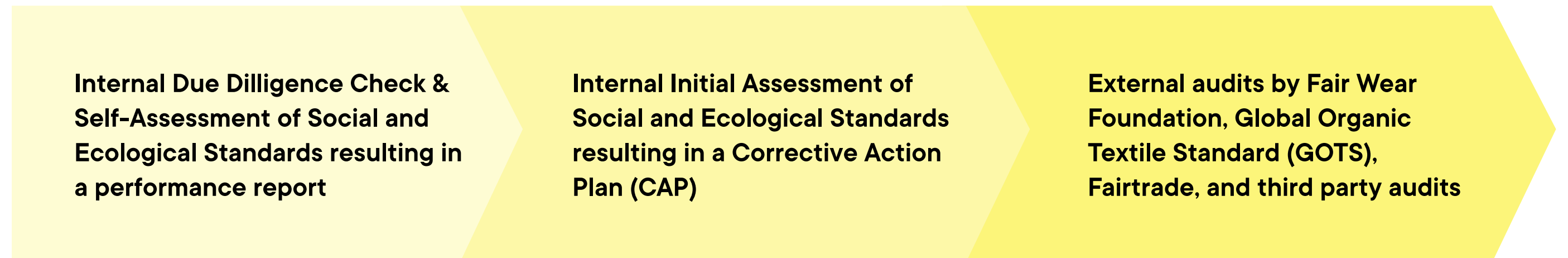
1.5 Integration of monitoring activities and sourcing decisions

Internal and external audits by FWF, GOTS and Fairtrade help us to detect shortcomings in our partner factories and to prevent violations against our business ethics. We support our partners by offering training sessions and consulting not only for merchandisers, but also for supervisors, employees and of course owners. By including relevant stakeholder initiatives, we further strengthen our monitoring system. But our commitment does not stop with conducting audits and trainings. Once the onboarding of a new supplier was successful, our Corporate Responsibility Manager invests a lot of time and resources to support our suppliers via different communication tools, Corrective Action Measurements, etc. It is ARMEDANGELS requirement to comply with necessary standards as a minimum. We and our partners in the supply chain are in a continuous improvement process. Again, we want to understand how the world of work is changing, how that affects our business and how we can contribute. Due to our stringent Responsible Sourcing Strategy and the process behind this, in very rare cases decisions like ending a business relationship are made because human rights risks and violations or poor factory & management performance.

Monitoring

2 Coherent System for Monitoring & Remediation

Knowledge is power. Hence, knowing our supply chain and safeguarding it is the basis for our work. We only work with partners who we trust to deliver decent wages and good working conditions. That way, we can ensure transparency and traceability at any stage of production. How we assure workers' safety in 3 easy steps:



Therefore we ask all our partners to update us in a fixed format bi-annually on the labour minutes costing, transparent supply chain data (incl. subcontracted & nominated units), general company data, standards & certification and also to evaluate us respectively in our new ARMEDANGELS brand evaluation.

Supplier Relations

2.1 Subcontracting

Subcontracting is often perceived as a bad thing. We still don't share this generalisation - facing the reality of our Industry! The risk of breaches in labour standards often increases the further down one looks into a supply chain – that is, without a doubt, true. However, we know that not all of our suppliers have the possibility to do all steps of production in-house. They, therefore, have to rely on outside factories to support them. For us, subcontracting does not only include sewing, but also printing, embroidery, washing and dyeing of garment. Every process, where a supplier is contracting another factory to do a specific step of the production counts as subcontracting for us. Therefore, we have defined a Subcontracting Policy to which all factories in our supply chain, whether they are our direct business partners or their subcontractors, adhere. Everyone is treated equally, receives the same support from our side and has the same responsibilities. When visiting the suppliers, we are trying to also visit the subcontractors as much as possible. By mapping our supply chain, we can guide suppliers towards skilled subcontractors and establish networks. Hence, good subcontractors are rewarded with higher order volumes, while we decrease the number of subcontractors used overall and thereby decrease the risk of breaches in labour standards in our supply chains. It is a matter of choosing the right partner, knowing all steps of production and working together on implementing real improvements for workers that make the difference.

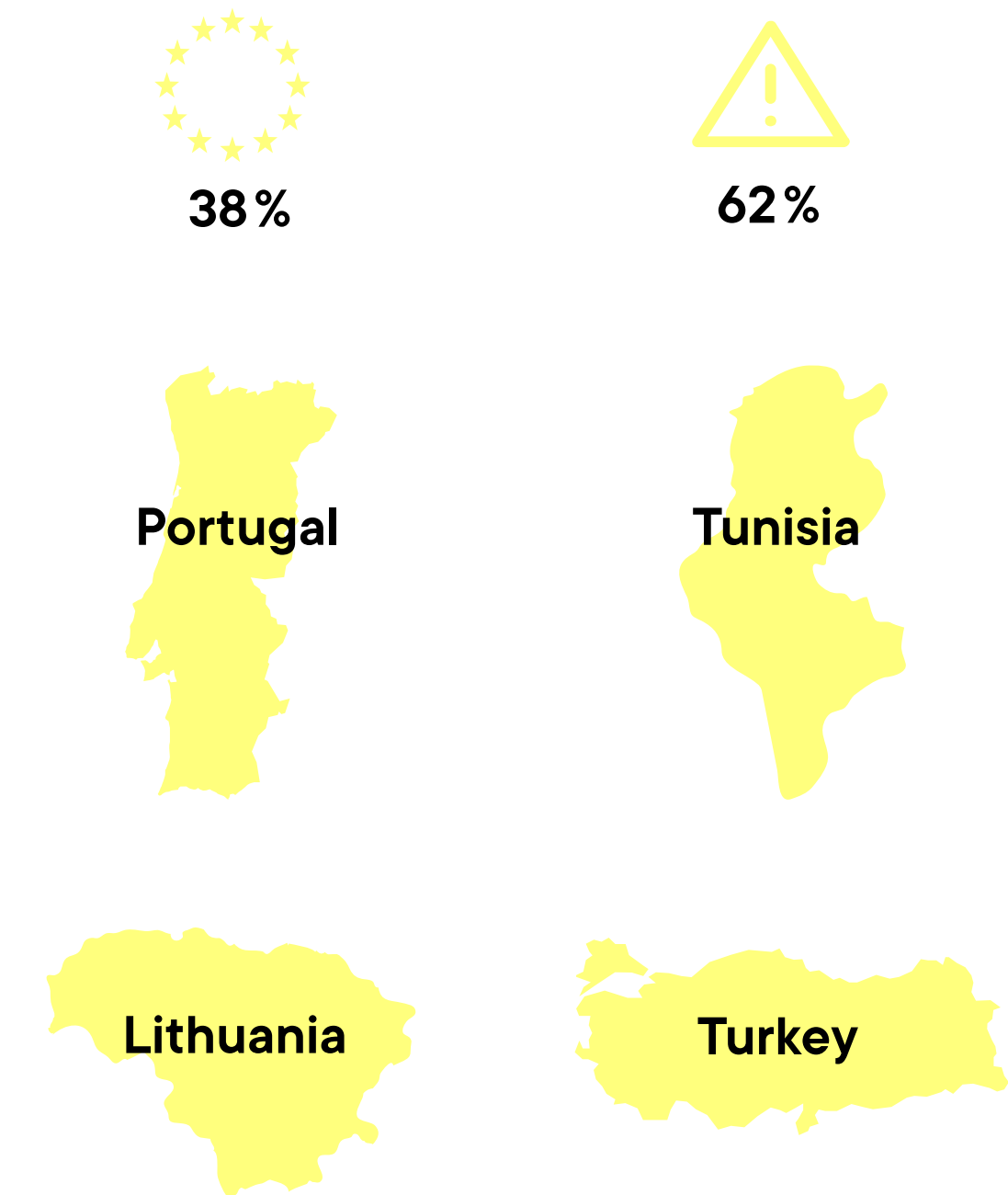
2.2 General activities to inform Suppliers

All factories are informed of our membership with Fair Wear Foundation already before the beginning of the work relationship, as part of the Responsible Sourcing process. Communication and endorsement of the Code of Labour Practices, publishing the Code and the Worker Information Sheet is part of the onboarding process. An internal ARMEDANGELS employee further visits the factory; this may be the Corporate Responsibility Manager, the Sourcing & Quality Manager or someone from the product department or Buying.

During internal audits conducted by our Corporate Responsibility Manager and external audits done by a third party an audit report as well as a so-called Corrective Action Plan (short CAP) is written up, which summarises the main findings, assigns responsibilities and sets timeframes and recommendations for remediation. Auditor and factory management jointly agree on the CAP. It is then the responsibility of our Corporate Responsibility Manager to do the follow-up: First via email and telephone followed by a personal visit at the supplier. And she is doing an awesome job, being the lead in almost all factories where we have joint Fair Wear Foundation memberships with other brands. We assist and support the suppliers to be able to successfully implement the corrective actions. Working with other clients of the supplier to achieve this goal has proven a very effective way. Again, collaboration is key!

2.3 ARMEDANGELS Suppliers in 2019

During the 12 years of ARMEDANGELS, our network of partners has grown from one direct partner in Portugal to now 13 in Portugal, Turkey, Tunisia and Lithuania in total. In 2019, 38% of our production was placed in the EU and 62% in countries classified by the Fair Wear Foundation as high-risk countries (Turkey & Tunisia). We keep on monitoring 100% of our partners.



Supplier Relations

2.3.1 Suppliers & their Subcontractors in Portugal

Portugal is our main producer for Jersey and some Woven. As Portugal is a low-risk country our main monitoring activity is to inform all suppliers about our membership with Fair Wear Foundation and about the respective labour standards. All Portuguese suppliers have conducted social audits by other organisations like Fairtrade, BSCI or companies' code of conduct audits. All suppliers have shared the respective audit reports with us, and we take this as the basis to work on social issues, mainly with regard to workplace safety.

ETFOR EMPRESA TEXTIL, Lda. - FWF Factory ID 3022

| | |
|--------------------------------|--|
| Address | Av. Margarida Queiroz 301, 4740-438 Forjães, Portugal |
| Product Group | Jersey |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2013 |
| Visited in 2019 | Yes |
| No. of Employees | 107 |
| Gender Split | 82female/25male |
| Maximum Overtime | 0% |
| Fair Paid Level | 108% average salary/minimum wage |
| Worker benefits | Free annual medical checks |

Subcontracted units:

- Durao & Silva - Confeções Lda. - FWF Factory ID 10710 - CutMakeTrim
- J.Rio & Rio - FWF Factory ID 5604 - CutMakeTrim
- Quinta & Santos Score S.A. - FWF Factory ID 8940 - Garment Dyeing

Supplier Relations

Valérius Têxteis S.A. - FWF Factory ID 2152

| | |
|--------------------------------|---|
| Address | R. Industrial do, 4750-078 São Martinho de Vila Frescainha, Portugal |
| Product Group | Jersey |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2014 |
| Visited in 2019 | Yes |
| No. of Employees | 66 |
| Gender Split | 57female/9male |
| Maximum Overtime | 0% |
| Fair Paid Level | 102% average salary/minimum wage |
| Worker benefits | Flu vaccines, discount for routine doctor's appointments, free transport |

Subcontracted units:

- Alivana - FWF Factory ID - CutMakeTrim
- Junius - FWF Factory ID 10708 - CutMakeTrim
- Erius II - FWF Factory ID 13176 - CutMakeTrim
- Rio Mau - FWF Factory ID 8937 - CutMakeTrim
- Filibranca Artes - FWF Factory ID 7273 - Printing
- Barcelbordados - FWF Factory ID 11188 - Embroidery

Becri Malhas e Confecções S.A. - FWF Factory ID 4883

| | |
|--------------------------------|---|
| Address | R. do Parque Industrial 60, 4755-539 Alvelos, Portugal |
| Product Group | Jersey |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2016 |
| Visited in 2019 | Yes |
| No. of Employees | 194 |
| Gender Split | 151female/43male |
| Maximum Overtime | 0% |
| Fair Paid Level | 115% average salary/minimum wage |
| Worker benefits | Free transportation, free medical support, 50% of kindergarden |

Subcontracted units:

- Barbosa, Esteves e Goncalves - FWf Factory ID 11176 - Printing
- Carfetil - FWF Factory ID 10711 - CutMakeTrim
- Guay - FWF Factory ID 14305 - CutMakeTrim
- Titulos E Rubrica - FWF Factory ID 14306 - CutMakeTrim
- Confeccoes Courelense - FWF Factory ID 7500 - CutMakeTrim
- Maria Gorete Maia Martins - FWF Factory ID 14308 - CutMakeTrim

Supplier Relations

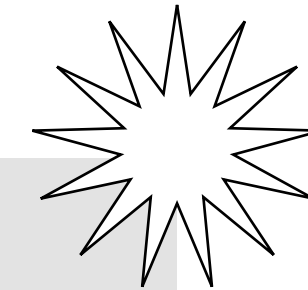
J. Caetano & Filhas, Lda. - FWF Factory ID 2612

| | |
|--------------------------------|--|
| Address | Rua Da Castiça, 18, Aptd. 23, S. Miguel De Paredes, Porto, Portugal |
| Product Group | Woven |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2018 |
| Visited in 2019 | Yes |
| No. of Employees | 108 |
| Gender Split | 100female/8male |
| Maximum Overtime | 0% |
| Fair Paid Level | 105% average salary/minimum wage |
| Worker benefits | Free transportation |

Subcontracted units:

-Irmãos Vila Nova - FWF Factory ID 14310 - Garment Wash

NEW



Goucarn: Gouveia & Campos S.A. - FWF Factory ID 14165

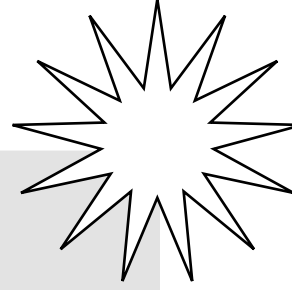
| | |
|--------------------------------|---|
| Address | Recta do Caçador, S/N, Rio de Loba, 3505-577 Viseu, Portugal |
| Product Group | Woven |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2019 |
| Visited in 2019 | Yes |
| No. of Employees | 401 |
| Gender Split | 384female/17male |
| Maximum Overtime | 0% |
| Fair Paid Level | 107% average salary/minimum wage |
| Worker benefits | Medical and legal support in the workplace (doctor and lawyer available) |

Subcontracted units:

-Irmãos Vila Nova - FWF Factory ID 14310 - Garment Wash

Supplier Relations

NEW



TMR Fashion Clothing, Lda. - FWF Factory ID 14166

| | |
|--------------------------------|--|
| Address | Lote 14 Zona Industrial de, R. da Pedreira, 4800-057 Guimarães, Portugal |
| Product Group | Jersey |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2019 |
| Visited in 2019 | Yes |
| No. of Employees | 22 |
| Gender Split | 20female/2male |
| Maximum Overtime | 0% |
| Fair Paid Level | 113% average salary/minimum wage |
| Worker benefits | Free lunch on Fridays at the factory, half a day off on birthdays |

Subcontracted units:

-Irmaos Vila Nova - FWF Factory ID 14310 - Garment Wash

Supercorte Empresa de Confecoes S.A. - FWF Factory ID 10646

| | |
|--------------------------------|---|
| Address | Av. Martins da Costa 211, 4595-231 Meixomil, Portugal |
| Product Group | Woven |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2018 |
| Visited in 2019 | Yes |
| No. of Employees | 163 |
| Gender Split | 149female/12male |
| Maximum Overtime | 0% |
| Fair Paid Level | 109% average salary/minimum wage |
| Worker benefits | Free transportation |

Subcontracted units: None

We onboarded Supercorte in 2018 because we needed a new partner to produce shirts and blazers in fine quality. It seemed to be a good fit, but we unfortunately could not scale up this product line and we had to terminate our relationship after just two seasons already in 2018. Some tiny orders remained for 2019. As in life it always needs two to tango!

Supplier Relations

2.3.2 Suppliers & their Subcontractors in Turkey

In 2019 we produced Knits, Woven and Pants in Turkey. Our partners in Turkey have established best practices when it comes to social & ecological standard requirements. During all our visits in 2019, we made it a priority again to discuss the topic of Syrian refugees in textile factories. At the moment, two of our suppliers in Istanbul are employing seven Syrian refugees in total.

Bravo Tekstil Uretim Ihr.San.Tie.Ltd.Sti - FWF Factory ID 4477

| | |
|--------------------------------|--|
| Address | 29 Ekim Mah. No:14 35875 Yazibasi, Izmir, Turkey |
| Product Group | Woven |
| Production Processes | CutMakeTrim, Washing |
| Fair Wear Foundation monitored | Yes (last audit: 26/12/2017) |
| GOTS certified | Yes |
| Relationship since | 2012 |
| Visited in 2019 | Yes |
| No. of Employees | 135 |
| Gender Split | 81female/55male |
| Maximum Overtime | 13% |
| Fair Paid Level | 131% average salary/minimum wage |
| Worker benefits | Free meals, free transport, workplace doctor, ramadan food package |
| Subcontracted units: | None |

Bera Tekstil Triko Imalat Ithalat Ihracat San. Tic. Ltd. Sti. - FWF Factory ID 8413

| | |
|--------------------------------|--|
| Address | No. 3 Gencosman Mahallesi, Istanbul, Turkey |
| Product Group | Knit |
| Production Processes | Knitting, Linking |
| Fair Wear Foundation monitored | Yes (last audit: 06/10/2017, last training: 01/04/2019) |
| GOTS certified | Yes |
| Relationship since | 2015 |
| Visited in 2019 | Yes |
| No. of Employees | 65 |
| Gender Split | 38female/27male |
| Maximum Overtime | 13% |
| Fair Paid Level | 132% average salary/minimum wage |
| Worker benefits | Free meals, free transport, workplace doctor, ramadan food package |

Subcontracted units:

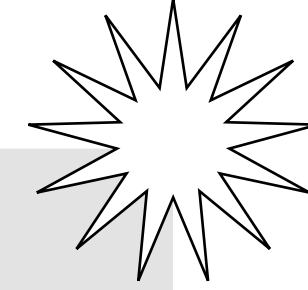
- Pozitif Triko - FWF Factory ID 6005 - Knitting
- Serdarlar Tekstil - FWF Factory ID 14309 - Knitting
- Serra Triko - FWF Factory ID 10028 - Garment Wash (last FWF audit: 08/10/2019)

Supplier Relations

Özcelik Örme San. Ve Tic. A.S. - FWF Factory ID 5665

| | |
|--------------------------------|---|
| Address | Cumhuriyet, Nilüfer Sk. No:18 D:20, 34290 İstanbul, Turkey |
| Product Group | Knit |
| Production Processes | Knitting, Linking, Washing |
| Fair Wear Foundation monitored | Yes (last audit: 03/04/2017, last training: 01/04/2019) |
| GOTS certified | Yes |
| Relationship since | 2014 |
| Visited in 2019 | Yes |
| No. of Employees | 85 |
| Gender Split | 48female/37male |
| Maximum Overtime | 15% |
| Fair Paid Level | 126% average salary/minimum wage |
| Worker benefits | Free meals, free workplace doctor, free transportation |
| Subcontracted units: | None |

NEW



Teksim Giyim Sanayi ve Ticaret Ltd. Sti - FWF Factory ID 3361

| | |
|--------------------------------|---|
| Address | Savas Caddesi Karadal Sokak No:22, 34173 Merter/İstanbul, Turkey |
| Product Group | Knit |
| Production Processes | Knitting, Linking, Washing |
| Fair Wear Foundation monitored | Yes (last audit: 24/07/2019 by Sumations) |
| GOTS certified | Yes |
| Relationship since | 2019 |
| Visited in 2019 | Yes |
| No. of Employees | 280 |
| Gender Split | 171female/109male |
| Maximum Overtime | 8% |
| Fair Paid Level | 135% average salary/minimum wage |
| Worker benefits | Free meals, free transport, free doctor, paying a living wage!!! |
| Subcontracted units: | None |

Supplier Relations

Aclan Tekstil Konfeksiyon Iç Dis Tic Ltd. Sti (SARP) - FWF Factory ID 10036

| | |
|--------------------------------|---|
| Address | Kemalpaşa Mah. 7415 Sok. No:1, 35060 İzmir, Turkey |
| Product Group | Denim, Pants |
| Production Processes | CutMakeTrim |
| Fair Wear Foundation monitored | Yes (last audit: 06/08/2018) |
| GOTS certified | Yes |
| Relationship since | 2016 |
| Visited in 2019 | No |
| No. of Employees | 90 |
| Gender Split | 55female/45male |
| Maximum Overtime | 15% |
| Fair Paid Level | 118% average salary/minimum wage |
| Worker benefits | Free meals, free doctor, ramadan food package |

Subcontracted units:

-Egemen Yikama - FWF Factory ID 9698 - DenimFinishing

We were forced to end our business relationship with the first ARMEDANGELS Denim partner in 2018 as we set-up a whole new #DetoxDenim Supply Chain. Some orders for single pant styles remained in 2019. Anyways, we were still following-up on the remediation of the FWF audit from 2018. We believe that our responsibility does not stop with single orders.

Supplier Relations

2.3.3 Suppliers & their Subcontractors in Tunisia

Denim Authority S.A. - FWF Factory ID 3690

| | |
|--------------------------------|--|
| Address | Boulevard de L'Environnement, Ras Jebel 7070, Tunisia |
| Product Group | #DetoxDenim |
| Production Processes | CutMakeTrim, DenimFinishing |
| Fair Wear Foundation monitored | Yes (last audit: 06/09/2017, last training: 28/06/2019) |
| GOTS certified | Yes |
| Relationship since | 2018 |
| Visited in 2019 | Yes |
| No. of Employees | 1300 |
| Gender Split | 699female/458male |
| Maximum Overtime | 12% |
| Fair Paid Level | 152% average salary/minimum wage |
| Worker benefits | Free meals, free transportation, football field for workers |
| Subcontracted units: | None |

2.3.3 Suppliers & their Subcontractors in Lithuania

UTENOS TRIKOTAZAS - FWF Factory ID 2631

| | |
|--------------------------------|---|
| Address | J. Basanaviviaus 122, Utena, Lithuania |
| Product Group | Jersey |
| Production Processes | Knitting, CutMakeTrim, Washing, Dyeing |
| Fair Wear Foundation monitored | Yes |
| GOTS certified | Yes |
| Relationship since | 2018 |
| Visited in 2019 | No |
| No. of Employees | 797 |
| Gender Split | 673female/124male |
| Maximum Overtime | 15% |
| Fair Paid Level | 194% average salary/minimum wage |
| Worker benefits | Free nursing, free drinks & meals |
| Subcontracted units: | Several, but none was nominated by ARMEDANGELS |

In 2018 we started production in Lithuania and also ended our relationship with Utenos in the same year. Some orders still remained here for 2019. Utenos Trikotazas is a DETOX committed customized jersey specialist, working in two main business areas: fabrics and ready-to-wear production. The factory is very large and one of the most modern fully integrated knitwear manufacturers in Eastern Europe. It was a quick shot from our side, we realized that our Jersey supply chain in Portugal was enough and well-established.

2.4

External Production

ARMEDANGELS has a strong ambition to contribute to sustainable growth and to make a difference to our community. For us, it's of vital importance that we have close relationships and interact with all our suppliers personally. That is the reason we are not engaged in external production.

3

Complaints Procedure

Robust complaint procedures are an integral part of any good management system – no matter whether we talk factory level or head office in Cologne. A well-established complaint system consists of different channels to address concerns: Anonymously via a complaint box, personally at supervisor/management level through an open-door policy, and ideally also via a third-party such as FWF.

We see an active internal complaint management as a vital part of good social compliance in a factory as it shows that the workers do not feel threatened to make their voices heard and it gives factory managers a clear feedback on what is going on at worker level and hence a chance to react. We therefore enforce the implementation and the use of the FWF grievance and complaint system. All our partners additionally have an internal suggestion and complaint system installed and we check personally with factory management which complaints have been received and how they have been handled.

The already mentioned complaint hotline by FWF is an additional back-up system, in case internal systems fail to work. It allows workers, their representatives, including trade unions and civil socie-

ty organisations to present complaints about working conditions and violations of the FWF Code of Labour Practices at the factories via a complaint hotline. The workers in our supply chain can make use of this external way to file a complaint and we as a brand are asked to actively engage in the remediation of the complaints. Complaints (received internally or via FWF) range from general unhappiness of workers about the work, where they work, or with whom they work. It can include dissatisfaction about the work equipment, about noise level or temperature or about the taste of the food in the canteen. But obviously, it can also shed light on severe human rights violations, such as discrimination against women or minorities, sexual abuse, excessive overtime or failure to comply with legal minimum wages. Most grievances can be settled quickly and informally in the course of everyday working life in a factory. Others need a more formal approach and management systems need to be adjusted and procedures need to be implemented. We feel that it is our responsibility to support our suppliers especially in more serious grievance cases.

At ARMEDANGELS the CR Manager is responsible for managing complaints by following the ARMEDANGELS Policy on Complaints Handling.

Complaints Procedure

3.1 Complaints In 2019

In 2019 we received one complaint from a worker in our supply chain via the FWF complaint system. This complaint did not come from one of our first tier partners, but from our nominated spinning mill Omax Cotspin Pvt. Ltd. - FWF Factory ID 13536 (last audit: 26/4/2019, last training: 24/09/2019) - in India, right after a FWF verification audit on 27th April 2019. The complainant, we were not able to verify in the end, was criticizing unpaid work and unequal treatment in the support of transport to work. We started remediation right away, hand-in-hand with consultants at site following our ARMEDANGELS Policy on Complaints Handling and could solve the issue on time.

It was in 2018 when we partnered up with Omax Cotspin Pvt. Ltd., a spinning unit which is located next to our Fairtrade certified cotton cooperative in Gujarat, India. With that decision we simplified and reduced shipping of high-volume fibres through different countries as we now ship just the finished yarn to a single location in Porto close to our Jersey suppliers. We anyways acknowledge the fact that India is known for unfair and unsafe working conditions thus being characterized as a high-risk country by FWF. As we could solve the issue pretty straight-forward, we believe Omax Cotspin Pvt. Ltd. is still the right partner for us.

Training & Capacity Building

4.1 Activities to inform Staff Members

All employees are informed and updated on all Corporate Responsibility related activities in a frequent manner. All new staff is offered a mandatory 2h-training on all related sustainability aspects when starting at ARMEDANGELS. Special training sessions are developed for different departments (e.g. design/product; sales; marketing) with regard to sustainability, as we realised that the different departments have different scopes and must be individually trained and equipped with tailored sustainability aspects to deliver our common mission to the different stakeholders. E.g. the design/product department and sales staff is trained regularly every three months. For 2020 we have planned to install digital trainings to safeguard the ongoing capacity building.

During our quarterly meetings in our headquarters employees are additionally updated on upcoming projects about ethical practices and the ARMEDANGELS Corporate Responsibility Strategy and respective targets and achievements.

The bi-monthly internal newsletter called Changemaker-News with information on global sustainability issues, trends and topics was replaced by a digital and interactive channel within our Microsoft TEAMS activities.

All staff who travels frequently to the production facilities is trained in the usage of the FWF questionnaire for Non-CSR staff. Every staff member who travels at site completes the questionnaire when visiting the factories. The questionnaires are gathered, checked on completeness, evaluated and monitored by the Corporate Responsibility manager. In 2019 a training on Occupational Health & Safety for all frequent travelling staff was conducted - so everybody checks safety conditions with eagle-eyes when visiting our partners.

Furthermore, the internal ARMEDANGELS sustainability glossary, which serves as a guideline internally, is updated regularly with additional information and updates on materials and sustainability issues in the textile industry in general.

Training & Capacity Building

4.2 Activities to inform agents

We only work with one agency in Turkey, who specialises in fair and eco brands and their production in Turkey. Frequent emails and regular meetings in Turkey are used to exchange ideas and current trends and topics on both, social compliance and environmental-friendly production. And since the agency is also working for other FWF member brands, they are very aware of the processes and practices of FWF. They are actively involved in our remediation processes following a FWF audit.

4.3 Activities to inform manufacturers & workers

All our existing partners are very well aware of our business practices and our commitment towards FWF principles. They are actively involved in keeping with our social and ecological standards and in the case of high-risk countries, such as one of our main production countries Turkey, they have all participated in audits and trainings done by FWF and the necessary follow-up work.

New partners are informed as soon as the first contact is established via our Sourcing & Quality Manager. She introduces all potentially new partners to our brand and our vision and mission. Only such suppliers who are passionate about our values as well will be on-boarded following a strict policy.

All our first-tier suppliers are personally informed and updated about our philosophy and our work ethics by the Sourcing & Quality Manager and the Corporate Responsibility Manager during each visit. This always includes an introduction or further trainings on our memberships like the FWF and our certifications like GOTS and Fairtrade as well as new projects.

The bi-yearly supplier evaluation already mentioned, provides our partners with clear, relevant, transparent, and timely information and analysis about their performance. Same applies to our newly introduced brand evaluation - this way we make sure that also their voices are heard, and we are in line with our requirements and activities.

Additionally, we use the training sessions offered by FWF in our production countries to further support our suppliers and their employees on specific topics concerning labour rights. The feedback we have received so far on the FWF Workplace Education Programmes was very positive and we feel that this is an important step to increase awareness in the factories, which ultimately is the key to making improvements. We will continue these efforts in 2020.

Transparency & Communication

5

Primarily, we use our website, our social media channels and our newsletter to inform our customers about our latest news and activities. This includes detailed pages on the membership with Fair Wear Foundation, on our certificates Fairtrade and GOTS and on our general philosophy. We make it a priority to show our customers right on the landing page what we stand for: ARMEDANGELS = Fashion, with the highest respect for humans and nature. In our webshop our partners' factories and an ecological footprint on fiber-level is disclosed for each and every item.

Our aim is to become even more transparent to our customers and to give them even more insight into our supply chain. Big, radical & circular things are coming up in 2020, stay tuned!

Stakeholder Engagement

6

We believe that stakeholder engagement in the form of anonymous surveys, e.g. is not enough. Stakeholder engagement should be a source of value creation for the whole ARMEDANGELS community and is about embracing opportunities and managing risks. In today's business environment, engaging with stakeholders on their terms - transparently, authentically, on eye-level and more frequently - is our way. There is still some work for us to be done and we will focus on this in the next coming years.

Through our engagement with different organisations such as FWF, but also Fairtrade, GOTS, PETA and Textile Exchange, we have the great opportunity to engage with different stakeholders on the important topic of social and ecological standards in the textile chain. The country studies on Turkey, China and India published by FWF are also an important resource that we make use of.

Corporate Responsibility

7

For us at ARMEDANGELS, corporate responsibility is not a risk management system, it is not the latest buzzword that we feel we have to integrate to boost up our reputation. It is our DNA, our core value and our pure belief. We do what we do, because we believe that our business can change, that it can be done differently –better! For this reason, corporate (social) responsibility is the basis of all our activities & integrated into everything we do, every decision we take, every product we sell.

Do you want to know more?

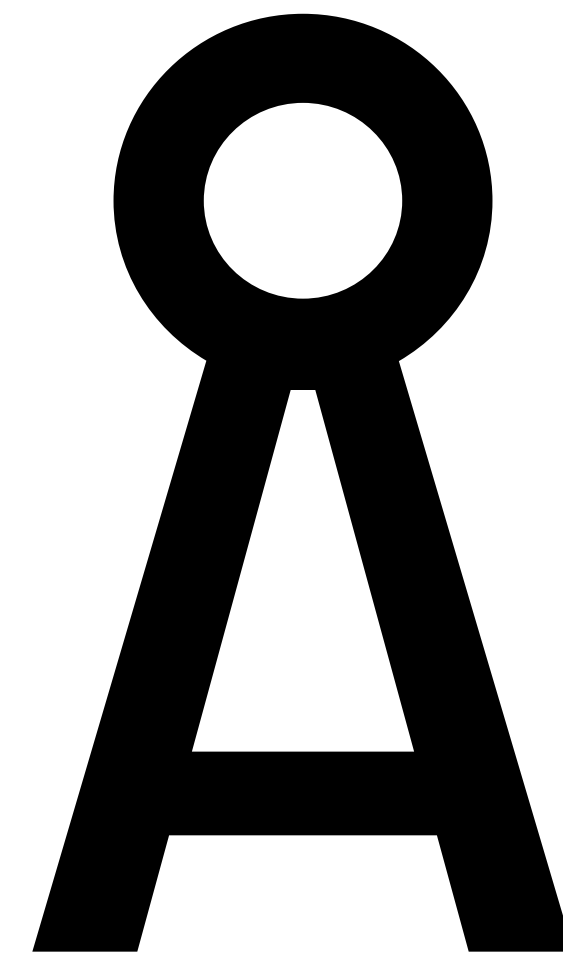
Contact Lavinia, our Corporate Responsibility Manager
lavinia.muth@armedangels.de



for your information

Abbreviations:

| | |
|------|--|
| CR | Corporate Responsibility |
| FWF | Fair Wear Foundation |
| GOTS | Global Organic Textile Standard |



ARMEDANGELS