

MASCOT's Social Report 2023



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Introduction

The social report is written by MASCOT's Corporate Responsibility department, and refers to the guided structure from the OCED guidelines and UN's principles for human rights.

About MASCOT

MASCOT is a Danish, family-owned company founded in 1982. The company's mission is to develop, produce, market, and sell the world's best workwear and safety footwear. MASCOT has employees in more than 20 countries.

Decency and Quality have always been our core values. They are manifested in customer service, durable products as well as responsibility towards people and the environment. We promote workers' wellbeing, employment fairness, and high quality in both service and production. It has never been a strategic priority for us to sell and deliver the cheapest workwear, but instead to provide the best product.

To ensure product quality and working conditions for the workers producing our workwear, we have built our own factories. 80% of our turnover is from our own production and made by our employees at the factories in MASCOT Vietnam (MVN) and MASCOT Laos (MLA).

The remaining turnover is provided by trading goods suppliers and subcontractors that we visit and inspect yearly to make sure, that they comply with our standards.

Audits, Quality, and Prevention

To be able to prevent potential risks, we conduct regular audits internally and by third parties. We are ISO 9001 certified on our Quality Management, ISO 14001 certified on our Environmental Management, and we are SA8000 certified on our social conditions in our production facilities in Vietnam and Laos.

SA8000 audits alone are conducted four times a year at each factory, which is documented by the on-site Social Performance Teams, as well as by the daily checks and trainings. The Social Performance Teams also have a mandate to submit improvement proposals to the management and they can 'appeal' these to the auditors if the management declines.

Prevention is planned and conducted continuously and in coordination with the headquarters in Denmark. By living up to our own standards, memberships, and certifications, we acknowledge and ensure a good work environment, no child labour, gender equality, health check and a decent pay.

We compensate overtime and do not accept excessive overtime. The employees (globally) are informed of and have access to trade unions as well as a constituted worker representation. The supplier Code of Conduct states expectations to workers' wage levels, regulated use of chemicals, zero-tolerance on excessive overtime, discrimination, forced labour, violence, and harassment, as well as an agreement on proper contracting between employer and employees.

In both of our own factories in Vietnam and Laos, we have received several awards for the ambitious and structured work with responsible production.

Collaboration with SOS Children's Village

At MASCOT, we take responsibility wherever we are in the world. We have always done so, and we will continue to do in the future. In Laos, where one of our two production facilities is located, this responsibility has led to a unique three-year collaboration with local stakeholders and SOS Children's Villages. The 'Skills 4 Work' project is based on a shared desire to prepare vulnerable young people in Laos for a future in the labour market. This preparation aims to help them realize their full potential and create a better future, both for themselves and for the local community. Financially, we will contribute millions of kroner to the

project over three years, but our commitment extends beyond that. With our local presence in Laos, we can contribute directly to the project with local expertise. For example, we offer young people company visits.

Social responsibility in the supply chain

MASCOT International A/S has in 2023 received a bronze medal from EcoVadis based on our score. With this evaluation, we position ourselves among the highest-scoring workwear manufacturers in terms of our sustainability performance, which we are naturally proud of. We view this evaluation as recognition of our thorough work in both social and environmental responsibility, which have always been natural focus areas at MASCOT, aligned with our core values of accountability and integrity. At the same time, the evaluation provides us with insights into areas where we can further strengthen our efforts. EcoVadis is a system that enables companies to evaluate the supply chain's levels of social responsibility. There are targets for 21 CSR indicators across four main themes, environment, labour and human rights, ethics and sustainable procurement.

Sourcing Strategy

MASCOT's sourcing strategy is split between our owning production and external trading goods, as we are one of the few in the workwear industry to own our primary production facilities representing more than 80% of turnover in 2023. Regardless of supplier type, MASCOT supports social responsibility through freedom of association, fair wages, voluntary working conditions and abolishment of child labour. These aspects are concretely described in the Code of Conduct and adhered in the supplier audits. In 2022 MASCOT started a Due Diligence as a detailed review of the suppliers' conditions, activities and organizations. MASCOT's Due Diligence process has been improved in 2023 to insure the quality and social responsibility.

Own production

As described, both our own production facilities are SA8000 certified, and we are structurally and actively working with social conditions in our production facilities in Vietnam and Laos. Focusing on safe and healthy working conditions, including medical services at the factories, safety training, workers' rights, and associative platforms, as well as safe machinery and equipment.



Certificate of Registration

SOCIAL ACCOUNTABILITY SYSTEM - SA 8000:2014

This is to certify that: **MASCOT INTERNATIONAL VIETNAM LTD**
Lot CN 3.1,
Tan Truong Industrial Zone,
Cam Giang District,
Hai Duong Province,
Vietnam

Holds Certificate Number: **SA 571235**

and operates a Social Accountability System which complies with the requirements of the Social Accountability Standard SA 8000:2014 for the following scope:

The Manufacture of Garment Products and Bonded Warehouse Management through the process of Raw Material (Fabric and Accessories), Cutting, Sewing, Finishing, Packing, Custom Clearance, Warehouse (Bonded), Dispatch.

**Outsourced processes: Nil.
Contracted process: Nil.**

Previous certificate expired on 14/03/2023.
Follow-up audit completed after Recertification audit on 31/12/2022.

For and on behalf of BSI:

Theuns Kotze,
Managing Director - IMETA Assurance

Original Registration Date: **2011-03-15**
Latest Revision Date: **2023-03-20**



On behalf of BSI Vietnam:

Le Duyen Anh
Managing Director Vietnam

Effective Date: **2023-03-20**
Expiry Date: **2026-03-14**

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Social Accountability International and other stakeholders in the SA 8000 process only recognize SA 8000 certificates issued by qualified Certification Bodies granted accreditation by SAAS and do not recognize the validity of SA 8000 certificates issued by unaccredited organizations or organizations accredited by an entity other than SAAS. Stakeholders can confirm the validity of an accredited SA 8000 certificate at this website, www.saasaccreditation.org/certification.
BSI, The MIRA Corporate Suites (A-2), Plot 1 and 2, Inder Nagar, Mathura Road, New Delhi 110 065.
Contact Office: BSI Vietnam Headquarters - 15 Floor APC Tower, 518B Dien Bien Phu Street, Ward 21, Binh Thanh District, Ho Chi Minh City, Vietnam. Telephone: +84 (28) 38 200 066.
A Member of the BSI Group of Companies.



Certificate of Registration

SOCIAL ACCOUNTABILITY SYSTEM - SA 8000:2014

This is to certify that: **MASCOT INTERNATIONAL (LAO) SOLE CO., LTD**
Lot 44-51, VITA Park, Km 22,
Road 13 South, Noonthong Village,
Saythany District,
Vientiane Capital, 01170
Laos

Holds Certificate Number: **SA 655481**

and operates a Social Accountability System which complies with the requirements of the Social Accountability Standard SA 8000:2014 for the following scope:

The Manufacture of Garment Products through Production Process of Material Handling, Cutting, Embroidering, Sewing, Finishing, Quality Control, Packing, Storage and Dispatch.

**Outsourced processes: Embroidery.
Contracted processes: Nil.**

Previous certificate expired on 11/09/2022.
Recertification audit completed on 09/09/2022.

For and on behalf of BSI:

Theuns Kotze,
Managing Director - IMETA Assurance

Original Registration Date: **2016-09-12**
Latest Revision Date: **2023-02-14**



On behalf of BSI Vietnam:

Le Duyen Anh
Managing Director Vietnam

Effective Date: **2023-02-14**
Expiry Date: **2025-09-11**

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Contact Office: BSI Vietnam Headquarters - 15 Floor APC Tower, 518B Dien Bien Phu Street, Ward 21, Binh Thanh District, Ho Chi Minh City, Vietnam. Telephone: +84 (28) 38 200 066.
A Member of the BSI Group of Companies.

Trading Goods

As a supplement to our production, we buy a smaller number of products called 'trading goods'. The manufacturers of trading goods are located in Bangladesh, China, Vietnam and Turkey.

We have continuously and over several years had 10-15 suppliers of trading goods. The largest of these suppliers have been collaborators in 16 years. We have been working with other suppliers

for a shorter time, 2-5 years, mainly due to changes in the product assortment. We do not source and purchase the raw materials for the trading goods ourselves (as we do to our own production facilities), but there are detailed material descriptions and material specifications for all trading goods, including packaging. Product quality checks are carried out on an ongoing basis at the factories by own staff both before and after production.

We work closely together with all our suppliers of trading goods. We are in frequent contact with them from the headquarters in Denmark and through our local employees in China, Vietnam and Bangladesh. We communicate regularly with the suppliers and usually visit them from the headquarters at least once a year.

Organization of sourcing department

Sourcing and dialogue with the trading goods factories are handled from the sourcing department in our headquarters in Denmark.

The largest share of our purchase of workwear is raw materials, but ordered from our logistics department. These are sourced from our Sourcing and Quality department. The remaining is the purchase of trading goods and footwear, which are also purchased by our footwear department.

Accessories for workwear is sourced by a team in the Sourcing and Quality Department. The team consists of employees in Bangladesh, Vietnam, China and Denmark. The Sourcing and Quality Department is responsible for finding suppliers that match our requirements for quality, price and delivery security. The department is also responsible for visiting the factories annually and always before a collaboration is made. The department is responsible for organizing and follow up on audits at the subcontractors and ensure that the factories live up to our standards for working conditions. In addition, the department sends out and follow up on MASCOT's supplier Code of Conduct.

Our Footwear Department is responsible for maintaining and updating our footwear assortment through quality control and product development. The department negotiates prices, sets quality and requirements, delivery conditions.

Production cycle

MASCOT's product assortment is built on launches of workwear ranges or individual products that stay in the assortment for years. This means that there are not regular seasonal launches, but that the product launches are spread out over the year. In addition, the life of our products is not limited by the current trend, but instead by the durability of the product. Many products remain on the market for more than 10 years, and there is therefore also high production continuity and specialized knowledge relating to the products at our suppliers. During the development of new products, we perform extensive testing of both materials and functions – in close collaboration with the users of the clothing. This is done to ensure that the products have a long life and durability. The low replacement speed of products combined with a certain predictability in seasonal items (winter jackets versus work shorts) mean that we can make detailed forecasts and planning of expected orders for an entire calendar year. This helps to ensure delivery security/high service level as well as to increase the planning opportunities for our suppliers and thus eliminate the need for overtime.

At our own production facilities, we can prioritize the order in which the products are produced. This means that any changes in our customers' needs can be accommodated without triggering overtime. At our own factories, the amount of overtime allowed is clearly defined in the law and SA8000 certification. The amount of overtime at the trading goods factories is checked by SGS and/or BSCI during the annual audits.

We are aware that we cannot control the amount of overtime at external factories on a daily basis, but we can through audits secure that overtime is voluntary, that it is limited and that employees get the correct payment for their overtime.

Relations and remediation

When choosing a new supplier, we evaluate social conditions and working conditions, quality and environmental certifications, the overall impression of the factory, the management level, the level of communication, wages, and prices and other essential topics. All trading goods production facilities are checked by a third-party before we engage in a collaboration. Audits and visits are hereafter (normally) conducted annually to maintain, potentially remediate, or optimize the social conditions of the workers. Our production facilities in Vietnam and Laos are audited via SA8000 four times a year. Two of the audits are conducted internally by a trained Social Performance Team that also has the responsibility of documenting and examining the results. This team is also trained to follow-up if something must be remediated. Moreover, all our employees in Laos and Vietnam receive training in the SA8000-principles, so they know what it entails and to make sure they understand their rights. In addition, new employees are trained on the first day of their employment. Retraining is conducted one month later, and the entire factory is re-trained four times a year in Laos and one time a year in Vietnam.

To avoid audit fatigue at our trading goods suppliers and to establish a more ambitious approach to worker conditions, rather than auditive compliance, we strive towards continuous dialogue, and transparency by only demanding the necessary audits. This is necessary to maintain a prolonged supplier relation and to continuously having a dialogue, conducting own visits, and supporting audits. We are using the audits to effectuate our core values on quality and decency in our supply chain. We consider this to be ongoing and not something to be achieved or surpassed.

Standardized social responsibility

MASCOT has worked professionally with Social Responsibility standards since 2011 (where we were certified to SA8000 for the first time), but we consider the pragmatics of 'decency' to be apparent ever since the company's foundation in 1982. We consider the social standards with the same respect as any other management system, providing efficiency and structure to the daily work and control on social responsibility.

Management system

It is the management's responsibility to ensure that all our employees, on a regular basis, are informed and trained in their rights. We are also aware of intercultural values and perspectives, when managing and operating internationally. All key documents (for instance company and personnel policies) are therefore available in English, Vietnamese, and Lao.

Discrimination

MASCOT is highly attentive to discrimination and seeks to synergize intercultural teamwork. SA8000 controls and audits for discrimination specifically, and assists us in guaranteeing that employment, remuneration, access to training, promotion, termination, or retirement is not based on race, national, territorial or social origin, religion, gender, sexual orientation, or other personal characteristics.

Disciplinary actions

MASCOT does not tolerate inhumane actions such as corporal punishment, mental or physical coercion or verbal abuse, and no harsh or inhumane treatments are allowed. All our employees shall be informed of the consequences of unauthorized mental or physical treatments, just as we have a system that allows our employees to complain about illegal disciplinary actions.

Employer-employee relations

We run our production facilities in Vietnam and Laos on Scandinavian principles, as well as anywhere else in the world, where we operate. Concretely, it means that periodic dialogue between employer and employees are conducted in a structured and mutual understanding manner, including worker representatives and trade union representation. It is our responsibility to arrange time and venue for the periodic dialogue.

Work time

We respect and support collective bargaining and its agreements. A normal work week at MASCOT never exceeds 48 hours and overtime is compensated according to applicable laws with a maximum 5 hours a week.

The trading goods suppliers vary in working overtime. While overtime is normal in peak season there are months in low seasons where overtime is unnecessary. Third-party audits guarantee that overtime is voluntary, brief, and lawfully compensated.

Child labour

Mascot International strongly rejects any form of child labour. Mascot International's policy on Child labour is based on Article 32.1 of the UN Convention on the Rights of the Child:

We recognize the child's right to protection against economic exploitation and from having to carry out work that may be dangerous, interfere with the child's education, or harm the child's health or its physical, mental, spiritual, moral, or social development.

According to ILO Convention No 138, Article 2(4), the minimum age in industrialized countries is not below 15 years and 14 years in developing countries. However, Mascot International will not accept the employment of persons under 16 years of age.

Compulsory work, freedom of association

There is no forced or compulsory labor at MASCOT. The employees in Vietnam and Laos are established in a trade union under "Vietnam General Confederation of Labour". The membership of the trade union, however, is a matter between the union and the employees and is voluntary.

Freedom of association and principles of collective bargaining are audited at trading goods suppliers and formulated in the supplier Code of Conduct.

Health

As a part of SA8000, it is demanded that all employees work in a safe and healthy workplace environment with good working conditions regardless of the status in the company. MASCOT has formed a Health and Safety committee consisting of management representatives and employees, who are responsible for ensuring a healthy and safe workplace environment.

We have state-certified health clinics at the factories with own employed doctors and nurses in Vietnam and Laos. The clinics are responsible for the daily work with health, including preventive health work and information campaigns. The corporate healthcare scheme is free for all employees. With the information campaigns, we wish to inform the employees about how they can take care of their health beyond work time, for example in terms of nutrition, personal hygiene, and information about diseases and epidemics. We are responsible for preventing potential health and occupational injuries and to assess potential workplace risks to the employees' health and safety. In case of a security incident, MASCOT involves the health and safety representatives.

Lunch

We offer all our employees in Vietnam and Laos free lunch that is supervised in terms of hygiene, nutrition and quantity.

Maternity

MASCOT is obligated to assess the workplace risks to new, expectant, and nursing mothers.

At MASCOT in Laos and Vietnam, pregnant women have six months maternity leave and subsequently reduced working hours. The working hours are reduced until the child is 12 months old. The reduced working hours are paid with full pay. In addition, pregnant women are guaranteed job after termination of maternity leave. Pregnant employees are also offered five days off for examinations in relation to their pregnancy, and they can also get help at our medical clinics.

Childcare

At some trading goods suppliers, MASCOT is informed of incorporated childcare at the factories, making it possible for workers to receive childcare while working.

Safety and training

Safety training and education are planned, implemented, and tested, as employees receive continuous safety training throughout their employment. In addition, MASCOT conducts safety inspections daily, and there are security supervisors in all departments. We record all safety events and the health and safety committee evaluates all events.

We have an agreement with the local fire department in Vietnam and Laos, so they, together with us, train the employees in firefighting. This is done at regular test evacuations of the factories. In addition, MASCOT's doctors continuously make first aid training. We also train our workers in safety beyond working hours – for example traffic safety.

At the trading goods suppliers, safety and first aid training are regularly audited and prioritized in the communication with MASCOT.

Audits of trading goods suppliers

Normal procedure is that all suppliers of trading goods undergo a thorough, annual audit if they have scored under 90% the year before. The third party audits are conducted by SGS.

Wage and prices

While the relationship between the product's cost price and employees' salaries is manageable at our own production in Vietnam and Laos, it is more difficult to monitor at the trading goods suppliers.

At MASCOT's own production facilities, our employees have free benefits on top of their salaries such as lunch and medical care. The balance between productive output and wages help to keep workers.

At the trading goods suppliers, it is not up to us to set the wage level of the suppliers' workforces. Instead, MASCOT negotiate the prices based on experiences with our own production and the products' cost prices and production costs. As a security for the employees, we conduct external audits with interviews, documentation of working conditions, and analyses of pay slips to ensure that the employees' conditions live up to the standards expected.

Complaints handling

There were no complaint in 2023. But to make sure that the employees know that they have the right to complain and how to, MASCOT are working on complaint posters to put up at the productions sights. The posters will be in the native language and contain information about how to make a complaint and the employees' rights.

Training and Communication

At MASCOT we find it very important to train our employees in safety, skills and health. MASCOT's own productions sights are SA8000 certified and therefore also receive training in the SA8000 standard, policies and objectives. In parallel with the annual SA8000 audits at our facilities in Laos and Vietnam, employees (randomly selected) are interviewed to express their knowledge on working standards.

Own employees in Vietnam

STT No	Dept	Activity
1	ADM	<i>Training on SA8000 standard, SA8000 policy and SA8000 objectives in 2023 and risk identification</i>
2		<i>Monthly training on SA8000 standard, SA8000 policy and SA8000 objectives in 2023 for newcomers, female workers back to work after maternal leave</i>
3		<i>Refresh training on internal audit for internal audit team</i>
4		<i>Refresh training on risk assessment for SPT</i>
5	MAINTENANCE	<i>Refresh training on fire fighting for fire fighting team</i>
6		<i>Training for rescue plan</i>
7		<i>Refresh training on driving forklift</i>
8		<i>Refresh training on chemical using and control</i>
9		<i>Annual refresh training on occupational health and safety</i>
10		<i>Refresh training on evacuation practice and fire fighting using skill for employees</i>
11	MEDICAL	<i>First aid training</i>
12	HR	<i>Orientation training on Employment Regulations, SA8000 for newcomers</i>

13	PRO	<i>Soft skills for middle management in Production</i>
15	DEVELOPMENT	<i>Soft skill training (KPI and 6S)</i>

Own employees in Laos

STT No	Dept	Activity
1	ADM	<i>Training on SA8000 standard, SA8000 policy and SA8000 objectives in 2023</i>
2		<i>Refresh training on internal audit for internal audit team</i>
3		<i>Refresh training on risk assessment for SPT</i>
4		<i>Refresh Training on SA8000 standard, SA8000 policy for Security guard</i>
5		<i>Refresh Training on SA8000 standard, SA8000 policy for MICRO BUS SERVICE</i>
6	MAINTENANCE	<i>Refresh training on fire fighting for firefighting team member by Local Authorities</i>
7		<i>Refresh training on driving forklift</i>
8		<i>Annual refresh training on occupational safety</i>
9		<i>Refresh training on evacuation practice and firefighting using skill for all employees</i>

10		Refreshing Training on Hazard waste and Chemical use and control for employees concerned
11		Safety Training for New worker
12		Refresh safety Training for Security
12		Road Safety training for all Employees
14	MEDICAL	<i>First aid training for Representative</i>
15		<i>First aid training for All Employees</i>
16		Occupation Disease and HIV/AIDS Training for All Employees
17		Medical (SSO) Information and Benefit Educate for Employees
18		Refresh training for Occupation disease and contraceptive for new mother under 1 year.
19		Nutrition and food hygiene to cook staff
13		HR
14	Refresh training on Employment Regulations, SA8000 for Female workers who having baby under 12 month	
14	PRO	<i>Soft skills for middle management in Production</i>

