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Our company mission is to show that simplicity is key to a sustainabity, inspiring a movement of mindful consumption. In order to ensure the long-term preservation of our planet and eliminate social inequality, the economy must rethink. We want to encourage customers to focus on long-lasting quality and design, so that they have fewer and better carry goods. We take pride in investing in the longevity of our goods. Transparency shall be a key part of this journey and at every step sharing our stories with our customers.

Together with our suppliers and partners, we look back on a successful 2018 where we have taken important steps towards a more sustainable future. In 2019 are celebrating the 18 year anniversary. With this Sustainability Report, we assess our achievements, learnings and set the direction in our continued journey: Reduce, Repair, Reuse and Recycle.

Social and environmental responsibility is never out of fashion and is becoming more and more a focus us as we reach adulthood. Each year, with great passion and commitment, we at Ucon Acrobatics create bags and backpacks for urban nomads. We strive to make environment conscious choices in our design process to respect the people and the environment so that we pass on a healthy future to the next generations. Guided by the belief that every person involved in our process needs to embody the values of sustainability, we share with our partners and suppliers our core values: responsibility, action and transparency. Working together is key to strengthening sustainability.

Ucon Acrobatics prioritizes long-term partnerships with its producers and we support them to respect high social and environmental standards. We are constantly strengthening our sustainable practices with progressive improvements and belief that all of this will combine to something bigger. This year, we start our partnership with 'My Climate' and 'B Certification'.

We are happy with our achievements to date but will continue to increase the impact of the changes we make in our journey of sustainability. We will continue to strive for longlasting products with a contemporary design. Change requires a major joint effort and I am looking forward to tackle this together with our suppliers and partners.

Martin Fussenegger Head of Design and Production Co-Founder



'We want to encourage customers to focus on long-lasting quality and design, so that they have fewer and better goods.'



Our business and impact

All our products are designed and developed at our studio in Berlin. While all production is done by partners and suppliers in China, we do not own any factories ourselves. Most products are shipped to our central warehouse in Berlin and from there shipped out to our distributors, who forward them to the retailers. For Ucon Acrobatics we have our own online shop. In the last year we have ended up with unsold products only at a few occasions and then given them to charity organisations like 'Save the Children'.

There are many challenges in being part of the textile industry, an industry with long and complex supply chains and one that leaves signicant environmental and social footprints. Research say that the textile industry is the second most polluting industry after oil. There are both environmental and social risks within our value chain and those are mainly found beyond our direct control and our own business, up streams of our value chain. For our own direct impact on the environment we make conscious decisions when it comes transports. We try to reduce our use of energy and make sure to use renewable energy in our facilities by 'Greenpeace Energy'. All staff in our Berlin office walks or cycles to the office every day.

To make sure we respect human rights within our own business and our value chain we are have internal policies and guidelines in place. Our partners have to sign our 'Code of Conduct' that is developed to protect human rights and to ensure good working conditions. The biggest risks in textile industry are usually social risks that workers do not have fair working conditions in factories, for instance too long working hours, not getting paid a living wage or not having the right to freedom of association. We strive to be a fair and reliable business partner in a long-term and rewarding relationship, based on mutual trust. Our factories, suppliers and other business partners play an important part in realizing this aspiration. All partners to Ucon Acrobatics are expected to operate in compliance with our 'Code of Conduct'.



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General Code of Conduct

Our ambition as a company is to always act in an ethical and responsible manner. Our 'Code of Conduct' is intended to deter wrongdoing and to promote high standards of integrity and compliance with all applicable laws and regulations by anyone that acts on behalf of Ucon Acrobatics. As such, whenever we require someone to provide services on our behalf, we will request that the service provider, agent or consultant also complies with our 'Code of Conduct', or complies with an ethics policy.



Anti-Corruption

As a company, we live by a set of high ethical standards. Ucon Acrobatics is firmly opposed to all forms of bribery and corruption, and will work against corruption in all forms. We will comply with applicable anti-corruption laws and regulations everywhere we do business. Any attempt to influence a person by providing hospitality, entertainment or gifts to obtain business for our company is strictly prohibited.

Fair Competition

We commit to complying with fair competition and anti-trust laws applicable to the markets in which we operate. These laws are intended to prohibit practices that restrain trade or unduly limit free and fair competition.

International Trade

Laws governing international trade affect the transmission of goods, services and technology across national borders. It is our policy to strictly comply with these laws and regulations in the countries in which we operate.

Health and Safety

We seek to create a sound workplace for all employees with good working conditions and a good working environment.

Human Rights

We remain committed to respecting the human rights of those affected by our activities and to comply with all applicable national and local labor laws in the countries in which we operate. We will always consider the material social issues and respect basic labor rights when conducting business activities.

Equality and Diversity

We respect individuals and make efforts to ensure a working environment characterized by equality and diversity. We do not accept any form of discrimination from or towards our own employees, others that are involved in our activities, or those we do business with.

Environment

Protecting the environment and conserving natural resources is important to Ucon Acrobatics. Management and partners are expected to be environmentally conscious when carrying out their work and to always support our initiatives to operate in an environmentally sound manner.

Code of Conduct for Suppliers

The biggest environmental risks are found outside our own company. Those are impact on climate change, water scarcity, negative impact on biodiversity, the use of hazardous chemicals and the release of micro plastics into rivers and oceans. We constantly try to decrease that negative impact by making conscious choices during design phase, collabo-

rating with experts, our suppliers and other brands to find new solutions.

We try to reduce our impact and the risks through the choice of materials in our products, practices in production and our partners in the value chain. But perhaps most importantly, our aim is to not produce more than needed and to not contribute to overconsumption. For us, that means increasing our purchase precision and offering long-lasting

products of quality, style and simplicity, as well as enabling our products a second life, for example through a repair shop.

To help us and guide us in our work of making sure we are respecting human rights, that we do not have any corruption and to decrease our environmental impact we have different steering documents, guidelines and policies such as our 'Code of Conduct for 'Suppliers'.



Employment is freely chosen

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105)



Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognised (ILO Conventions 87 and 98). The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representative functions. (ILO Convention 135 and Recommendations 143)



No discrimination in employment

Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps. (ILO Conventions 100 and 111)



No exploitation of child labour

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (ILO Convention 138). There shall be no forms of slavery or practices similar to slavery, such as the sale and

trafficking of children, debt bondage and serfdom and forced or compulsory labour.
[...] Children [in the ages of 15-18] shall not perform work which, when carried out, is likely to harm their health, safety or morals.
(ILO Convention 182)



Payment of living wage

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131) Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage.

Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.



Safe and healthy working conditions A safe and hygienic working environ-

ment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing

knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall

be implemented to prevent accidents and

minimise health risks as much as possible

(following ILO Convention 155). Physical

abuse, threats of physical abuse, unusual

punishments or discipline, sexual and

other harassment, and intimidation by the employer are strictly prohibited.



Legally binding employment relationship

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

Reasonable hours of work

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

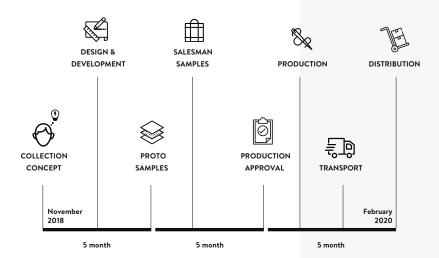
Sourcing Strategy

Collection creation

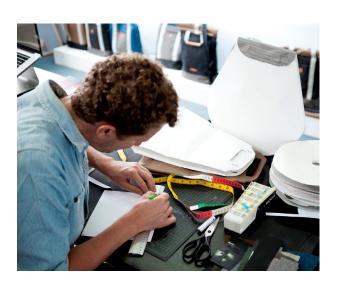
Ucon Acrobatics' product range includes contemporary bags and backpacks. Our products are developed in Berlin, in our own design studio. This enables us to develop new ideas and unique product designs. For more than 18 years, our collection creation process has been continuously optimized, from product development to the delivery of goods. The aim is to coordinate all relevant activities as closely as possible in order to ensure that the collection is completed and delivered on schedule.

Production cycle

Each year we produce two 'main collections'. In addition to these seasonal collections, we also have other smaller projects and collaborations. The production orders are based on external wholesale orders and for our own brands online shop. In addition to the large seasonal orders that are placed at the end of each selling period, we have re-orders within the store seasons and a 'never out of stock' programme with continuous orders for certain styles.



For the large seasonal orders, factories are normally informed about orders almost every months before delivery. All lead times are dependent on internal planning, the capacity of our suppliers, and material lead times. We continuously look for ways to plan and book capacity as early as possible so suppliers have enough time to deliver our orders. We prebook production time slots before the sales period for an increasing part of our collection and we also pre-book materials as much as possible to prevent delays due to fabric deviation or other unforeseen issues. In addition, production is spread as much as possible to reach more continuity in our orders and to minimise peak production. We do this by expanding the delivery period and the number of drops.







Manufacturing

To bring our products alive, we work with carefully selected suppliers in China that we are constantly foster to meet our high standards. A crucial criterion in the selection of those long-term partners is the willingness and ability to develop with us as a brand in order to meet the requirements of tomorrow. Our knowledge comes from over 18 years of manufacturing the highest quality products and during this time we have relentlessly strived for progression. This is visible throughout Ucon Acrobatics, from our experienced craftsmanship to perfection in manufacturing.

The basis for cooperation with our suppliers and production companies is the establishment of stable, long-term partnerships. This is where we work. Over many years of cooperation, a high level of ecological and processing know-how has been built up. Ability and quality are more important than the best price. And that also means that we stay with our proven partners when it comes to offers

of the same quality and at similar prices. Our suppliers supply us with the finished products and invoice them; they are our direct business partners. All Ucon Acrobatics goods are produced in China. This is currently the ideal location for our broad product range with its multitude of different materials. Our main manufacturing facility is in Quanzhou, a city specialized in the production of bags & backpacks in the Fujian province.

The sewing factory has around 150 employees and we work them since 2015 continiously. In 2018 we finally established our own production group only working on Ucon Acrobatics goods the full-time of the year. The factory benefits from planning stability and in return we are also able to produce smaller production runs if needed. There is another factory specialized in high-frequeny welding close by is working on our waterproof backpacks. In addition to that there are a dozend suppliers for fabrics and trims.

Wages

Wages have increased considerably over the past year in China. In the province where our suppliers are located, the minimum wage in 2018 was 1,500 RMB per month (bowl with rice ~ 1 RMB). These days it is not easy for chinese factories to hire workers, therefore our factory pays in average 2.3x the minimum wage as monthly salary. The staff working for the Ucon Acrobatics working group gets payed 3x the minimum wage. Some very skilled workers even make it to 7x the minimum wage in peak seasons (including overtime surcharge).

Working time

The biggest challenge in complying with the Code of Conduct is excessive overtime. In China, 'standard' working hours tend to be up to 60 hours per week and in peak season sometimes even more. Our suppliers have made improvements and were able to reduce the overtime considerably over the past years. It continues to be a gradual and step-by-step approach, however, partly because excessive overtime is common practice in the Chinese textile industry. This means that it is not only a matter of better planning to bring working hours down, but a change in mindset and habits of factory management as well.

Production visits

We visit our partners regularly. Together with the people on site we work on individual solutions for complex questions, but also check the implementation of improvement measures. These personal visits are also essential in order to gain in-depth knowledge of the situation on site and to be able to develop meaningful solutions on this basis. Because personal contact is the basis for mutual trust, a good working relationship and awareness of good working conditions.

One of our co-founders is responsible for production/ design is taking this task very serious. He personally takes a very close look at the suppliers and production companies on his frequent production visits, which take place several times a year. In 2017 he visited our suppliers 5 times for a total duration of 68 days. In 2018 he visited our suppliers 4 times for a total duration of 52 days.





Materials

Great products are built with great materials. To achieve this, the material development considers three principles: designing to last, exclusivity and collaboration. Ucon Acrobatics continues to use mainly synthetic fibres, though we also use natural materials such as cotton and felt.

The most serious environmental impacts occur in the upstream stages of production: in the production of textile materials and even further upstream in the cultivation of plant fibres or the extraction of raw materials such as crude oil, from which synthetic fibres are extracted.

These production steps are very resourceintensive. The consumption of water, energy, materials and chemicals, as well as emissions such as wastewater and exhaust air, have a major impact on the environment and the people who live there.





Designed to last

We take great care to select top-quality materials, as this lays the foundation for creating products that are designed to last.

Exclusivity

Ucon Acrobatics attaches a great deal of importance to building long-term working relationships with suppliers. As a result, in many areas we have the exclusive rights to particular materials.

Source from the nature

Natural fibers are not necessarily sustainable in their definition. Ucon Acrobatics is therefore also using sustainable sources like Organic Cotton, where the entire production chain is transparent with GOTS 4.0 certification and highly environmentally friendly.

Animal welfare

Ucon Acrobatics is committed to ensuring that these natural products are obtained using fair production methods. All our products are beast-free and certified by PETA.

Environmentally friendly

We have eliminated toxins from our products and packaging. This includes environmental toxins (such as bleaches, pesticides and heavy metals); and other toxins (carcinogens used in poorly controlled leather dyeing or hard chrome plating processes), as well as allergens such as nickel. Our products are free from phthalate P7. All the fabrics we use are tested and certificated by "FuJian HJ Quality Inspection Technical Service Co. Ltd.".

PFOA/PFOS

Per- and polyfluorinated chemicals (PFAS or PFC) are fluorocarbon connections that possess unique water and fat rejecting properties. Because of this, they are frequently found in DWR (Durable Water Resistance) treatments used on outdoor products. Our products are free of PFOA/PFOS in our water-repellent finishes. Ucon Acrobatics products with a DWR finish are treated using a fluorocarbon-free product based on eco-friendly silicone.

Withstand the rain

Our products are strongly water-repellent and the materials are even waterproof. All fabrics are equipped with an laminated foil from TPU, PU or PVC which makes the material impermeable up to a water pressure of 1.500 mm. However it is possible that by an extreme flow of water, moisture could get in through seams and zippers. Therefore we speak of 'water-repellent' and not 'waterproof' when in comes to the final product. We constantly try to improve these functions on our products. On many items we use water-repellant zippers. Our cotton canvas is equipped with an eco-friendly silicone impregnation so that water does not penetrate into the fibers and just rolls off. Depending on the use of our customers this effect might weaken after some time.



12 Transportation

We do our best to avoid unnecessary transportation and ensure that materials are generally sourced from regions close to the manufacturing site. Ucon Acrobatics tries to transport goods by sea wherever possible, as this is the most economical and environmentally-friendly option. After goods have been finished and packed they are being loaded into containers. Trucks take them to the port, which is located close to the factories and thus contributes to CO2 reduction, as does the effective shipping of containers by ship through

the port of Hamburg and again by truck to our main warehouse in Berlin. In addition, direct shipment minimizes additional distances such as from asian producers to distribution partners from Asia or Australia. Instead, we are trying to use the new rail route from China to Germany, which has a significantly lower CO2 balance and is cheaper.



13 Packaging

We want to reduce packaging and make it more sustainable at the same time. We currently use two types of packaging. The first is transport packaging - cardboard packaging that is stacked in overseas containers and later returned to the recycling process. On the other hand, these are product packaging to protect our goods directly from soiling. Especially here we are looking for more sustainable alternatives, because until now we have used plastic foils for this purpose.

What is the problem with plastic?

Plastics take decades to centuries to decompose in nature. What happens with micro- and

nanoplastics towards the environment is not yet foreseeable. For many, there is only one solution to avoid further kilometres of plastic strudel in the oceans and towering landfills on land. Plastics must be seen as a valuable, recyclable resource, the recycling economy must be promoted and investments made in smarter recycling. But of the estimated 8.3 billion tons of plastic that came into circulation worldwide by 2017, only about 9 percent was recycled¹. The large mass ended up in waste incinerators, landfills or even in the environment. After all, separating waste cleanly and producing single-variety recycling materials is expensive - and requires huge investments that many countries

cannot afford. Even countries like Germany face challenges. According to the industry association 'Plastics Europe', only 16 kilograms of the 46 kilograms of plastic waste produced by every German per year are recycled, i.e. melted down and processed into new products. Two kilos end up on the landfill, the remaining 28 kilos of plastic waste are 'thermally recycled' in the waste incineration plant to generate electricity or heat. Although this saves coal or other fossil fuels, the energy used to produce the plastic is wasted.

1 'What a Waste 2.0' Report, World Bank



Are bio-plastics a solution?

Bio in relation to plastics has two meanings:

Plastics from a renewable raw material

In addition to crude oil, plastics can also be made from corn, potatoes, sugar cane or wood. There has been criticism of the use of food as the basis for packaging material. In addition the cultivation of the raw materials damages the environment and the bio-plastic has the same disposal problem as plastics on crude oil basis.

Biodegradable plastics

The compostable bio-plastic bags also have a problem. Their material is composed in such a way that it decomposes in a comparatively short time, but this only happens under precisely defined conditions. The domestic compost heap rarely offers these conditions. In industrial composting plants, there are two problems: firstly, the compostable bags are often sorted out together with non-decomposable bags. Secondly, they do not produce organic material because the process takes longer than, for example, the decomposition of a banana peel.





What other alternative is there?

Recycled paper bags

Paper consists of the renewable raw material wood and is easy to recycle. In Germany, for example, around 75 percent of waste paper is used in the production of paper and cardboard. We therefore want to use recycled paper as a test from summer 2019 as product packaging for our smaller bags. These are also used in our online shop as transport packaging and are therefore twice as efficient.

Grass paper boxes

From summer 2019 deliver larger products which can be purchased via our online shop with grass boxes as transport packaging. Grass from domestic meadows can be processed into cardboard with a share of 40% and causes 75% less CO2 emissions than wood. In addition, grass consumes only 2 litres of water per tonne (compared to 6,000 litres for wood) and only 1/10 of the energy. When processing grass for paper production, there is no need to use of chemistry.

Our grass comes mainly from otherwise unused compensation areas, which can only be mown very late as biotopes. By this time the grass has already grown so tall that it is woody and no animal has to do without food. These wild meadows support biodiversity; flowers and herbs create space for a variety of insects such as bees.

Product lifespan

An important part of a textile product's total environmental impact is related to how long the product can be used before it is worn out. Ucon Acrobatics tries hard to manufacture and sell products that are guaranteed to be durable and long-lasting. We believe this makes an important contribution to promoting sustainability in our society.



Repair Service

A long life cycle of our products is an important goal for us. Should a product break down, this does not mean that the end of life of the product is sealed. In 2019 we want to built up a repair service. In the case that a customer from our online shop returns one of our products because it did not fulfill quality expectations, our customer service takes the item back and the first step is to see if it can be repaired.

Our repair service repairs small and large damages, replaces defective parts and thus extends the service life. These range from replacing a defective velcro fastener, repairing cracks and shoulder straps to complex defective eyelets and press studs. Our product service works closely with our product designer, so many products can be optimized in the planning phase.

Customers can then choose whether to have the old and used product repaired for a new life, extend it as a donation to charitable organizations or as a second-choice product in exchange for a voucher that grants 20% discount on the next purchase in the online shop.



Better together

We partner with outside associations to help us fulfill our mission to build the best product, cause no unnecessary harm and use business to inspire and implement solutions to the environmental crisis. We look to them to help us improve our practices relating to social and environmental performance, accountability and transparency.



PETA

Animals are not ours. PETA (People for the Ethical Treatment of Animals) has more than 6.5 million members and supporters worldwide - a significant influence within environmental and animal welfare communities. Neither animals nor humans should suffer for our products. With PETA we have the right partner at our side to guarantee our high standards and to motivate the textile industry and people to rethink. We have met all conditions and are proud to be an official partner of PETA.



B Corp

Society's most challenging problems cannot be solved by government and nonprofits alone. 'B Corp' is to business what Fair Trade certification is to coffee. B Corps are forprofit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability and transparency.

The B Corp community works toward reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high quality jobs with dignity and purpose. By harnessing the power of business, B Corps use profits and



growth as a means to a greater end: positive impact for their employees, communities, and the environment. Since the beginning of 2019 we have joined this movement, accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.



My Climate

In the coming year Ucon Acrobatics will collaborate with 'My Climate', a Swiss non-profit organization dedicated to climate protection. We actively seek, share and measure the impact of our actions with their experts in order to make better decisions. The calculation of a CO2 balance at company level (Corporate Carbon Footprint) is an essential component of corporate climate protection.

We try to avoid emissions where possible. For example our studio in Berlin runs with ecopower from 'Greenpeace Energy'. Everyone in our team walks or cycles to office every day. In our company's CO2 balance, all relevant greenhouse gas emissions are recorded, calculated and reported. Directly generated emissions, emissions from purchased energy, e.g. electricity, district heating, as well as indirect emissions, e.g. from business trips and material usage are taken into account. Ucon Acrobatics is proud to partner with My Climate and supports climate compensation projects with a direct impact. By committing to reducing the same quantity of CO2 emissions through engagement in the 'Water-Filter' project in Ruanda, Ucon Acrobatics products can be labeled as climate-neutral.



Save the Children

We want to help improving the lives of children. Together with 'Save the Children', we pool resources, expertise and influence to create measurable results with greater impact for children, society and our partners. The cooperation is not just about supporting their work with financial resources but also about our own campaign we brought live together, supporting the school children of Berlin with our backpacks.

MOTIF

With a great passion for the work of talented artists we already embraced collaborations in the past with e.g. Haw-lin, HelloMe or Deutsche & Japaner. They have always been an important part of our company philosophy. Our latest project is called MOTIF, a charity collaboration project with the worlds leading design studios.

The first collaboration was curated by Tobias Faisst in summer 2018 and the products were presented during the Berlin Fashion Week at the Galerie ZWEIDREI RAUM in Berlin-Kreuzberg. The backpacks were auctioned online exclusively for two weeks from the start of the exhibition. Proceeds were donated to Streem magazine, a contemporary art, design and street magazine that supports the homeless in Berlin.





Challenges for the future

We continue to work on increasing our sustainability. Where we are not yet satisfied, we are constantly setting ourselves new goals in order to achieve our corporate vision:

- 1. Extend the life span of a product by design and material improvements
- 2. Decreasing the use of resources in production, for example fabrics, water and chemicals
- 3. Increasing the use of recycled and more sustainable materials
- 4. Increasing the use sustainable packaging
- 5. Guiding customers on how to use our products in a better way
- 6. Increasing transparency through the whole valuechain
- 7. Offring an extended lifespan for all pieces through material care and repairs
- 8. Promoting more sustainable transportation methods



