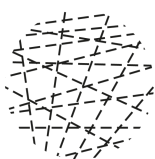




Due Diligence for Responsible Business Conduct

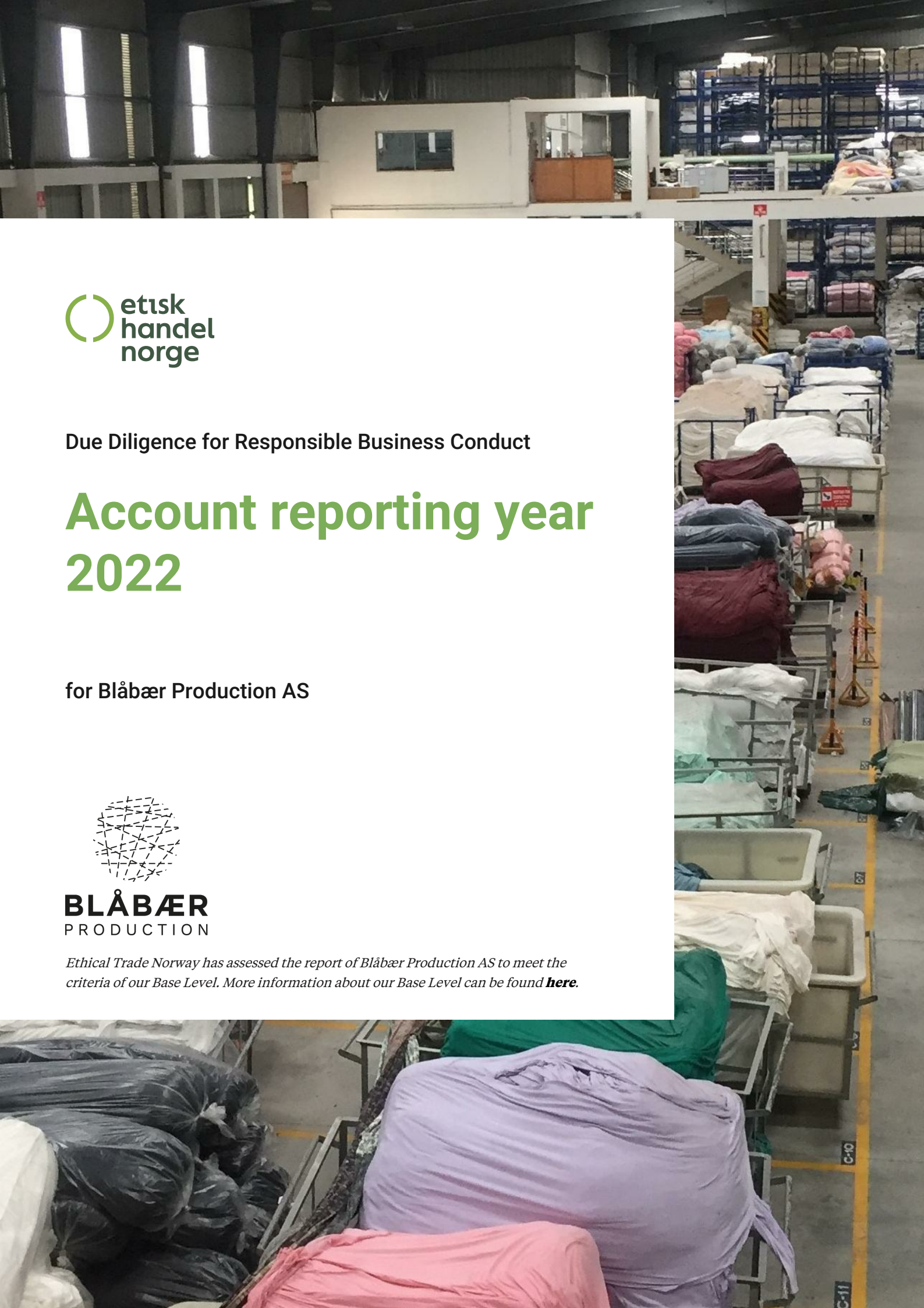
Account reporting year 2022

for Blåbær Production AS



BLÅBÆR
PRODUCTION

*Ethical Trade Norway has assessed the report of Blåbær Production AS to meet the criteria of our Base Level. More information about our Base Level can be found **here**.*



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business and the public sector have a great impact on people, society, the environment, and animals and can both contribute positively to development, or negatively by causing harm. Businesses therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs).

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Responsible business conduct is the systematic effort that businesses do to identify, prevent or mitigate adverse impacts and explain how they manage their risks of negative impact to people, society, and the environment as well as provide remediation where this is required. Norwegian authorities expect all businesses, regardless of their size, to carry out due diligence in accordance with the UN's Guiding Principles for Business and Human Rights (UNGP) and OECD's Guidelines for Multinational Enterprises. This applies to businesses, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

Heidi Furustøl

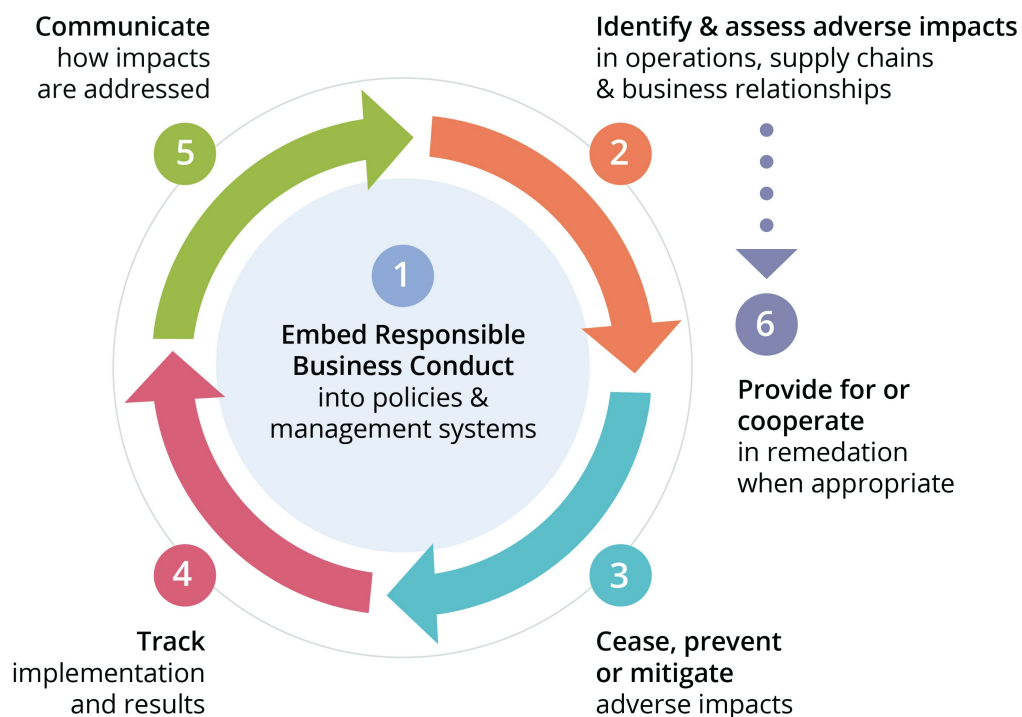
Executive Director

Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

Blåbær Production is a Norwegian design and production company offering services within the textile and garment business. It is important for us to take responsibility for the products we bring into the market, and that these products comply with consumers actual need & requirements, have good functionality, high quality and a long lifetime.

Furthermore, Blåbær Production seek to take active part in sustainable production and to protect our environment - today and in the future. We aim purposefully for a fully integrated social responsibility in all our activities and complete supply chain.

We work targeted in all processes in our supply chain to achieve less footprints. This is the framework for our working process – from early ideas, through all stages, and until final product.

Blåbær Production joined Ethical trade Norway in Q1 2021. We have though worked with Ethical Trade Norway for many years through our long-term business relation with BH Nordic. Due to our engagement with the brand Reflex, several parts in our report are duplicated into the report of BH Nordic.

" Our vision is to be a greener partner through innovative and solution oriented design, logistics and production. "

Rolf-Erik Lund
Managing director

Company information and business context

Key company information

Company name

Blåbær Production AS

Head office address

Østre Nesttunvegen 12

Main brands, products and services offered by the company

Reflex; Design, development, production, logistics and CSR

Description of company structure

Blåbær Production is a small company with four employees working in close collaboration on daily basis from the main office in Bergen, Norway. We work closely with clients in the textile industry to operate a wide range of services within the textile and garment business. Blåbær Production`s managing director and main owner is Rolf-Erik Lund.

Today our main customer is Barnas Hus Norge, for whom we are responsible of all design, development, production and logistics of their own brand Reflex. Reflex is a textile brand for kids age 0-14y focusing on outerwear, mid-layer and base-layer garments for everyday play & wear. The brand is sold in the Norwegian market through Barnas Hus` own stores and web-shop. The brand is also available in one shop in Sweden.

Even though each of us have individual expertise within design, sustainability, logistics and purchasing, we are all involved in each project to ensure that all processes will have a holistic approach.

In November 2022 we have employed a new person to our team. We are confident that our new colleague will add valuable experience, competence and knowledge that will contribute positively to our team.

Turnover in reporting year (NOK)

10 760 000

Number of employees

4

Is the company covered by the Transparency Act?

No

Major changes to the company since last reporting period

Contact person for the report (name and title)

Isabel Fredriksen

Email for contact person for the report

isabel@blaber.no

Supply chain information

General description of the company's sourcing model and supply chain

We are working on a wide range of products and styles, and aim to keep a limited number of commercial suppliers and manufacturers. Approximately 81% of our business is direct with manufacturers/producer. Approximately 19% is business through agents. These numbers are based on purchase value. All design, development and sourcing are done from our office in Bergen.

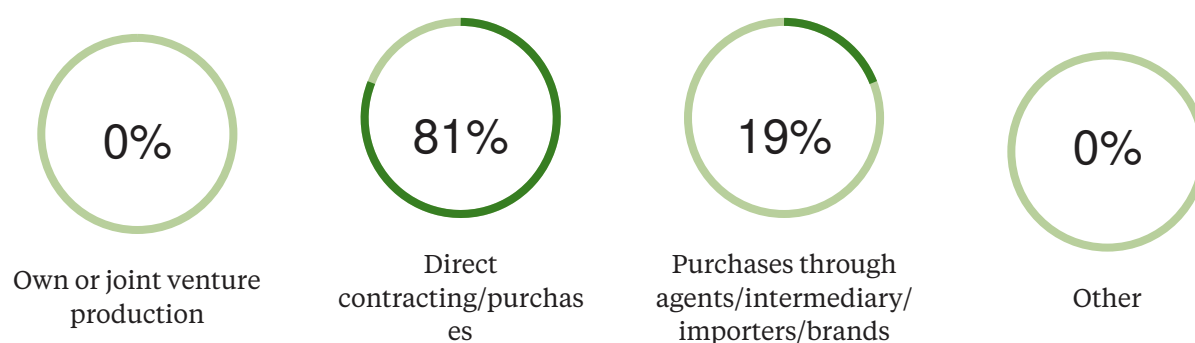
Number of suppliers with which the company had commercial relations in the reporting year

16

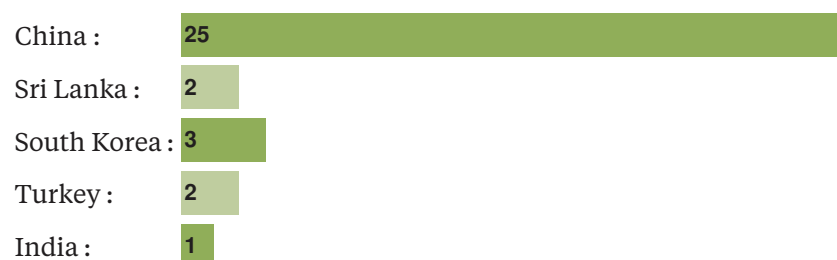
Comments

We had totally 16 suppliers of whom we had commercial relations. We have not engaged any new first tier suppliers during 2022.

Type of purchasing/ suppliers relationships



List of first tier suppliers* (producers) by country



In 2022 we had in total 33 production units for all styles. E.g. our main supplier of outer wear uses 4 different production units.

State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:

Number of workers

3 324

Number of suppliers this overview is based on

32

Numbers of workers per supplier (calculated average)

104

Comments to number of workers

3324 workers from total 32 production units in first tier, and covers 100% of our total 16 commercial suppliers.

Key inputs/raw materials for products or services and associated geographies

Wool	China South Africa Australia and New Zealand
Cotton	India
Polyester	China
Viscose	China
Natural rubber	China

Is the company a supplier to the public sector?

No

Goals and progress

Process goals and progress for the reporting year

1

Goal : Increase knowledge & competence by attending wide range of webinars related to our business and potential risks.

Status : During 2022 we have attended a wide range of webinars to strengthen our knowledge regarding potential risks in our supply chain and how to address them. Some examples of themes that have been addressed are living wage, corruption, climate accounting, the transparency act, chemical use in the textile industry and how to approach the cast system and discrimination in India. We have also joined a working group called “the Learning and Implementation Community on the Common Framework for Responsible Purchasing Practices”

2

Goal : Increased control of our supply chain including pension, insurance, grievance mechanisms and worker representation status

Status : We have continued to collect information from suppliers regarding insurances and pensions, grievance mechanisms and worker representation status. We have also attended courses and webinars in order to understand and analyze these data in best possible way.

- More than 85% of manufacturers have worker representatives elected by workers. These numbers are confirmed by a 3rd party.
- Approximately 85% of manufacturers have established grievance mechanisms. However, 50% of these are neither fully integrated nor well-functioning. Follow-up here from our side will be important in next steps.
- All manufacturers offer insurance to their workers/staff. However, we realize that not all workers are fully covered. Insurance for workers, especially in China, is a difficult topic. Based on our numbers approximately 80% of the total workforce is insured. We do though admit that there is an uncertainty in these figures.

3

Goal : Address further main salient issues:

- Rubber production in Vietnam
- Cotton from China
- Climate risks & environmental issues
- Discrimination in India
- Labour conditions in general

Status : We have joined the network AMFORI which has given us better tools to collect above mentioned information together with other important data from our supply chain. Integrating more of AMFORI's tools will be proritized further as well.

4

Goal :

We will continue to engage stakeholders to approach our salient risks such as discrimination, environmental issues, worker representation and labour conditions in general. In addition to stakeholders that we have already involved, we will engage with organizations like Norwegian Uyghur Committee, Fair Rubber Association & Sustainable Natural Rubber Initiative to continue our on-going risk mapping.

Status :

We have continued our dialogue with stakeholders that we have previously involved. In addition, we have engaged AMFORI and Amnesty International. We have also had meetings with the Norwegian Uyghur Committee to discuss discrimination in China.

5

Goal :

We will continue to increase the amount of recycled materials.

Status :

The amount of recycled materials has increased from approximately 40% in 2021 to approximately 70% in 2022

6

Goal :

Achieve a complete overview of our second-tier supply chain.

Status :

Even though we have achieved a better overview of our supply chain than last year, it is far more complex and challenging to reach a complete overview of our second-tier than we imagined. This work will however continue, and our goal is to continuously have a better overview and control.

7

Goal :

Improve the traceability of raw materials and main components in our products.

Status :

Our work to improve the traceability of raw materials and main components is an ongoing project. Requesting transaction certificates and import documents as well as emphasizing our requirement of full transparency, is a part of our daily work and communication towards suppliers.

8

Goal :

We will continue to investigate new salient risks as a result of COVID19. Examples are increased risk of corruption, child labour and the threat of workers' rights.

Status :

As the majority of our suppliers are based in China, limitations, complications and consequences of COVID19 have still affected our work and collaboration with suppliers. Until January 2023 China has had restrictions for everyone entering the country. After 3 years of strict restrictions, the country's government has recently decided to reduce these.

Goal for coming years

1

Continue to strengthen internal commitments by including due diligence and sustainable business practice in all meetings as well as continue training of employees.

2

Start targeted work to calculate our carbon emissions. First step is scope 1 and 2 calculation. Training and webinar attendance which started during 2022 will continue in the coming year.

3

Implement Amfori BEPI (The Business Environmental Performance Initiative) to improve environmental performance in our supply chain. Training and courses will start end January 2023.

4

Amfori Academy – training for selected suppliers on relevant topics.

5

Collaborate with Amnesty International to address two of our most salient issues which is discrimination in China and India.

6

Start training of employees working with design and product development on responsible business conduct.

7

Start investigate how to track and measure water management in our supply chain.

8

Increase focus on circularity in our product development and design process.

9

Start preparations for implementing “product passport” which has been suggested by EUs green economy plan. Consider the framework of “Ecodesign for Sustainable Product Regulation”

10

Continue to integrate and implement principles from the working group “the Learning and Implementation Community on the Common Framework for Responsible Purchasing Practices” to our daily work. Involve all employees.

11

Find suitable certification for our products made of natural rubber.

12

Find suitable certification for our products made of viscose.

13

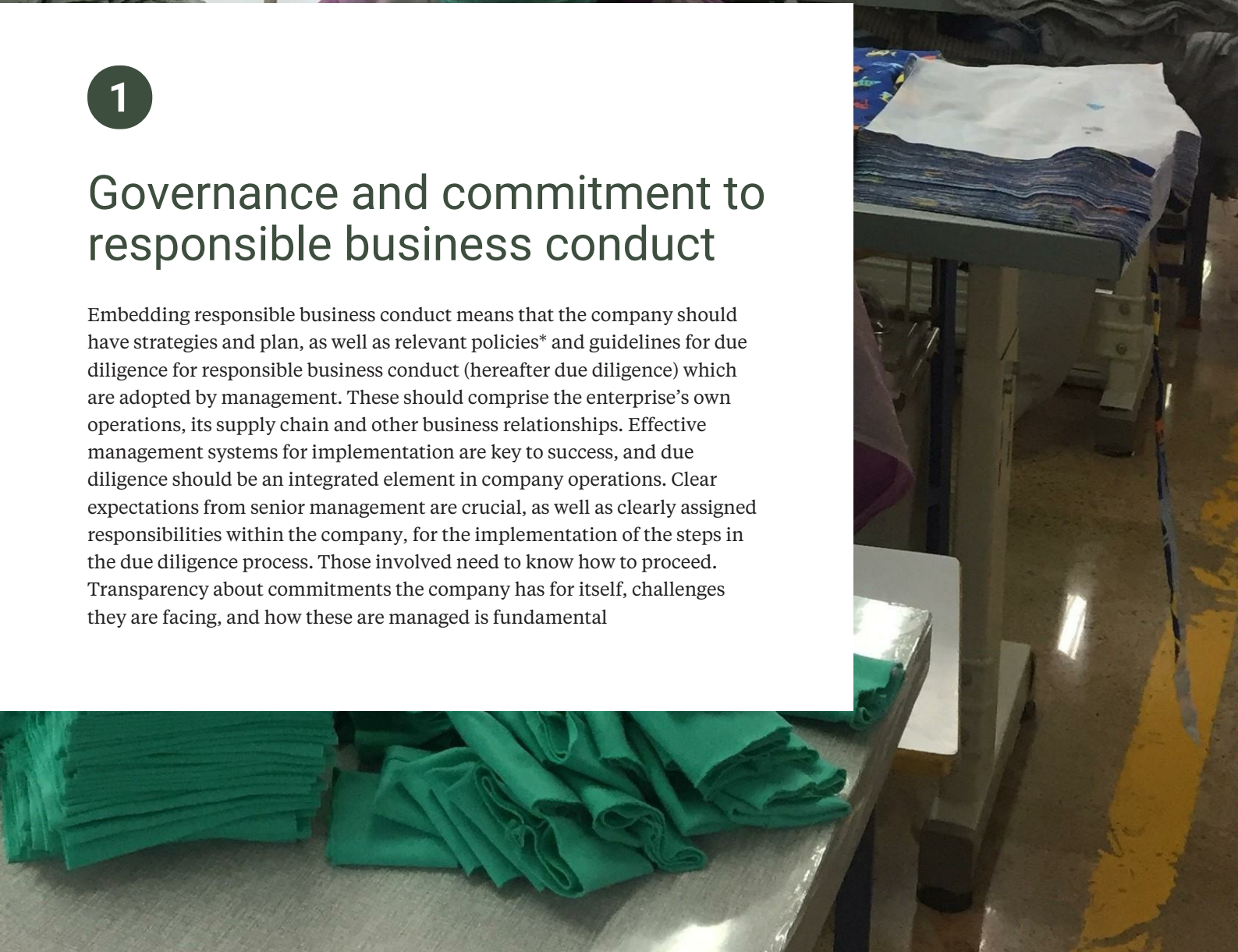
Update our policy on Unauthorized Subcontracting.



1

Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies* and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the company has for itself, challenges they are facing, and how these are managed is fundamental



1.A Policy* for own business

1.A.1 Link to publicly accessible policy for own business

<https://blaber.no/wp-content/uploads/2022/02/Policy-Bla%CC%8Abaer-production-07.02.22.pdf>

1.A.2 What does the company say publicly about its commitments to respect people, society, the environment and climate?

Blåbær production's policy for sustainable business practice is posted on our web page Social responsibility – BLÅBÆR PRODUCTION (blaber.no). Our overall commitments to social responsibility are also stated on the same page, along with information about our collaborations with other stakeholders. We want our partners, collaborators as well as our customers to be confident that human rights, workers' rights, animal welfare and environmental aspects are considered and protected at all stages in our production through responsible purchasing and supplier management.

Our policy and Code Of Conduct are also communicated directly to our business partners as these are rooted in our daily practice and work.

1.A.3 How has the policy/commitment been developed and how is it embedded in the company?

Through our membership and collaboration with Ethical Trade Norway we have established a policy for sustainable business practice and a code of conduct that are principles for responsible business conduct. These practices and principles set the foundation for our everyday work and purchasing practice. This applies all our employees and is integrated in our entire process from idea, planning, design, product development, purchasing and logistics.

In conjunction with appointing a new employee to our team in the end of 2022, we have had a new review of our policy to make sure that all points are 100% clear to all employees. Our policy has not been revised this year, but a reminder and clarification of selected points has been sent out to all first tier suppliers. We believe it is important to have an open dialogue with discussions to emphasize our values and make sure that they are understood, respected and followed up on.

The UN's sustainability development goals are central and leading for our due diligence work as well our collaboration with suppliers and business partners. In our strategic period 2021-2025 we have focused especially on Goal 8 (Decent Work & Economic Growth) and Goal 12 (Responsible consumption and production). This is based on our risk assessment and mapping of own supply chain and is furthermore reflected in our due diligence work and prioritized actions.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

Even though we are a small company with four employees only, our daily work includes a wide range of tasks and processes. Due diligence is integrated in all processes from ideas, planning, design, product development, purchasing practice and logistics. All four employees are involved and responsible in performing due diligence work. During 2021 we did however nominate one employee as head of sustainability to mainly prioritize sustainability and due diligence. Main responsibility and daily follow-up is therefore done by head of sustainability and managing director.

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

In a small company the majority of our daily tasks and work will not be clearly divided or separated between each employee. Most of the time we work as a team and our tasks will often overlap and interfere. Due to this, sustainable business practice and due diligence work is an important part of all employees' responsibilities and job descriptions. Our policy for sustainable business practice is an important precondition which must be accepted by all employees and is also attached to the employment contract.

Sustainable business is also a daily topic at our workplace and is essential throughout our working process & development as these values set the foundation for our work.

During our regular, internal meetings on sustainability and responsible business, our policy, CoC and minimum requirements for suppliers are reviewed and discussed to make sure that all employees understand and agree.

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

Our managing director and head of sustainability are regularly attending a wide range of courses, webinars and workshops related to responsible business practice and due diligence. Ethical Trade Norway, The Chemicals Group RISE, Chemsec and Amfori are among the valuable networks which provide important resources and input. These networks help us to keep up to date and enables a good environment for discussing and sharing experiences with other companies within our industry. Additionally, we are also actively seeking information from other stakeholders. Some examples of organisations with useful information and tools are Amnesty International, IDSN, The Norwegian Uyghur Committee & The Norwegian Environment Agency.

As we are a small team we have also decided to make sure that our employees working with design and product development will attend courses on responsible business conduct provided by OECD. During 2022 our managing director and head of sustainability have been attending a multi-stakeholder initiative called Learning and Implementation Community (LIC). The purpose of this working group is to collaborate for textile and garment companies to collaborate and share experiences on how to improve Responsible Purchasing Practices (RPP). Some of the main lessons and outcomes have so far been communicated to our colleagues working with design and product development.

1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment embedded in strategies and action plans?

Our commitments are anchored through our memberships in Ethical Trade Norway, RISE Chemicals Group, AMFORI, as well as through Blåbær's core company values. Our CSR goals focus on both internal practices as well as external involving suppliers and business partners. We have set short-term and long-term goals to have a clear & defined framework for our sustainability practice. We have regularly internal meetings to track the progress and status and make sure that all employees are involved and receive needed information about updates.

Tracking and monitoring our goals and progress has shown to be important to drive and motivate for improvements in our team. After integrating more targeted work with due diligence and also implementing KPIs, focus on sustainability has become more naturally embedded with the process of product development and purchasing in our company.

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and the board?

Our managing director has the overall & executive responsibility for our company's strategies and plans for sustainable business practice. These plans are however developed and matured in close collaboration with all employees and responsibilities are defined through each job description. Every year, our action plan is updated with concrete goals, deadlines and distribution of responsibilities. As we are a small team many tasks and roles interfere with each other, but there are some individual adjustments. One employee is for example nominated to attend the main responsibility of sustainability work.

During 2022 we have had regular internal meetings to track and update our work on sustainability work. Meetings are held every quarter and all employees are attending. During these meetings we have discussed our progress, challenges and further plans.

We have also included an internal routine for due diligence to make sure that all steps are integrated in our daily work and that responsibility and work tasks are clearly defined.

1.D Partnerships and collaboration with business relationships, suppliers in particular

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

Responsible business is an essential part of all our communication and collaborations from development stage & design to final delivery & logistics.

Before any collaboration, new suppliers must accept our Policy and CoC as well as fulfil the minimum criteria for collaboration.

All suppliers are expected to make systematic and targeted efforts in order to comply with BLÅBÆR Productions' Code of Conduct (CoC). The content and framework in our CoC are discussed frequently with our suppliers during meetings, negotiations and during daily work and communication. As part of implementing our values in supply chain, we also expect our first-tier suppliers to communicate and share our CoC to any sub-suppliers related to our products. Updated chemical regulations which applies to the textile industry, are sent to all suppliers 1-2times/year. Revised regulations and/or limit values are discussed during meetings and continuous dialogue. Furthermore, we support each supplier with customized instructions and chemical guidance with relevance for their production. Collecting environmental certificates, checking validity and updates, and follow-up, is done continuously.

Revised and updated CoC & Policy was sent out during spring 2022 and is also signed and accepted by all suppliers.

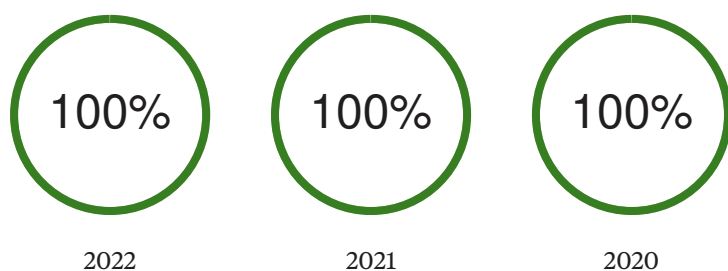
We have for several years been prioritizing suppliers that work targeted and actively for social and environmental improvements. We think that the most effective and important incentives for suppliers that are improving, are long term relationships and increased order quantities. As we regularly communicate to our suppliers, sustainable improvements are among our most important criteria for collaborations with suppliers, but also when planning and evaluating upcoming production, order placement and quantity. We are clear towards our suppliers regarding our requirements and expectations of social and environmental improvements. If these are not met, a collaboration is not expedient. Similarly, suppliers who show improvements and progress, will be prioritized for further order placement and collaboration.

Furthermore, we always see it as fair and reasonable to offer guidance, resources and assistance to suppliers to be able to reach our requirements and demands regarding social and environmental improvements. Through our memberships in Ethical Trade, Amfori and RISE Chemicals Group we have access to valuable resources which we share with our suppliers. For example, when requiring that suppliers set up a worker representation, we share tools and guidelines. Our updated chemical requirements that are sent out 2 times a year, is always sent along with an updated chemical guidance with relevant limit values, test methods and legislation for different countries.

We believe that by encouraging and guiding our suppliers to make social and environmental progress, they will also be more competitive which will benefit their business. This in itself is an important incentive, with both short- and long-term perspective. This focus and prioritization from our side is also something we see as part of our responsibility when being part of the production of textile and garments. All actors in the industry should contribute to push for increased sustainable and responsible business.

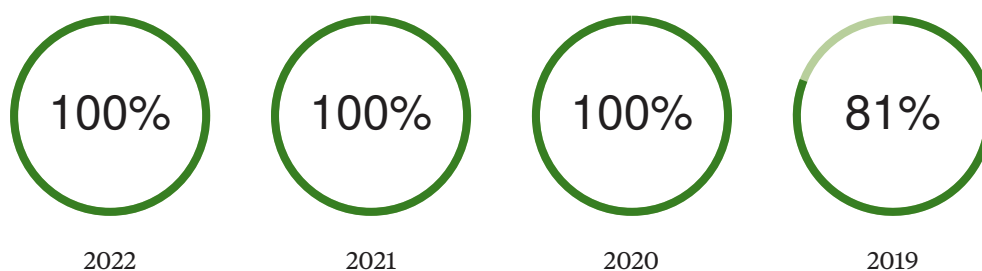
Indicator

Percentage of the company's suppliers that have accepted guidelines for suppliers



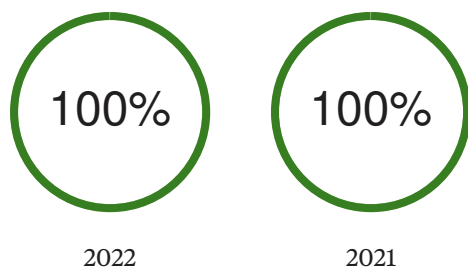
Since year 2018 100% of all commercial suppliers have received, signed and accepted Policy and COC.

Chemical contract

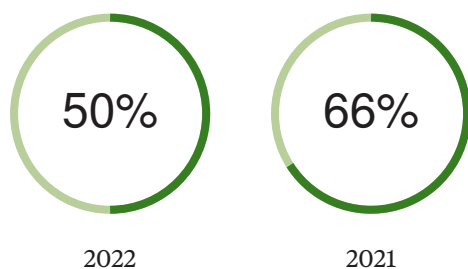


Since early 2020 100% of all commercial suppliers have received, signed and accepted our Chemical Contract and confirmed that their production is in accordance with regulations & guidelines.

Percentage of staff in contact with suppliers familiar with the Supplier Code of Conduct and Policy for own business



Percentage of staff reached through training/capacity building on responsible purchasing practice



1.E Experiences and changes

1.E.1 What experiences have the company encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

As part of our continuous effort to improve and evaluate our purchasing practices and working methods, we sent out an updated questionnaire to all first-tier suppliers in July 2022. Our aim was to collect valuable data from suppliers and request honest feedback regarding our purchasing practices and collaboration with suppliers. Further we wanted to detect our main improvement areas. As we are constantly demanding more from our suppliers regarding sustainable developments, transparency and social improvements, we think it is only reasonable to also understand suppliers' perspective and response to these developments. 100% of our first-tier suppliers were asked to give their honest feedback. We received a complete reply from 95% of these suppliers.

Findings from questionnaires have also been shared with our main customer Barnas Hus to emphasize the effect and importance of responsible purchasing practices. Key points and improvement areas that were detected were early order placement, fair payment terms, long-term collaboration, increased predictability & forecasting. The main challenge and weakness of this kind of mapping is the dynamics between us as customers/purchasers and our suppliers. Even though we ask for 100% honest feedback and emphasize that answers will not affect future business, we suspect that some suppliers may be affected by this dynamic and into a certain extent be restrained. Additionally, this kind of mapping should preferably be completely anonymous to make sure that suppliers feel safe and comfortable to address any issues. Unfortunately, we did not have a system for this kind of anonymous feedback, but we will look for solutions for this in the coming year.

Several new regulations and updated requirements have been introduced during 2022, from the Norwegian Government as well as the European Union. EU has also suggested new guidelines for a greener economy and Corporate Sustainability Due Diligence that will be implemented within a few years. As we are constantly trying to improve our own practice, and also require our suppliers to improve, we do our best to inform and prepare as early as possible. This is a part of what we see as fair collaboration with our business partners, but we also think it is necessary to introduce and implement new routines.

The year 2022 has unfortunately been dominated by geopolitical tensions, war and a disruption of human rights. Russia's military attack and invasion of Ukraine has not only disrupted the collaboration within Europe, but also worldwide. The war and its many consequences have shown that we are living in a time characterized by uncertainties which makes due diligence work even more important, but also challenging.

Status at the end of 2022 was that only 13% of the world's population lived in a democracy, while 70% lived in an autocracy. This is a set-back to 1989 level and indicates how important it will be to fight for human rights and justice in the years to come.

Other experiences from the past year are that expectations to companies' due diligence work are increasing, driven by legislations, consumers and investors.



2

Defining the focus for reporting

Identify and assess the company's impact on people, society and environment

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relationships. As a first step the company should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The company's involvement in the negative impact is central to determine which measures the company should implement in the next step of the due diligence model. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

2.A Mapping and prioritising

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List the company's prioritised risk of negative impact on people, society and environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.

Salient issue	Related topic	Geography
Child Labour (& Forced Labour): Related to natural rubber plantation in China, viscose industry in China, cotton industry in both India & China, and footwear industry in China.	Forced labour Child labour Discrimination Harsh and inhumane treatment Marginalized populations	China India
Labour conditions: Related to all countries in our supply chain	Harsh and inhumane treatment Occupational Health and safety Wages Working hours	China India South Korea Sri Lanka Turkey
Discrimination: Related to all countries in our supply chain, but are linked to higher risks in India & China	Forced labour Discrimination Harsh and inhumane treatment Working hours Regular employment Marginalized populations	China India South Korea Sri Lanka Turkey
Water Usage Cotton industry: Mainly related to business in India	Environment Water	India

Hazard chemical use: Related to all countries in our supply chain	Occupational Health and safety Environment Emission Waste	China India South Korea Sri Lanka Turkey
Environmental issues: Related to all countries in our supply chain	Environment Emission Greenhouse gas emission Energy Waste Water Use of materials	China India South Korea Sri Lanka Turkey
Corruption: Related to all countries in our supply chain, but are linked to higher risk in India & China	Corruption	China India South Korea Sri Lanka Turkey

Above table with salient issues shows our priority focus areas, with regards to risk assessment, to follow up closely and do our efforts to improve situation. Above risk are listed in random order as we consider all to be important in different ways. We will target each point in best manner and try to improve issues where we have a greater influence level.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe: a) the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the company that have not been covered in this report (product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

In order to identify and map our company's risks, risk mapping is done continuously, and our risk mapping report is updated at least once a year. Mapping is based on reports on relevant countries, industries and product groups. Our risk assessment is also based on knowledge and input from webinars, courses and resources, third party audit, certifications, suppliers' self-assessment as well as our own experience and conversations with suppliers. In case of a significant change related to our production, production countries or other factors that may affect our activity, the risk mapping is updated in order to implement new efforts or preventive actions. Head of sustainability and managing director has the main responsibility for conducting and updating our risk assessment, but is regularly communicated to all employees to make sure that the due diligence work is based on updated assessments.

The prioritized risks in our risk assessment are selected and prioritized based on our evaluation of where we as a business may have the most and severe impact. We consider our most salient risks to be connected to our supply chains in our production countries China, India, Sri Lanka, Turkey and South Korea, and this is also where we have the ability to actually have an impact.

Based on this year's risk assessment, we have prioritized six focus areas. Child Labour (& Forced Labour) which was also a focus during the previous year is still among our most salient risks. According to collected data and reports relevant for our production, this is particularly related to natural rubber plantation in China, viscose industry in China, cotton industry in both India & China, and footwear industry in China. These supply chains are also long and complex which makes it particularly challenging to approach.

Discrimination was also prioritized during previous year. This risk is of course related to all countries in our supply chain but are linked to higher risks in China and India. This has once again been supported by a number of reports and disclosures published this year. We therefore need to continue to address this issue and involve stakeholders.

Labour conditions, water usage, hazard chemical use and environmental issues in general are all risks particularly connected to the textile industry in general. We have selected these as prioritized risks as we see this as essential to reach for the sustainable development goals.

Corruption is still an ongoing focus as this is the major obstacle for achieving progress on other focus areas. We have for example used the Corruption Perception Index to navigate and collect data. Corruption is related to all countries in our supply chain but are according to our sources linked to higher risk in India & China. Measures that are taken to reduce risks are explained further in the next chapters of this report.

Considering our company's total activity and business, there are some aspects that are not prioritized in our risk assessment. For example, purchases of freight services, business travels and our daily office tasks are not prioritized, as we consider the risks and possible negative affects connected to these purchases less severe. Furthermore, our possible impact will naturally be far more limited than the production we are directly linked to. As we have recently started the work to integrate climate accounting for our company to track our emissions, we have not focused on our indirect impact until now. As our climate accounting become more integrated and complete in the future, we will have the possibility to consider how to integrate these in the risk assessment and prioritization as well.

Our risk assessments are determined and based on:

- Risk mapping by country & product: To be able to do a thorough risk mapping which is customized for our business and activity, we have received useful tools from Amfori and Ethical trade Norway to gather and collect needed data and information. We include a wide range of various resources from NGO's, NPO's & labour unions such as international reports, statistics, official indexes, official regulations & guidelines from authorities which is regularly updated.
- Perspectives and information from webinars and online events are also included and considered continuously.
- 3rd party audits, certifications and self-assessment reports:
- Video meetings and discussions with suppliers
- Video meetings with stakeholders
- Our experience
- Stakeholder dialogue: We strive to include dialogue with relevant stakeholders in all cases where this is relevant. For several of our salient risks, this has been the case. For example, when addressing discrimination in China and India we see the value of communicating with organizations that have perspectives, insights and updated information that is relevant and useful for our risk assessment. This dialogue will enable discussion of possible dilemmas and challenges when approaching and addressing the risks in our supply chain. They will also function as a critical voice that might push and motivate us for continuous improvement and action which is needed.
- Reducing and restricting the use of chemicals is also an important focus area for us where stakeholders have been central. The networks RISE Chemicals Group, Chemsec and Substitutionscentrum are highly valuable for us when approaching risks regarding chemical use in our supply chain. Their tools and guidance enables us to stay up to date on new research, advise and coming legislations related to chemical substances.
- Amfori, Ethical Trade Norway, Amnesty International, IDSN, RISE Chemical Group and The Norwegian Uyghur Committee are among stakeholders we have involved and/or consulted.

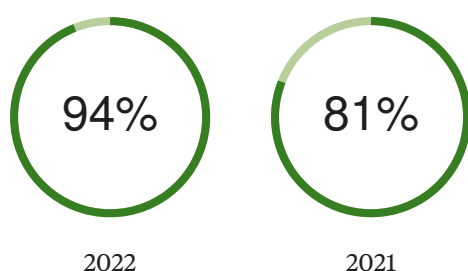
We seldom bring in new manufacturers to our supply chain. We always seek to form long term relations with suppliers and business partners who share our values. It is also important that our suppliers focus on offering decent working conditions and environmental practices in the supply chain. In cases where we do meet interesting suppliers that are potential new partners, we collect certificates and audit reports. Our experience

from these cases is in general that our existing suppliers holds a high level when it comes to social and environmental performance. Collecting data for comparison and perspectives gives us valuable insight and is important to stay up to date on the development within the industry and among suppliers.

Through long term relations, and limited number of suppliers, we have achieved full overview in 1st tier. This is a significant and ongoing project which now include second tier and a full transparent supply chain as our long-term goal. The supply chains in the textile and footwear industry are however long and complex, which makes it challenging to achieve a full overview. Our experience is that it gets far more challenging to have complete and reliable information further down in our supply chain. Even though factory certifications, certified materials, audits and transaction certificates/certificates of origin are minimizing the risks connected to these tiers, we must acknowledge that we need to work actively to gain a better overview of our complete supply chain in the coming year. A particular focus area during 2023 will be viscose and rubber, as these product groups are linked to risks that must be addressed and we acknowledge our overview here is not satisfactory. Until now, it has been challenging to receive sufficient information from our suppliers to achieve full overview and transparency. We will during the coming year collect more information and select suitable certifications which will be our first steps to address these issues. In general, we will continue the work to increase the number of certified materials and products as we see this as important to reduce risks.

Indicator

Percentage of suppliers in high risk supply chains that have been mapped



ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other negative impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

Animal Welfare & wool fibres/farming:

Animal welfare is an ongoing focus area and has also been prioritized during 2022. It is clearly stated in our COC that measures should be taken to minimize any negative impact on the welfare of livestock and working animals. We do not accept wool from sheep who have been subject to mulesing, and require our suppliers to follow same practice. During 2021 we launched RWS-certified yarn and products to secure stricter standards and requirements throughout the supply chain. This engagement was decided to be prioritized further in 2022, but several changes have been made by the certification owner which has complicated the process of communicating our choice of certified wool to consumers. We have been purchasing certified wool to reduce our risks and to ensure traceability and responsibility as far as possible. We have collected transaction certificates to ensure purchased wool is controlled and legitimized by a third part.

During 2021 we engaged with the organisation the “Norwegian Animal Protection Alliance” to discuss how certifications and other measures can be evaluated to communicate animal welfare to consumers in best possible way. Our common goal is to increase transparency for wool garments and make sure that consumers can be confident that brands take action to minimize negative impact and secure animal welfare in their supply chain.

In this case as in other cases, we believe that dialogue between NGO's and companies from the textile industry is constructive for sharing knowledge and experience. While organizations like NAPA have important perspectives and information related to their area of expertise, it is also a fact that buyers, product developers & designers have experiences & insights that are essential to combine with these. We hope that this kind of dialogue will be even more constructive in the future to make sure that consumers get credible and transparent information related to products put to the Norwegian market.

Worker Representation / Grievance mechanisms:

Worker Representation/Workers Committees have been challenging to follow-up and/or control in a year without any opportunities to visit suppliers or meet them face to face. We have however continued to stress this issue via email and video meetings and will continue to do so. Information and guidelines on how to establish have been sent out.

Several suppliers have been sharing details regarding worker representation, meeting summaries and plans for further progress. Even though we get the impression that our suppliers are more aware of the importance of regularly and good communication between workers and management, we acknowledge that we have limited possibilities to control whether these are well-functioning. The risk of "ghost union" is highly relevant in China and India and must be taken into consideration.

It is correspondingly difficult to ensure that grievance mechanisms are established in a well-functioning way that takes both employees and local communities into account. We hope for and aim to take part in Amfori "Speak for change". This new grievance mechanism will provide a collaborative tool helping us to address risks in our supply chain and comply with updated legislations.

Insurances:

We still experience that some factories do not have a satisfactory insurance for all their employees. What is repeated is that a certain proportion of workers are not covered. Laws and regulations regarding insurance for employees in China are complicated and vary from rural to urban areas.

During 2022 we have continued to follow up on insurances in China. For all order placements we have required suppliers to make sure that insurance is offered to all employees/workers. Our minimum requirement is that insurances must cover any cases of injury and/or illness which is in any way related to work.

Transparency:

Our focus and demands regarding transparency have been naturally increasing since 2021. The Norwegian Transparency Act which was set into force 01.07.22 has in many ways been helpful to communicate our demands to business partners. Even though this has been included in our Code of Conduct and communicated to all suppliers since 2021, a few suppliers have been less willing to provide full transparency regarding their sub-suppliers. This has though been improved step by step, and transparency is an integrated part of collaboration with all suppliers. Our supply chain is however more complex and challenging than we first assumed, which means that full transparency is something which needs our on-going focus and targeting. During our updated mapping of purchasing practices conducted this year, suppliers stated that communicating increased demands for transparency and improvements to their sub-suppliers is among their main challenges. They also reported that increasing demands are time-consuming tasks which requires significantly more work.

Fire Security:

Fire security is still among our ongoing focus areas. Several suppliers continue to share photos and training videos from fire drills at factories. Some factories do internal training and drilling, while others contact local fire department for assistance with drills and professional competence. Pictures and updates are sent to us regularly by email by some suppliers. For majority of our suppliers which regularly go through a BSCI-audit, fire security is covered and followed up by the auditor.

Overtime:

Experience from most factories show that too much overtime work occurs during peak seasons. Factory management explain overtime with dynamic fluctuations regarding need of workers, and that a certain amount of overtime will always be needed during main peak. To employ a sufficient number of workers to avoid overtime in peak season will have too heavy costs and may lead to financial loss and in worst case bankruptcy. To add seasonal workers during peak season is an option but may lead to unskilled workers and/or new issues regarding labour conditions.

Reviewed reports and audits show that workers do receive correct overtime payment, and many workers see this added payment as an advantage. Our policy, which does not allow un-authorized subcontracting may increase

the need for overtime as well. We do though believe that the potential risks related to UAS are bigger. Several years ago, we introduced early order placements, minimum 6 months prior to shipments, and have received very positive feedback from our suppliers for the many advantages this brings on. During our updated mapping of purchasing practices conducted this year, we detected that many suppliers experience small or minor improvements regarding early order placement from their other customers. As this has been one of our main focus areas during the last years, we are slightly surprised that this is still the case. As we know that this is important to reduce workers' overtime at our suppliers' factories, we do however hope that this will improve in the coming years as more focus and regulations will be put into force.

Subcontracting:

As explained above, subcontracting and overtime is somehow related. Subcontracting is common in China, and not necessarily a problem. Problems occurs when subcontracting is unauthorized, and brand owner/buyer loose overview and transparency. Unauthorized subcontracting is not allowed in our supply chain. We consider this issue as a small risk today due to our very early order placements and clear policy. This is though a topic which require on-going monitoring and follow-up. We have a policy for Unauthorized subcontracting, but as this was last updated in 2019 we see the need to reconsider this document. This will be prioritized during Q1 2023.

Product specifications:

Studies of purchasing practices and its effect on the supply chain has shown that incorrect or deficient product specifications are among the main contributors to poor working conditions. We want to be as accurate and clear as possible towards our suppliers to avoid unnecessary misunderstandings and insecurities. We therefore strive for ongoing improvements to make our product specifications even better.



3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	Child Labour (& Forced Labour): Related to natural rubber plantation in China, viscose industry in China, cotton industry in both India & China, and footwear industry in China.
Goal :	No occurrence of child labour or forced labour in our supply chain. Demand of transparency in our supply chain. Acceptance and understanding of our Coc from first-tier suppliers in order to gain improved impact.

<p>Status :</p>	<p>The natural rubber industry has been highly associated with child labour. China is among the five largest natural rubber producers in the world (based on numbers from 2020) and their annual production has increased massively since 1960. Despite that employment of children under the age of 16 is illegal under Chinese law, we must acknowledge and address this risk.</p> <p>According to the U.S. Department of Labour List of Goods Produced by Child Labour or Forced Labour, cotton may be produced with forced and child labour in India. Audits by FWF found signs of both forced labour and child labour of audited factories in Tirupur surroundings. In the clothing and textile production industry in Southern India (Tamil Nadu region), forced labour in the form of the "Sumangali System" is well known. Victims are mostly Dalits (outcaste) girls who are extra vulnerable to exploitation. Our supply chain mapping for India shows that there is no child labour or forced labour in our supply chain. Information is supported by certified cotton. We do though recognize that a complete overview here is difficult and complex due to limited opportunity to monitor all operations all the way back to cotton farming. Furthermore, we know that cotton production and supply chains in Indian garment industry are challenging in regard to risk assessment.</p> <p>During 2022 further reports and disclosures have detected extensive abuse and exploitation of the Uighur population and other Muslim and Turkish minority communities in the Xinjiang Uyghur Autonomous Region and elsewhere in China. Previously this has particularly been associated with cotton industries, but recent reports indicate that the same risks can be associated with viscose.</p> <p>There is reason to believe that forced labour occurs in the production of footwear in China. Authorities use threats of physical violence, forcible drug intake, physical and sexual abuse, and torture to force detainees to work in adjacent or off-site factories or worksites producing footwear. As far as we have the possibility to control, neither child labour or forced labour is existent in our supply chain in China. This includes all manufacturers, authorized sub-contractors, suppliers and sub-suppliers. Our information is based on discussions with factories, studies of audit reports, certificates made by 3rd party companies and supported by information from NGO`s. However, we realize that state-sponsored forced labour is intensifying under the China government's mass detention and political indoctrination campaign against Muslim minorities in the Xinjiang Uyghur Autonomous Region, and it is possible that hundreds of thousands of workers are being subjected to forced labour as part of this effort, and may also apply other industries in the apparel supply chain.</p>
<p>Goals in reporting year :</p>	<p>Improve mapping of supply chain related to rubber boot manufacturers. Increase our presence and audits further down in our supply chain. Seek advice at local NGO`s. Work to collect trustable data. Increase GOTS-certified cotton in our supply chain.</p>

Completed measures and reasoning :

During 2022 we have requested increased transparency and detailed info from our supplier of rubber boots concerning natural rubber. We have expressed our concerns regarding the rubber industry to our supplier and have emphasized the importance of due diligence regarding forced labour and child labour. Our suppliers are well aware of our policy, and they have communicated and emphasized this to their sub-suppliers.

Cotton industry: All our cotton used for final production in India is GOTS-certified. We have also increased GOTS certification, and taken steps for future increase as well, for Indian cotton used in our production done in Sri-Lanka. GOTS-certified cotton has also been introduced in Chinese production. We aim to continue this progress during next few years. Our first-tier suppliers in India and Sri-Lanka holds SA8000- and SEDEX-certificates which addresses social conditions and labour rights. Suppliers in China provide BSCI-audits regularly. 97% of all cotton in our cotton garments (≥50%) have certified organic cotton incl TC.

We have increased proportion of 3rd party audits at our footwear suppliers and increased insight and overview: 100% of all manufacturers have conducted a BSCI audit during the last 18months. Our footwear manufacturers have on average 72% migrant workers, while balance manufacturers only have 7%. This indicates that our footwear suppliers must have closer follow-up from our side to ensure migrant workers have social conditions according to legislation.

We have adopted a separate policy on XUAR to be clear about our position and requirements towards all suppliers, business partners and other stakeholders. Furthermore, we have required all cotton used in our products to be sourced from other countries than China and required TC`s to confirm cotton origin.

Goals and activities for the coming reporting year :

Natural rubber: We see the need to adopt further measures to increase our traceability of natural rubber. Therefore, we will select and implement a certification requirement for our products made with natural rubber during 2023.

Cotton in India: Proceed with GOTS-certification for all cotton products from China. Continue to require and control transaction certificates.

Footwear: Continue mapping of footwear manufacturers in general and require more strict improvements during 2023 to ensure improved labour rights. Address and follow-up insufficiencies from BSCI-reports such as overtime, production planning and protective equipment.

Cotton and viscose in China: We will proceed with certification requirement for our cotton products as well as our demand for cotton origin outside of China. We will address viscose further in the coming year and will during 2023 select and implement a certification requirement for all viscose products.

Salient issue	Labour conditions: Related to all countries in our supply chain
Goal :	Improve labour conditions in our supply chain. Ensure safe & good working environments, addressing workers' rights, decent wages, insurances and equal payment.
Status :	<p>Labour conditions is a salient issue concerning all countries in our supply chain. We have however experienced that this needs to be addressed in various ways for each supplier, depending on country, culture and resources. Labour rights will also be related to other salient issues such as discrimination. This is particularly the case for India & China. Lack of trade unions in our production countries is among the greatest risk regarding labour rights.</p> <p>China: According to ITUC Global Rights Index, the ruling party in China do not respect basic rights. Migrants may have to endure forced and excessive overtime, as well as poor and unsafe working conditions. The apparel and footwear industry are among the sectors with high risk of forced labour. The right to freedom of association and collective bargaining is often violated in the textile sector. Official minimum wage is below living wage and excessive overtime is common. Migrant workers from the poor rural areas make up the majority of the workforce in the garment industry, and they have no/less rights for health care and social security. China has not signed the ILO-conventions on forming unions and collective negotiations (C87 and C98) & freedom of association is not protected by law. Living wage may differ among different areas and provinces.</p> <p>India: Governments and employers tend to restrict the rights of workers through violations of collective bargaining and the right to strike, as well as exclude workers from unions. The lack of trade unions severely compromises industrial relations across India. Only a few social security measures are implemented for the large group of laborers in the informal sector.</p> <p>Since the start of the COVID-19 pandemic in March 2020, the wages of textile and garment workers in India and Sri Lanka (among others) have plummeted. This is mainly due to massive order cancellations and unilateral discounts imposed by garment vendors. Furthermore, factories have used the pandemic as a cover to fire union members and thus undermine workers' ability to negotiate higher wages or protest against wage cuts.</p>
Goals in reporting year :	Improve labour conditions in our supply chain. Ensure safe & good working environments, address workers' rights, decent wages, insurances and equal payment.

Completed measures and reasoning :

Our updated order terms includes requirements that all our suppliers shall offer workers living wage and insurances that will cover any accidents or injuries related to work. Furthermore, we have required establishment of worker representation at all factories.

Goals and activities for the coming reporting year :

Through our membership in Amfori we will follow up our suppliers' continuous improvements within these performance areas. We will continue our focus and requirements regarding living wage, insurances, working hours, worker representation and grievance mechanism.

Salient issue	Discrimination: Related to all countries in our supply chain, but are linked to higher risks in India & China
Goal :	No discrimination in our supply chain. Universal Human Rights that are stated in ILO 100, 101 and UN's CEDAW (convention on the elimination of discrimination against women) must be complied by all of our suppliers.

<p>Status :</p>	<p>China (PRC) and its regime conducts a campaign of repression against journalism and the right to information worldwide. World Press Freedom Index rank China as number 175/180 countries. More than 100 journalists are currently in prison in China (which accounts for almost 20% of all journalists imprisoned worldwide). Updated international reports show that discrimination and oppression of minorities and vulnerable groups is still a severe problem worldwide. This risk applies for all countries in our supply chain, but India and China are both highlighted due to the high risks and scope related to these countries. According to Amnesty International the oppression of religious and cultural minorities in China is a severe and increasing problem. Even though the discrimination of Uyghurs in China is historically rooted, there are indications that conditions are only getting worse. The oppression of freedom of expression and association is also increasing, although China has seen a huge progress in poverty reduction and economic development during the last decades. The fact that people wanting to investigate and address the oppression will put themselves at risk, is further complicating the situation and progress. The lack of protection against discrimination is a serious problem in the Chinese society, and it may be hard to trust reports and sources of information having in mind that Chinese governments want to cover up the continuous oppression.</p> <p>India has significant social inequalities, a caste system which is still effective in large parts of the country as well as discrimination based on sex, religion, sexual orientation etc. Previous ILO study reported female discrimination and a gender pay gap of almost 40%,. Migrants receive about 20% less payment than local workers. According to HRW, Dalits and Adivasis continued to face widespread abuses. According to official statistics released in September, more than 50,000 crimes against members of Scheduled Castes and 8,272 crimes against Scheduled Tribes were reported in 2020. Dalit and Adivasi women faced sexual violence by men from dominant classes. Many also faced discrimination in accessing public services. According to a report from Business & Human rights resource center published in 2022, Gender-based violence and harassment (GBVH) has been well documented in fashion supply chains in India for decades, and the issue remains. In 2022 religious freedom conditions in India continued their negative trajectory. The BJP government, led by Narendra Modi, promotes Hindu nationalist policies resulting in systematic, ongoing, and egregious violations of religious freedom. They adopted laws and policies that discriminated against religious minorities, especially Muslims.</p>
<p>Goals in reporting year :</p>	<p>No discrimination in our supply chain. Universal Human Rights that are stated in ILO 100, 101 and UN's CEDAW (convention on the elimination of discrimination against women) must be complied by all of our suppliers.</p>

Completed measures and reasoning :

During 2021 & 2022 we have attended a number of webinars related to discrimination. We have discussed the situation in India with IDSN (International Dalit Solidarity Network) to help us deal with them

and make preventive measures. This is an on-going project that will continue in the coming years. Similarly, we want to involve with Amnesty International to have their advice and guidance on how to approach the issues in China. Chinese Governments' use of censorship will make this work complicated which is why we must apply a wider range of efforts.

We regularly communicate to all business partners and stakeholders that we have a zero-tolerance policy on discrimination. Nobody should be discriminated based on their ethnical background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Based on our experience and investigation, we have not seen any cases of discrimination in our supply chain, but we are well aware that these violations may be challenging to detect. We have continued to raise awareness among our suppliers regarding discrimination, and in the case of China we saw the need to adapt a separate Policy for XUAR. This has been shared with all Chinese suppliers and is publicly available at our web page. We have also had dialogue with the Norwegian Uyghur Committee to have their perspectives and insight.

For orders placed during 2022 we have demanded that all cotton shall be sourced from outside of China. This will reduce the risk that our supply chain can in some way be connected to discrimination, forced labour or inhumane treatment. This requirement will be maintained as long as China do not address the serious case of human rights violations in their country.

Goals and activities for the coming reporting year :

Engage with Amnesty International to receive guidance on how to address discrimination in China and India. Discuss risks and possible approaches with stakeholders with different perspectives. Carry on our requirement for cotton origin. Continue to remind our suppliers that discrimination in any form is not accepted in our supply chain, and provide suppliers with tools and information on how to fight and address this topic.

Salient issue	Water Usage Cotton industry: Mainly related to business in India
Goal :	Take concrete actions to reduce water usage in our supply chain.
Status :	<p>According to a report by Unicef published in 2021, China has a “high or extremely high water vulnerability”. The manufacturing process of rubber products pollutes drinking water, irrigation soil, air and in general the environment.</p> <p>To be able to address our risk of water vulnerability we must start more detailed investigation of our company’s water usage. Then we can determine which measures can be taken and how to prioritize further in addition to the efforts that we have already made. For example, we must address wastewater management at a higher number of our suppliers. We must continue to reduce the use of chemicals where this is possible. Certificates such as ISO 14001 can for example be used to make sure factories have an effective environmental management.</p>
Goals in reporting year :	<p>Take concrete actions to reduce water usage in our supply chain.</p> <p>Explain our goals to suppliers and source knowledge at NGO`s on how to reduce water usage for our cotton garments. Increase internal knowledge of water usage in our production chain is the first but essential step.</p> <p>Choosing GOTS-certified cotton will require processing units to demonstrate environment management, including wastewater treatment.</p>

Completed measures and reasoning :

The majority of our cotton has been GOTS-certified, and we have proceeded with these certifications. Our dyeing of cotton happens in a closed loop system to reduce water usage and wastewater in best possible way. We have eliminated printing techniques that do not comply with standards for regulated water usage. All of our prints are GOTS-certified as well.

Goals and activities for the coming reporting year :

Start to investigate how to track and measure water management in our supply chain.

Salient issue	Hazard chemical use: Related to all countries in our supply chain
Goal :	No occurrence of prohibited chemicals in our products. Occurrence of chemicals with restrictions must be within current, updated & strict limit values. Reduce and avoid use of hazard chemicals in our supply chain as far as we possibly can. Guide suppliers with available information on how to substitute hazard chemicals.
Status :	It is estimated that textile dyeing and treatment contribute to up to 20% of the global industrial water pollution. Hazard chemicals will in the end be released to soil and ground water, fresh water sources or at the sea, and put millions of people at risks. All of our suppliers have been given instructions and guidance for chemical use customized for their production. Furthermore 100% of our suppliers have accepted and signed our Chemical Agreement.
Goals in reporting year :	No occurrence of prohibited chemicals in our products. Occurrence of chemicals with restrictions must be within current and updated limit values. Reduce and avoid use of hazard chemicals in our supply chain.

Completed measures and reasoning :

We have sent out updated chemical guidance to all suppliers two times during 2022. Relevant employees have attended courses and webinars targeting chemical use and updates within the industry. Random tests have been made on selected materials and samples from nominated suppliers. We have communicated our commitment to the initiative “No to PFAS” driven by Chemsec to educate and engage consumers regarding the forever chemicals.

Goals and activities for the coming reporting year :

We will proceed with our routines for updating chemical requirements and restrictions towards our suppliers. Updated Chemical guidance and X-lists will be sent out to all suppliers two times during 2023. We will attend courses and webinars targeting chemical use and updates within the industry. We will continue to make random tests on selected materials and samples from nominated suppliers. Through our commitment to the initiative “No to PFAS” driven by Chemsec, we will continue to push for a complete ban of the forever chemicals. We will have meetings with stakeholders regarding how to address salient issues related to chemicals with our suppliers. Furthermore we will continue to work targeted on how to reduce chemical use even further in our supply chain.

Salient issue	Environmental issues: Related to all countries in our supply chain
Goal :	Make sure that environmental concern is integrated in our entire work process and supply chain. Proceed with concrete actions to improve.
Status :	<p>There are many environmental issues in the countries we produce in. Air pollution, water pollution, garbage generation, domestically prohibited goods and pollution of the natural environment are all challenges linked to the textile industry. These mentioned issues are top priorities in pushing for a more sustainable industry and to meet the targets of the UN Sustainable Development Goals.</p> <p>One of the most salient risk related to production of rubber & viscose is deforestation. As deforestation is one of the number one contributor to climate change, we must take action to make sure that our products that are linked to this risk is sustainably sourced.</p> <p>According to MVO Nederland's CSR risk check for 2023 the number of rubber plantations has increased by more than 50% since year 2000 and play a significant role in deforestation. Furthermore, some of the pesticides that are widely used in this kind of agriculture have negative effects on species as bees, insects and other plants. The biodiversity in China is highly threatened and China tops the world lists of deaths caused by excessive air pollution with over 1 million deaths annually.</p> <p>We are witnessing a vast increase in demands for improvements targeting climate & environment in our part of the world. In addition, the requirements for (environmental) certifications of raw materials and recycled materials continue to increase. When implementing these targets into our supply chain within relative few years, we must also understand that the risk of corruption and/or incorrect certifications may increase as well.</p>
Goals in reporting year :	Make sure that environmental concern is integrated in our entire work process and supply chain. Proceed with concrete actions to improve.

Completed measures and reasoning :

We have discussed the need for sustainable progress more frequently with our suppliers. We have increased the amount of certified products which set requirements for the entire supply chain. We have increased the amount of recycled materials. We have requested concrete plans from suppliers with their targets for local sustainable progress. We have engaged our shipping agent to gain insight in our GHG emissions from domestic and international freight. Our updated order terms have required suppliers to work targeted with environmental and sustainable developments at their production plants and factories. This has been followed up in various ways. Some of our suppliers have now installed solar power at their factories which ensures that higher amount of our production is based on energy from renewable sources. Closed water systems and recycled plastic for packing are other improvements that have been made by suppliers. We will continue to follow up and map energy sources in our supply chain, and further encourage increase of renewable energy investments when possible.

We have during 2022 worked on new requirements for upcoming hang tags. These will be FSC-certified, without coating and will be 100% recyclable.

Updated chemical guidance and x-lists with limit values have been sent to all suppliers two times during 2022. Random samples from selected suppliers have been sent for testing.

Goals and activities for the coming reporting year :

Find suitable certification for products made by rubber and viscose.

Implement software to track scope 1 & 2 GHG emissions.

Join "Science Based targets" and commit to reduction targets in line with SBTi's criteria.

Salient issue	Corruption: Related to all countries in our supply chain, but are linked to higher risk in India & China
Goal :	No corruption in our supply chain. Transparent and sustainable business practice. Continue to contribute and develop a culture of integrity among our suppliers to avoid corruption in all forms. Doing business with integrity is the right way to build long term relation. Reducing corruption is at the heart of the Sustainable Development Goals.
Status :	<p>Corruption undermines governments' ability to protect people and erodes public trust, provoking more security threats and make these harder to control. Furthermore, conflict creates opportunities for corruption and subverts governments' efforts to stop it.</p> <p>Corruption in our supply chain is not tolerated at any level and this is clearly stated in our CoC. We acknowledge that the risk of corruption is high when dealing with countries that score poorly when it comes to transparency.</p> <p>India is considered the largest democracy in the world and holds steady on the CPI, but the government continues to consolidate power and limit the public's ability to respond According to the Corruption Perceptions Index, the corruption score of India of 2022 is 40 points and the country is ranked as number #85/180. The score has remained the same since 2020. This means that the risk of corruption in India is high, and according to the CPI report the case of India is particularly worrying.</p> <p>As examples which interferes us, audits are commissioned and paid for by the manufacturers in order to achieve better results/score. Furthermore, GOTS have uncovered fraud with cases where "ordinary" cotton has been certified as GOTS-certified cotton.</p> <p>While anti-government protests were not uncommon in Sri Lanka before 2022, they gathered significant momentum during the country's ever-worsening economic situation. CPI has decreased over the last 2 years and rank Sri Lanka as number #101/180 countries with 36 points, same as Turkey.</p> <p>Corruption may occur regularly in Turkey in governmental organizations and business partners, for instance paying bribes, reducing import charges or falsifying official documents. As Sri Lanka, Turkey have 36 points and is ranked #101/180 countries. Turkey's score has decreased with 2 points from recent report and has decreased every year for the last 10 years. The risk of corruption in Turkey is high.</p> <p>According to the Corruption Perceptions Index, the corruption score of China from 2022 was 45. The score has increased every year since 201, but the risk of corruption in China is still high.</p>

	<p>During the last two years we have increased the number of recycled materials in our products from China. Similar to the case of GOTS in India, there is a risk of fraud and corruption related to certified recycled materials. Increased transparency is among the most effective efforts to avoid corruption which is why we continue to gain as much info as possible about all suppliers and their supply chain. According to «Transparency International» Covid19 is not just a health and economic crisis, but also a corruption crisis. Democratic backslides and undermining health care systems are among the great challenges in countries with high level of corruption risk. We have always considered corruption as one of our most important salient risks as we believe this can be a major obstacle for improvement on other areas. We acknowledge that this issue will be particularly challenging to solve but consider this to have top priority in order to approach improved socially responsible business.</p>
Goals in reporting year :	<p>Take concrete actions to reduce risk of corruption in our supply chain. Emphasize and focus on transparent and sustainable business practice. Continue to contribute and develop a culture of integrity among our suppliers to avoid corruption in all forms. Collect Transaction Certificates for GOTS, RWS, GRS & OCS.</p>

Completed measures and reasoning :

Our focus on long term business with suppliers is an important foundation for how we work at Blåbær Production. During 2022 we have not brought in any new suppliers in our portfolio. We believe that this is one important way of building trust and equal partnership which again enables more transparency. During 2022 we have done an new internal and updated review of our company Policy to make sure that all points are 100% clear to all employees. Our policy has not been revised this same year, but a reminder and clarification of selected points has been sent out to all first-tier suppliers. Corruption was one of the points that were pointed out as we want to raise an increased awareness of this to all our business partners.

Collecting and checking transaction certificates has been done regularly.

Goals and activities for the coming reporting year :

Make sure that all suppliers hold a company Policy which is clear on zero-tolerance for corruption. Collect and check transaction certificates regularly and double check these with certification bodies. Do background checks of audit companies doing third-party audits.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

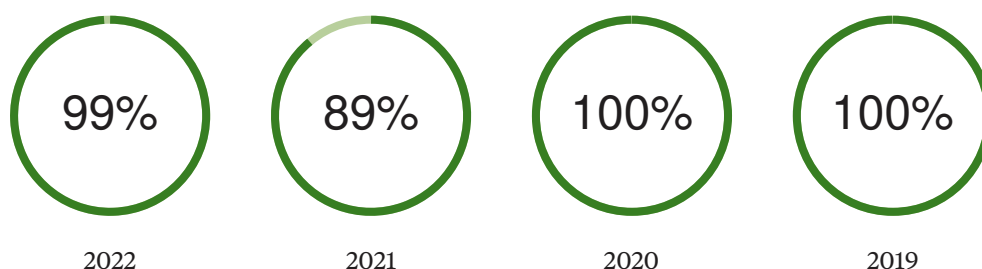
Describe the company's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.

3.B.1 Reduction of nature- and environmental impact

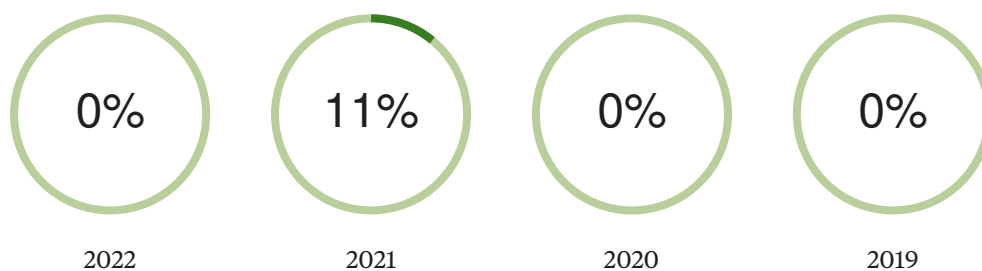
- Almost 100% sea transport during 2022. Delivery by truck/road measured less than 1% in the same period. Deliveries by air have not been used for bulk deliveries during the recent years.
- We have tested out and used LNG over MDO for some of our container transports. Reduction of CO₂-eq is -27% (WTW). Reduction of Sox/NO_x (WTW) is -98%/-80%
- Chemical guidance and regulations are frequently sent out to suppliers. We have chosen to set strict limit values for chemicals. Random tests by third party are required.
- Increased use of recycled materials: polyester made from PET bottles and polyamide from post-consumer textiles.
- Increased use of certified products and materials.

Indicator

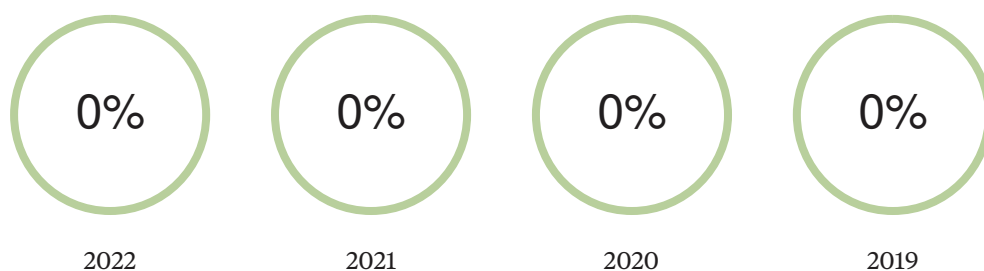
Sea transport



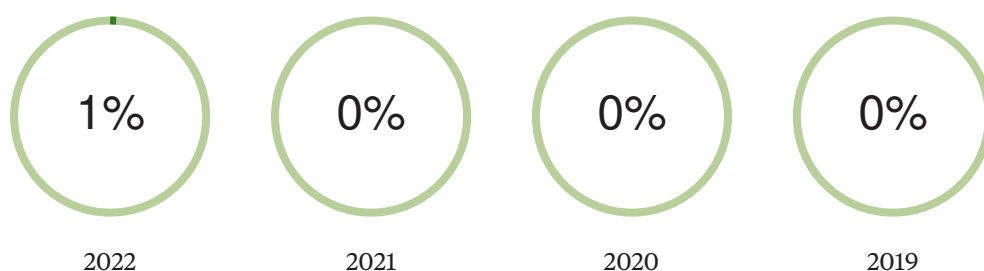
Rail transport



Air transport



Road transport



3.B.2 Reduction of greenhouse gas emissions

We have started training and preparations for calculating our company's emissions. This includes calculations internally but also require us to collect data from our collaborators and business partners.

We have already engaged with Collicare & TNT to collect needed data for or transportation emissions. Our logistic collaborators in Collicare are tracking sustainable developments continuously to make sure that we will be able to reduce our emissions through transport continuously in the following months. We will receive needed measurements and calculations from them to be able to track our improvements.

We have furthermore had meeting with companies offering tools for a general carbon accounting. During first quarter of 2023 we will decide what tool we want to proceed with.

3.B.3 Adapting own purchasing practices (sourcing)

Early order placement has now been integrated in our purchasing practices for several years. This has been positively received by our suppliers as it enables better planning and reduction of high peaks in production times. In addition to the many advantages that early order placement will have for our suppliers and their production planning, this effort will reduce the risk of excessive overtime, unauthorized subcontracting and irresponsible sourcing.

We strive for an ongoing communication with our suppliers to enable forecasting and production planning. If we, for some reasons, are not able to send the formal purchase order sheet as early as we have planned for, we confirm the order volume/quantity to suppliers to enable them to source and purchase their materials as early as possible.

Fair payment terms and on-time payments has had an increased focus during the last years. During 2022 we have however experienced some challenges when our main customer have in some cases asked for postponed payment dates. This might be very problematic in cases where suppliers have costs or expenses relying on on-time payments from their customers and partners.

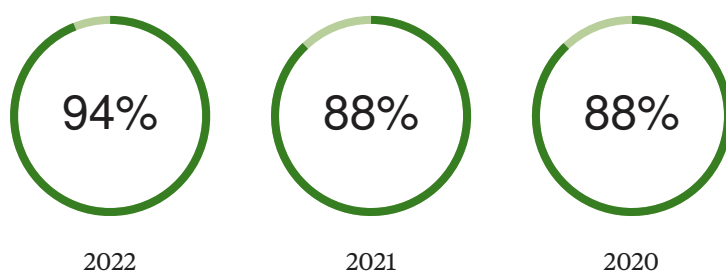
Predictability and stability in our orders is also important to us. If we place an order, we will never cancel or withdraw it.

To be able to measure and track how our purchasing practice is experienced by our partners, we actively request feedback from our suppliers. We encourage suppliers to have an ongoing dialogue with us to make sure that we can adapt and improve on our side. In addition, we regularly send out questionnaires to all first-tier suppliers to map our purchasing practices. As the previous mapping was done in the beginning of 2021 we decided to do a new and updated mapping in July 2022. 100% of first tier suppliers were asked to give their feedback and 94% of them gave us their complete reply.

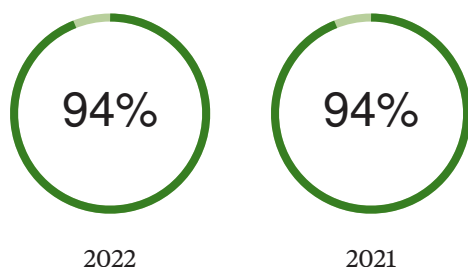
We aim for as many direct relationships with our suppliers as possible. Using agents and intermediates makes communication less efficient and might also reduce the traceability and control. In cases where we work through an agent, we require the agent to do regular and comprehensive follow-up to make sure we will have as much insight and control as possible.

Indicator

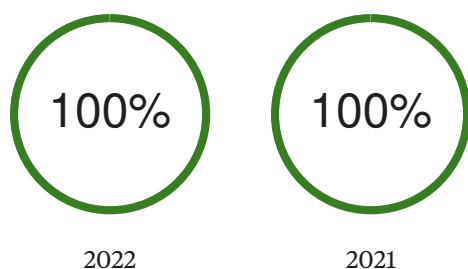
Percentage of the company's suppliers with whom the company has had a business relationship for more than three years



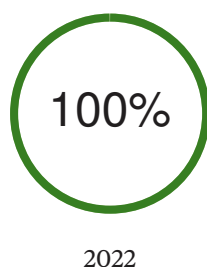
Percentage of our first-tier suppliers who have provided feedback on our purchasing practices



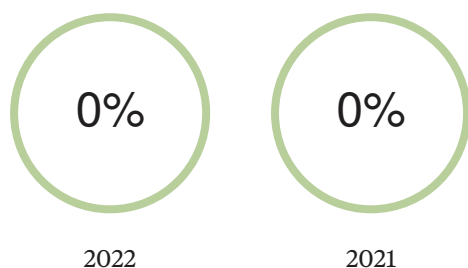
Percentage of our first-tier suppliers who have been asked to provide feedback on our purchasing practices



Percentage of first-tier suppliers where we have initiated dialogue on living wages and potential for increasing workers' wages



Percentage of orders cancelled after the purchase order was issued



3.B.4 Choice of products and certifications

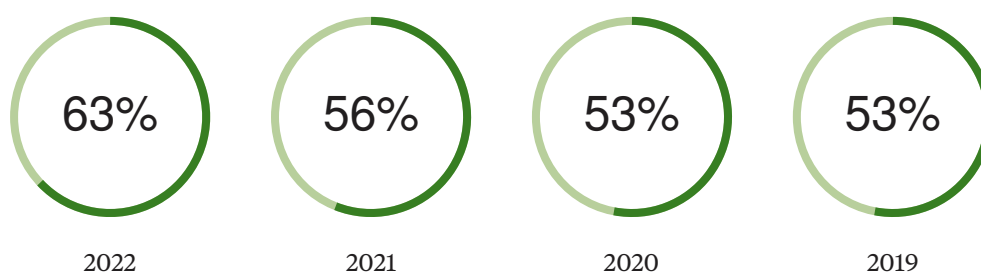
During 2022 we have continued to prioritize certifications such as Oeko-tex, GOTS, OCS, RDS (Responsible Down Standard), RWS (Responsible Wool Standard), ZQ & GRS (Global Recycled Standard).

This year we have additionally chosen to implement FSC-certification of our hangtags. This certification ensures that the products come from responsible managed forests that provide social and environmental benefits. As we are working to continuously increase our environmental focus and circularity, it is important to us to make sure that our products' hangtags are 100% recyclable.

We still believe that certified materials & products are important tools to set concrete requirements and standards for our production as well as increase transparency in the supply chain. However, it is also important to us to be critical and careful concerning the risk of corruption and document forgery.

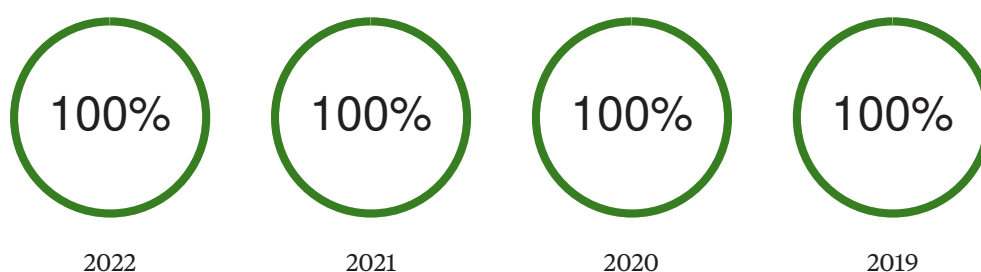
Indicator

Percentage of REFLEX-items certified with OEKOTEX 100



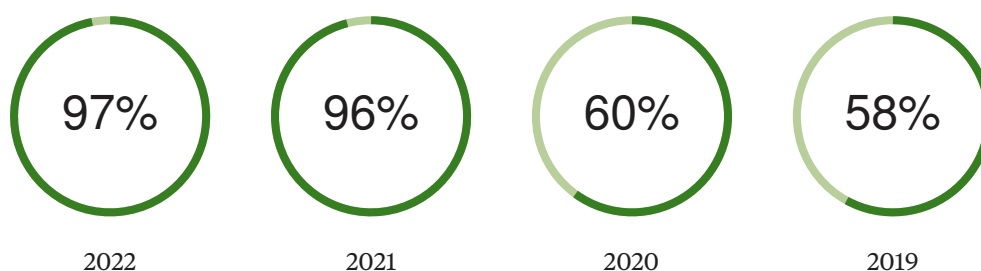
Percentage of OEKOTEX 100 labelled and certified items by number out of total qty Reflex garments. Several of our suppliers who are not OEKOETEX certified, use only OEKOTEX certified materials according to our specifications. A total of 71% (by number) of 2021 garments are either certified garments, or 100% made by OEKOTEX certified materials.

Percentage down garments with RDS certified down



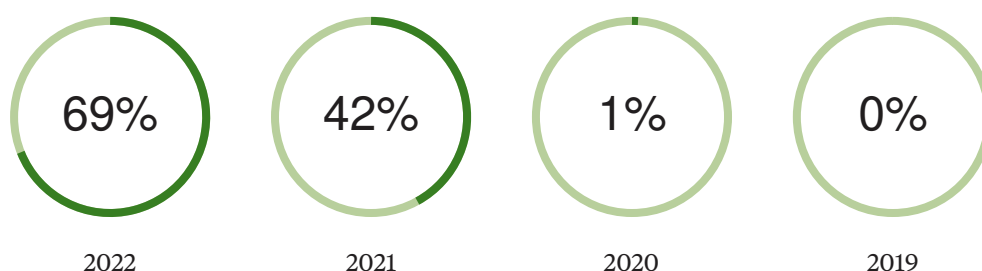
Percentage garments which content RDS down by number out of total qty containing down.

Percentage cotton garments made with certified organic cotton



Percentage cotton garments with composition of minimum 50% cotton made by certified Organic cotton by number. Applies GOTS and OCS 100 certification.

Share of garments (by number) of synthetic materials made by at least 65% certified recycled materials



Garments included are Technical outerwear, PU rainwear, fleece midlayer, polyester baselayer and swim wear. All certified recycled materials are post-consumer garments.

3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

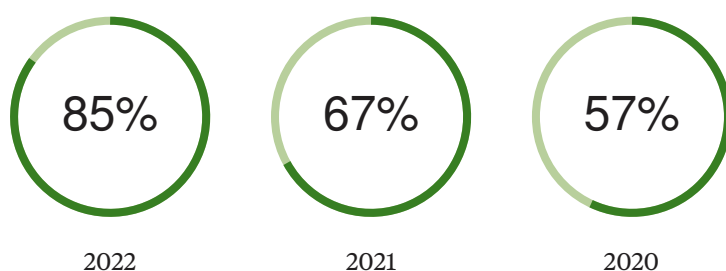
One of our minimum requirements for suppliers is that worker representation must be established and functional at all plants. A worker representative shall be freely elected by workers, and we advise suppliers to encourage workers of all ages, gender, ethnical background and all positions in the company, to set for election. There shall be 1 representative per 50 workers. The Worker Representative shall have full access to carry out their representative functions in the workplace to enable best possible communication and co-operation between the workers and management.

This is particularly important in countries and areas where independent trade unions are not legal, which is the case in China. When working with China we need to communicate good practices, require ongoing improvements and enable an ongoing dialogue.

During our membership in Amfori we hope to implement a system for grievance mechanism in our supply chain which will enable anonymous feedback from workers regarding complains, potential conflicts or violations. This project is still under preparation, but is planned to be introduced during 2023.

Indicator

Percentage of suppliers with worker representation other than trade union



3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Chemical guidance through our membership in Kemikaliegruppen RISE is sent out to all suppliers two times a year. General discussions, follow-up on these topics, and advice on how to substitute chemicals to be in compliance with future restrictions at early stage, is done on-going.

Resources, guidelines, and close follow-up to support our suppliers to establish functional Worker Representation/Workers' Committee have been sent out and will be followed up within the next few months. We constantly communicate with suppliers to focus on sustainability and certifications in order to achieve

improved competitiveness. Step by step we see improvements on how they take action, make suggestions and share valuable information to help us all improve.

During 2022 we joined the network Amfori. Our goals with this membership was to integrate a system and tools to have better control and overview of our supply chain, as well as to work more systematically for improvements together with our suppliers. Amfori Academy holds courses on a wide range of topics that can be offered to our suppliers in their local languages. During 2023 we will select some of these e-learning that will be introduced to a number of first tier suppliers.

3.B.7 Combatting corruption and bribery in own company and supply chain.

At Blåbær Production we have a zero tolerance for corruption and bribery. This is clearly stated in our Policy for own business as well as in our Guidelines for suppliers. When employing a new person to our team in the end of 2022 we did a new review of our policy and guidelines for suppliers to make sure that all points were clear. Anti-corruption was one of the topics that was highlighted.

3.B.8 Other relevant information concerning the company's work to reduce, prevent, and manage negative impact on people, society and environment

Business travels:

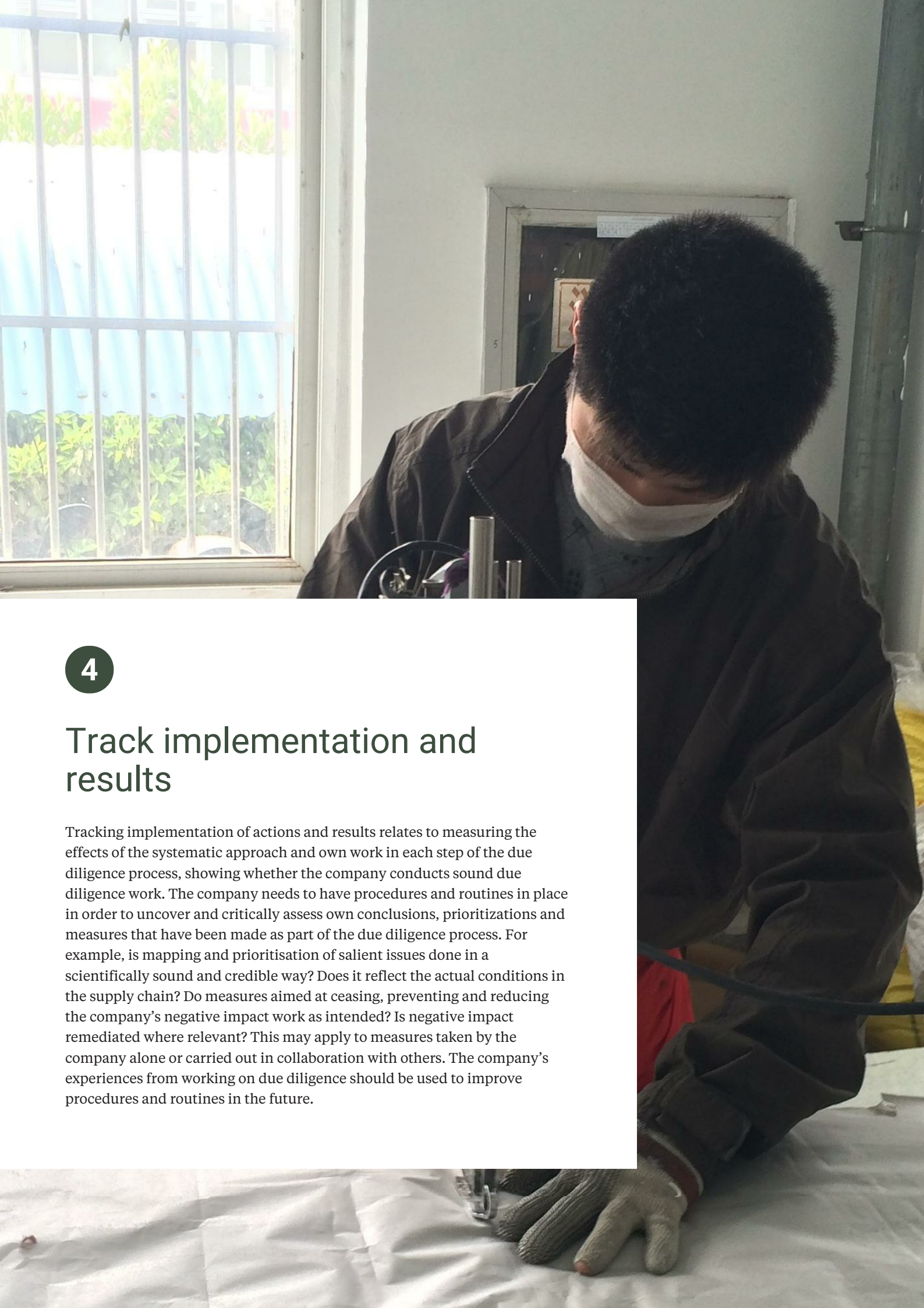
The pandemic and following travel restrictions have affected our mindset and awareness when it comes to business travels. We always look at the possibility to attend meetings and webinars online to avoid unnecessary emissions from transport and travelling. In those cases where we have to attend courses or go to meetings physically, we always strive to travel as environmentally friendly as possible. This has become our new standard, and will continue, even as the world opens for more travel activity. The pandemic situation has in other words given us experiences and insights regarding travel policy as well as travel frequency. Digital alternatives have indeed proven to be good for some purposes.

Samples:

During the last years we have worked to reduce the number of samples in our design- and product development processes. To save resources, material use and reduce emissions from freight, fewer samples throughout the whole process is one concrete measure that has been integrated in our working process. This has for example required acceptance from our customer to approve designs and developments based on sketches & pictures which can sometimes be risky and challenging.

However, our focus on long-term relationship and mutual trust with customers and suppliers have helped us move in a positive direction that will be taken further.

Working with design and product development, there will however be necessary with a certain amount of samples to make sure that quality, measurements, materials and other details are correct. After each production cycle we collect all samples and donate them to SAS juleflyet. This is a charity initiative that helps disadvantaged children in eastern Europe.



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

In Blåbær Production we have a set of routines for tracking and implementing results of our sustainability work. These routines are integrated in our daily working processes and in our purchasing routines. The regularly & daily follow-up is done by head of sustainability, while our CEO has the overall responsibility and authority of decision-making. Overall decisions on sustainability work are also discussed in regular meetings including all employees.

In recent years we have worked targeted to integrate sustainability and responsible business practice to our overall work and business development, in all steps of our production. This means that from idea and design to final goods, we aim to make decisions which are based on findings and experiences from our risk assessment. Responsibility must be integrated in daily work for all our employees.

- Already in early design- and development process we plan and specify use of same materials and colors in a wide range of products to reduce negative impact from dyeing and other production processes.
- We have introduced a small range of products from left-over stock fabrics and will continue to do so in coming seasons. This will reduce fabric waste and hopefully will show both manufacturers and consumers the importance of utilization.
- Supplier overview: In the past year, information and updates from suppliers have been collected and organized internally in documents and folders for each supplier. As the amount of certifications, audits etc have increased notably, we have seen the need for a better and organized tool. As we planned for during 2021, we have this year joined the sustainable community Amfori to improve our system to gain a better overview of our suppliers. This community offers a framework called BSCI (Business Social Compliance Initiative) which targets social performances in the supply chain. Furthermore, Amfori has recently introduced BEPI (Business Environmental Performance Initiative) which is committed to improve environmental performance in supplying factories and farms worldwide. Through Amfori's sustainability platform we have now linked with all our first-tier suppliers. During the coming year we will integrate this tool in our daily due diligence work, targeting social and environmental performances.
- Factory visits: During 2022, the government in China have passed on and continued their strict strategy and policy regarding prevention of the spread of COVID19. Due to this, we have not conducted any factory visits.

Before the breakout of COVID19, supplier visits have however been conducted two times a year. These visits have been important to follow up suppliers and sub-suppliers to make sure that they all comply with our standards for responsible business practice, environment and social compliance. At factory visits, current status is always on the agenda and a supplier visit form is used as a foundation for checking all essential requirements for factory conditions.

- Mapping of our purchasing practices: An updated questionnaire for mapping our purchasing practices has been sent to our suppliers during 2022. The main purpose of this mapping was to gain as much insight as possible and to detect which areas we can improve. This also helps us understand how our suppliers are affected by our work and practice.

The results of the mapping have been shared with our main customer BH to show how we should prioritize and move forward to improve collaboration and aiming for an equal partnership with suppliers.

- Stakeholder dialogue: When addressing our salient risks, dialogue with relevant stakeholders is a useful and necessary method for gaining insight and perspectives. This includes a wide range of perspectives, such as NGOs, NPOs, suppliers, customers and factory workers. As mentioned previous in the report, this is done in various ways for each focus area and risk.

- An important tool for tracking and implementing the results of our due diligence work is the use of relevant KPIs in our internal sustainability work as well as in annual reporting. Ethical Trade has provided us with useful examples and tools which we have used as a starting point for adapting and customizing more specific towards our own business. We have selected a set of KPI's which we think that we can follow and track with a long-term perspective in order to have valuable data on our progress and improvement areas in the coming years.

4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

One of many advantages with prioritizing long-term business relations is the possibility to track improvements and developments within important focus areas. Despite challenges related to different cultural viewpoints and standards we have experienced improvements on several areas.

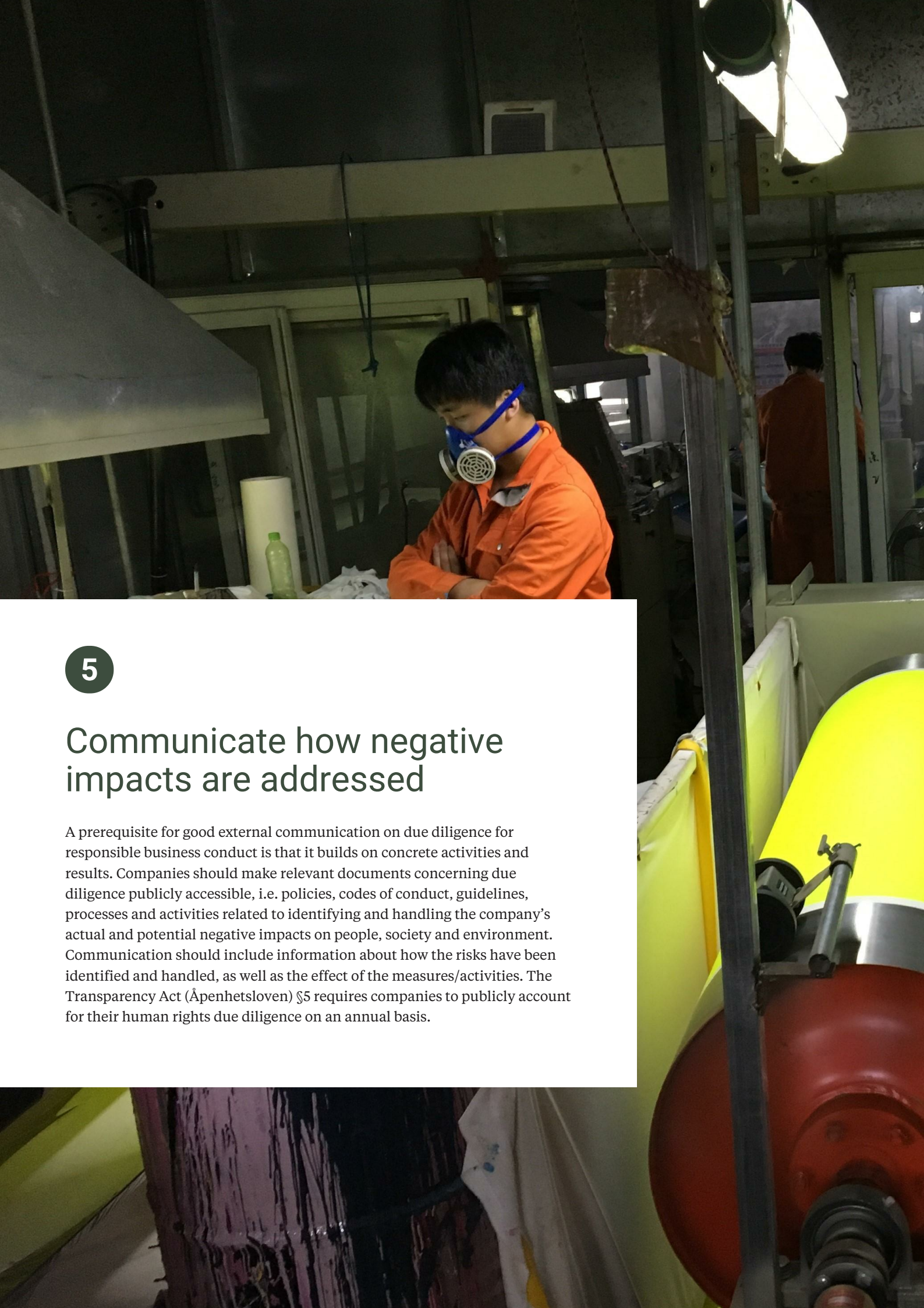
Focus on environment and sustainability in our industry in general, and in our company specifically, is constantly increasing. Our experience is that our suppliers and business partners have shown increased awareness as well.

More or less all of our suppliers have increased understanding related to our demand regarding openness and transparency. Only one of our suppliers is less willing to provide full transparency regarding sub-suppliers despite our requirements. However, we think that our continuous emphasizing is important to make a positive impact in our business. When discussing these issues with other western stakeholders, most of them state that they experience the same. This is an ongoing focus and important for our company's responsibility.

As our demands and expectations to our suppliers and business partners have increased and evolved, we have also seen the need to map how this is experienced by them. Mapping our own purchasing practice has been done by sending out questionnaires requesting honest and constructive feedback. We have asked suppliers to comment on how we can improve and adapt to enable better partnership and stable business relations. Some trends were that early order placement, fair payment terms & predictability were important factors that will help suppliers plan production time & material use, reduce overtime and enable safe and good working conditions. This kind of mapping will be an important tool to proceed with in the coming year to learn how we can improve partnership and collaboration with suppliers.

As mentioned above, we have integrated the use of KPI's that are linked to our detected risks and improvement areas. These can be used to measure and track our work for improvements internally in our business as well as in our supply chain. The selected KPI's used for annual reporting and our continuous sustainability work are set with a long-term perspective in order to see our progress and improvement areas over a longer period. Our experience is also that integrating KPIs increase motivation and ability to improve even further.

We seldom bring in new suppliers to our supply chain as we strive for long-term and predictable business with all partners. In cases where we do meet interesting suppliers that are potential new partners, we collect certificates and audit reports. Our experience from these cases is in general that our existing suppliers holds a high level when it comes to social and environmental performance. Collecting data for comparison and perspectives gives us valuable insight and is important to stay up to date on the development within the industry and among suppliers.



5

Communicate how negative impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders about managing negative impact

One of our major stakeholders is the owner of REFLEX brand, BH Nordic. We have frequent and regular meetings with them where due diligence always is a central topic. We contribute with information and guidelines for customers and consumers that are relevant for our products. This information is also available on hang tags, care labels, the webshop etc.

An ongoing dialogue with NGOs is also a natural part of our work. This dialogue will be related to challenges and opportunities in the textile industry in general and our supply chain more specifically. We believe that dialogue between NGOs and companies from the textile industry is constructive for sharing knowledge and experience. While many NGOs have important perspectives and information related to their area of expertise, it is also a fact that buyers, product developers & designers have experiences & insights that are essential to combine with these. We hope that this kind of dialogue will be even more constructive in the future to make sure that consumers get credible and transparent information related to products put to the Norwegian market.

When working with countries like China and India, we consider one of the most challenging aspects of due diligence work to communicate with workers. We do not speak these local languages, and the workers do seldom understand and speak English. We do however see the need and importance to include workers views in our risk assessment. We have translated our CoC to Chinese to make sure that the guidelines are understood by everyone involved in our production. We regularly emphasize the importance of ongoing communication between workers and management and have seen an increased awareness and focus on this among our suppliers. Some of our suppliers has for example printed the Chinese version of our Code of Conduct and posted this on the wall in their factories. In this way, the guidelines are more likely to reach out to all employees and factory workers. We see this as a good initiative which we will encourage several suppliers to do in the coming year.

When conducting third-party audits through Amfori BSCI, these always include interviews with workers in their local language. These interviews are anonymous, but aims to reflect the workers perspectives, opinions and potential complaints to a neutral part. Even though we acknowledge that there might be limitations and challenges related to this way of collecting perspectives, we think that it enables grievance and feedback, as well as increase awareness among workers about their rights.

5.A.2 Describe how the company publicly communicates its own work on identifying and managing negative impact/harm

We communicate how we work with due diligence and responsible business on our web site <https://blaber.no/vart-samfunnsansvar/>

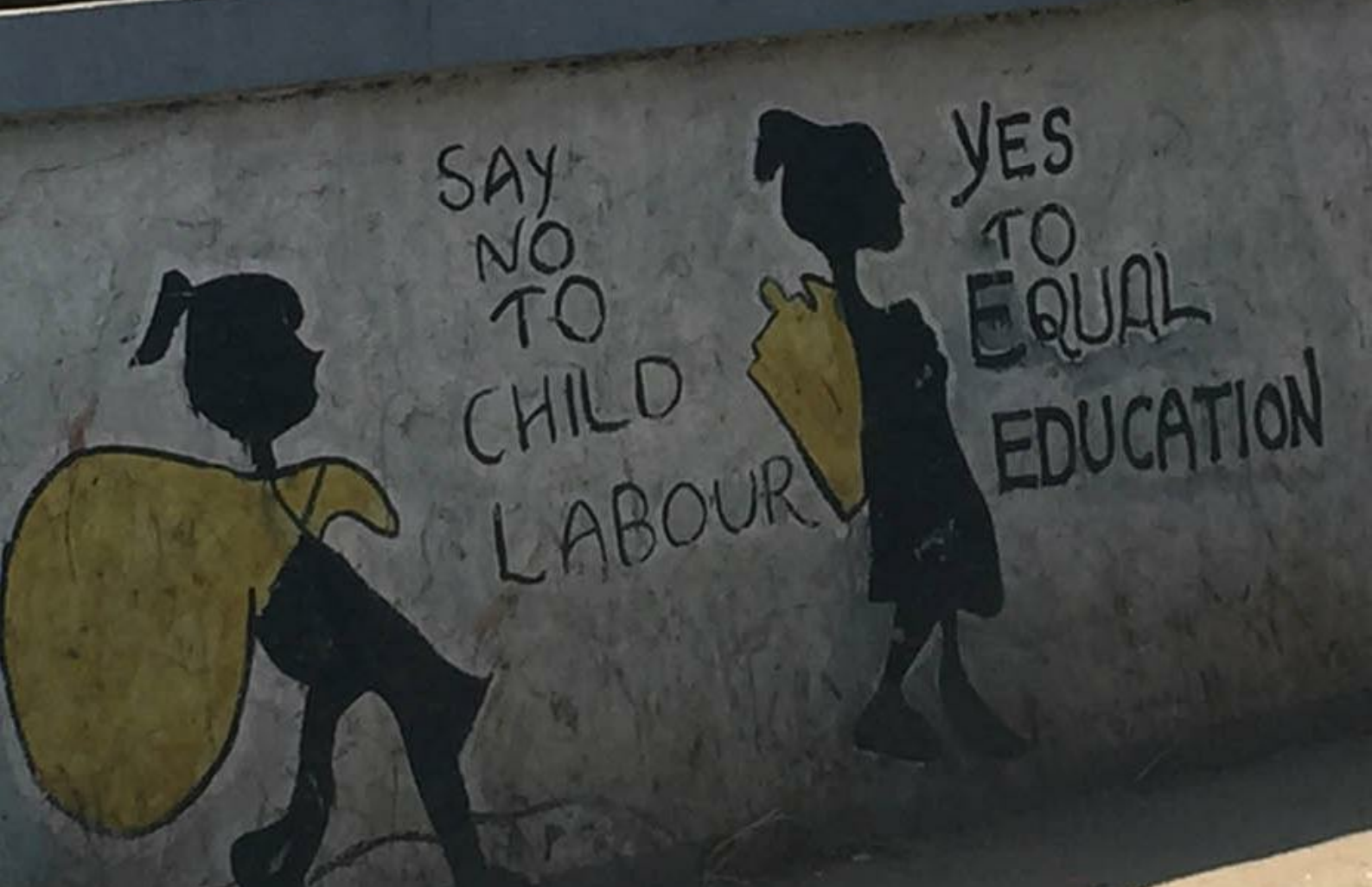
Our annual report on Ethical Trade is also publicly available on the same page as well as on Ethical Trade Norway's webpage. This document work as an important tool to give partners and stakeholders insight in our work, progress & challenges related to our salient risks.

We are also participating in discussions, webinars and workshops with other actors in the industry to share experiences and advice. We believe that these kinds of collaborations and sharing of experience is important to reach common goals as well as to push each other in the right direction.

5.A.3 Describe the company's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

For all goods where we are responsible for the development, production and transportation, we at Blåbær Production will provide any requested information concerning how we address our possible adverse impacts on fundamental rights and decent working conditions. When receiving a request from a customer or other stakeholder, we will submit a comprehensive reply as soon as possible. If we receive extensive questions that requires details or information that we do not have available, we will within reasonable time collect this information and submit it to the person(s) who has requested it.

Even though our company is below the threshold for being covered by the Norwegian Transparency Act, we chose to follow all requirements and regulations that are connected to the law. A more common framework for due diligence work has been needed in our industry for a long time, and we see new regulations as helpful and guiding when trying to navigate within a complex sector.



6

Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect of remediation is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

6.A Remediation

6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

In our policy for responsible business conduct we communicate how we will take responsibility if we are involved in any cases that have caused or contributed to human rights abuses:

"If our activities are found to cause or contribute to negative impact on people, society or the environment, we will stop the activities and seek to provide remedy". Remedy can in these cases be acknowledging and apologising, restitution and rehabilitation, financial compensation or implementing measures that will prevent similar cases in the future.

6.A.2 If relevant, describe cases of remediation in the reporting year

During 2022 we did not discover or find any cases that required any form for remediation. As in 2021, we have however detected, through 3rd party audits, excessive overtime at some of our production units in China. After further investigation we have learned that overtime in these cases were always voluntary from workers' side and was paid with double wage. The fact that many workers want overtime to achieve higher wages is an ongoing issue in China. During 2023 we will continue to emphasize the negative effect of overtime to our suppliers.

Striving for living wage for all workers and employees will also be a related effort that may affect occurrence of overtime.

During 2021 we also discovered that some factories in China were missing insurances for some workers. In these cases we have required immediate action and have collected insurance documents/receipts to make sure our suppliers have made corrective actions. As the system and legislation for insurances in China is somewhat complicated, we have defined criteria for insurances, requiring all suppliers to offer all employees insurances which cover any cases of injury and/or illness that is in any way related to work. In this case the supplier respected our requirements and insurances for all workers were established. This is an example of a case where a long-term relation is an advantage and makes the process of remediation less complicated and challenging. We experience that it is far easier to find a solution when we have been working with the supplier for a long period.

Overtime, insurances and living wage have been among our focus areas during 2022, and we believe that these issues are highly related to each other. By working more systematically to collect information and statistics from our suppliers we will also reduce the risk of any cases that will need remediation.

6.B. Ensure access to grievance mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is needed

During the previous years, third party audits have been our main sources of information when it comes to mapping effective grievance mechanisms in our supply chain. In cases where for example BSCI-reports have shown deficiencies, we have requested concrete action plans from suppliers to secure progress and integration of these kinds of systems.

In the coming year we will work more systematically to request status updates from all suppliers to ensure that effective grievance is established and well-functioning. We will continue to follow up our requirement that our suppliers have a freely elected Worker representative and/or Worker's committee. This will be done in addition to information gathered from audit reports, since reports will only give access to limited information and insight in whether systems are well-functioning. Although these systems can be easier to follow up on through physical factory visits and inspections, we believe that frequent dialogue and discussions via video-meetings and email will increase awareness and understanding of the positive effects.

During recent discussions with our suppliers we have seen several examples of an increased willingness to be open-minded regarding these issues which sets a good foundation for further work and improvement.

Through our membership in Amfori we are planning to join a program which will facilitate functional grievance mechanisms in our supply chain. This project will enable a notification channel, to secure that any potential violations, conflicts or complaints can be communicated anonymous by all workers, regardless of their position and status. This will not only give us a better overview of our risks, but will also enable remediation in cases where this is needed.

Initially this project will be available for suppliers in India & Turkey, but Amfori have set goals to implement similar measures in China in the following.

Contact details:

Blåbær Production AS

Isabel Fredriksen

isabel@blaber.no