



Due Diligence for Responsible Business Conduct

Account reporting year 2022

for Holzweiler Items AS

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*Ethical Trade Norway has assessed the report of Holzweiler Items 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

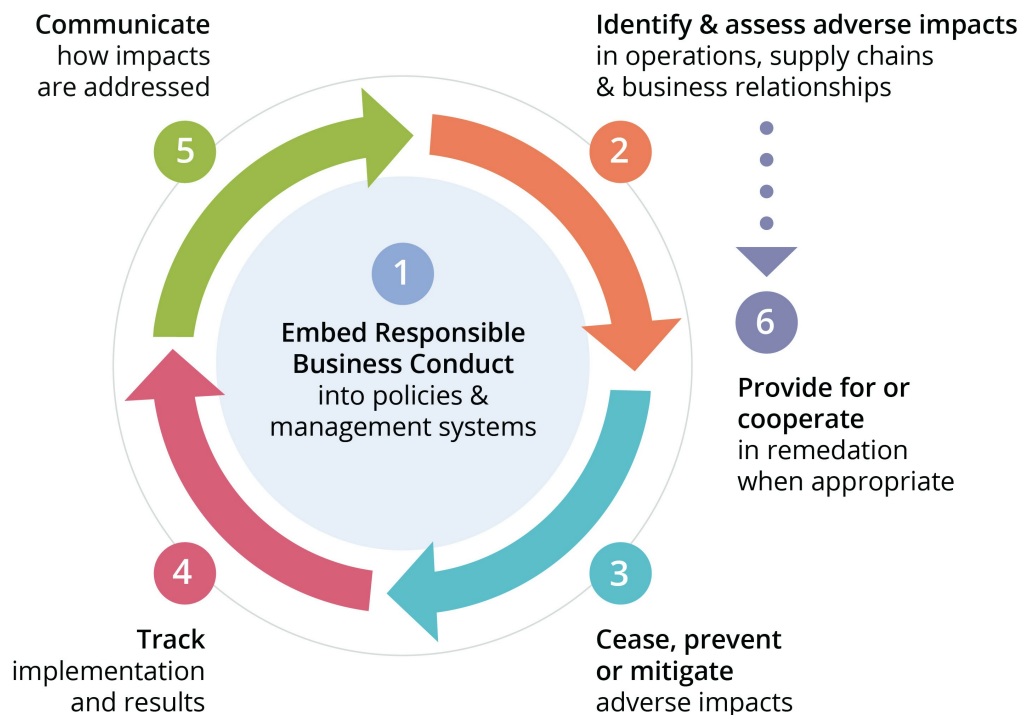
Executive Director

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

In 2022 our sustainability strategy was created, defining our way towards 2030. It is based on four pillars: Climate & Environment, Human Rights & Decent Working Conditions, Traceability & Transparency and Customer Engagement. These will be the headlines and focus as we move forward, with defined annually targets setting the direction and pace.

One of the measures we have recently initiated that will touch upon all four strategies, is implementing Digital Product Passport. As a starting point - with the aim of being transparent about our supply chain and to facilitate circulation of our products. This is also connected to our focus on growth and expansion in new markets, where we will use a products digital id to stay connected to the product, as well as collaborate with partners to offer our customers easily accessible resale and repair services where they are located, and eventually recycling.

A main driver within our sustainability work is approaching the issues of overproduction and overconsumption, and the amounts of textile waste this entail. We are incorporating multiple initiatives to address this, which will be elaborated in this report and in Holzweiler's sustainability report.

We know that the lifecycle our products go through is our responsibility to improve. Holzweiler eco-design criteria have been made as a guidance for our design team when creating high quality and durable products, but also to enable recycling and ensure that products are made with safe and reduced impact inputs. This is how we will design for future requirements.

We truly value our relationship with our suppliers and during the past year new suppliers have joined the family. We put effort in evaluating and choosing suppliers and when they are onboarded, we strive for long term relations with our suppliers. By that we create a solid base for closer collaboration and improvements. To drive the standards forward, we have recently revised and developed several policies and guidelines. These documents support the commitments, goals and planned actions in our sustainability strategy. Among some, we have renewed our Supplier Code of Conduct and Policy for Responsible Business Conduct. In addition, we have created policies for animal welfare, anti-bribery and anti-corruption and responsible sourcing. All publicly available policies and steering documents can be found linked in Holzweiler's sustainability report and available on our website.

During fall 2022 we joined an international learning and implementation community on implementing a common framework for responsible purchasing practice, initiated by Fair Wear Foundation, Ethical Trade Norway and UK, Solidaridad, Better Work and around 35 brands within the textile and apparel sector. The aim is to review our purchasing practices which then can allow for improvements in working conditions.

Holzweiler believes that every worker should earn a living wage. And therefore, we strive towards the implementation of a living wage for the workers in our supply chains. We have started the work on mapping out and understanding the hurdles in how to engage with suppliers to improve wages for the workers in our supply chains. Living wages is a complex and big challenge to work with and we rely on having authorities, other brands, organizations and industry players involvement and collaboration with suppliers to find the best solutions.

With our Sustainability strategy and targets towards 2030, we are certain that we will create positive impact in the industry in the coming years.

" Sustainability is not a trend, but a business imperative! "



Andreas Holzweiler, CEO and Chairman

Andreas Holzweiler
CEO

Board Signature

Holzweiler

**Signatures from the Board, Holzweiler Items AS,
Holzweiler Annual report 2022 to Ethical Trade
Norway**

Date: Oslo 14.03.2023



Andreas Holzweiler, CEO and Chairman



Susanne Holzweiler – Board member

Holzweiler Items AS, Org. nr. 914 193 087, Lysaker brygge 23-25, 1366 Lysaker

Oslo
14.03.2023

Company information and business context

Key company information

Company name

Holzweiler Items AS

Head office address

Lysaker Brygge 23-25, 1366 Lysaker

Main brands, products and services offered by the company

Holzweiler designs, manufactures and sells products in the categories of clothing, shoes and accessories.

Description of company structure

Holzweiler head office and showroom are situated at Lysaker Brygge. The Holzweiler group has four stores in the Oslo area, one in Bergen and one in Stavanger. In our premises at Oslobukta you will find a Holzweiler shop, as well as our first cafe & restaurant - Platz. In 2022 we expanded outside Norway and opened our first Holzweiler shop in Copenhagen and a showroom in London.

In 2022, we had employees in England, China and Denmark who work in sales, marketing and production follow-up.

Holzweiler's products are sold via own stores and webshop, but also wholesale to other stores both in Norway and globally.

Each team has a department manager who is part of the management team. In which, sustainability is one of the topics discussed and where decisions are made. The general manager anchors the work with sustainability in the board.

Turnover in reporting year (NOK)

280 000 000

Number of employees

171

Is the company covered by the Transparency Act?

Yes

Major changes to the company since last reporting period

In 2022 the venture firm Sequoia Capital China acquired the majority stake in Holzweiler. With the investment from Sequoia Capital China, Holzweiler will scale and accelerate the global D2C business and expand in key markets, including in Great Britain, the USA and China.

The CSR team increased capacity in the last quarter in 2022 by hiring Margrethe Vikanes as Social Compliance manager.

Contact person for the report (name and title)

Margrethe Vikanes, Social Compliance manager

Email for contact person for the report

margrethe.vikanes@holzweiler.no

Supply chain information

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

Our collections are designed, developed and purchased by the Holzweiler's head office. Materials are mainly sourced by our suppliers, based on our requirements for sustainability, durability, certifications and type of material. We source some materials ourselves, directly from fabric suppliers.

Four collections are developed annually, with orders placed at the same time each year. Each collection starts with a timeline that is discussed with the suppliers, and deadlines are agreed based on this. The purchase orders are mainly placed after the orders from own stores and wholesale customers in Norway and abroad are received.

Re-orders and other smaller deliveries are also initiated in connection with projects or collaborations.

Holzweiler produces in several categories (clothing, outerwear, shoes, accessories) and therefore works with several supply chains and production lines, some of which are produced via an agent or intermediate and some are directly with the factory. Where we work with an agent or intermediate, we have permanent factories that produce for us.

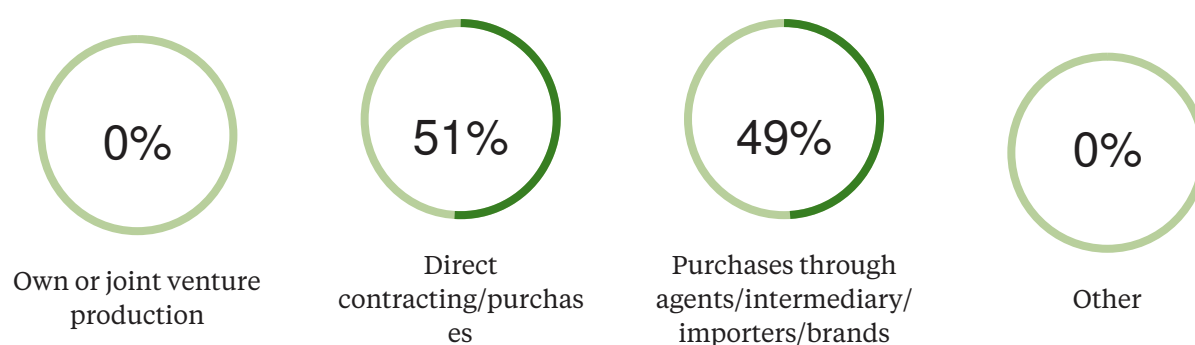
Number of suppliers with which the company had commercial relations in the reporting year

41

Comments

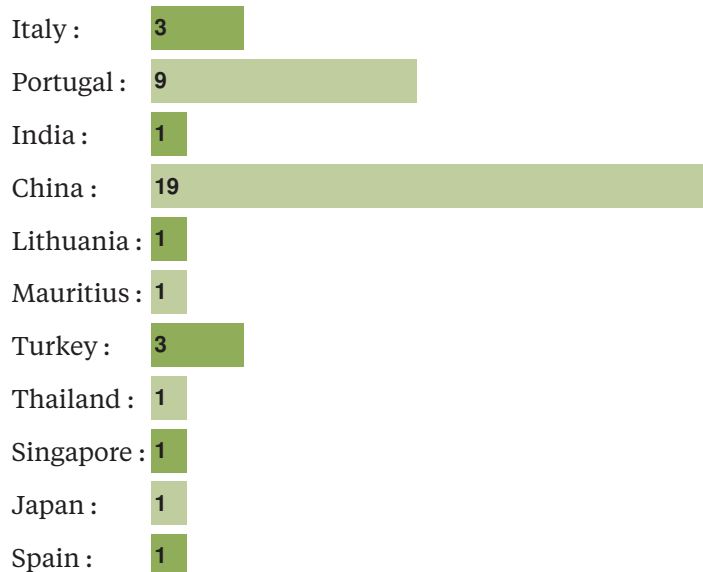
Counting agent/intermediates and suppliers we have direct business with.

Type of purchasing/ suppliers relationships



Sourcing volume is calculated based on the quantity of manufactured goods in the reporting year.

List of first tier suppliers* (producers) by country



Counting agent/intermediates and suppliers we have direct business with.

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

3 839

Number of suppliers this overview is based on

15

Numbers of workers per supplier (calculated average)

256

Comments to number of workers

The number of workers are based on information our suppliers have registered in TrusTrace and from social audit reports.

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

Organic cotton / Recycled cotton	China Egypt Indonesia India Turkey
RDS down	China
Wool / RWS Wool / RMS Wool	Argentina New Zealand Peru South Africa
Polyester/ Recycled polyester	Global
Polyamid / Recycled polyamide	Global
EcoVero & Lyocell	Global

Is the company a supplier to the public sector?

No

Goals and progress

Process goals and progress for the reporting year

1

Circularity:

- Goal :**
1. Implement eco-design processes to increase the lifespan of our products, from the design stage. Outerwear is the first category
 2. Using 3D design as a tool on several products/categories
 3. Further develop Re:vive to become an international resale platform for buying and selling used Holzweiler products, and plan for the platform to be used as our take-back system for used Holzweiler products
 4. Implement our waste policy in all processes internally and with suppliers
- Status :**
1. Holzweiler Eco design criteria, developed in collaboration with Circular Fashion, is developed and implemented with design and production team.
The criteria is made of four strategies, and on our pre fall 2023 collection we will launch a few items that complies to one or more of the strategies.
 2. Total of 184 styles were designed in CLO 3D during 2022. They were all part of the 2023 collections. For the coming seasons we will measure the %share when we have more knowledge how to calculate and a better system to collect the necessary data.
 3. This goal has been changed throughout the year. Resale is still an important focus area, and we are now looking into how we can use Digital Product Passport to facilitate resale, both domestic and globally, and how Re:vive will fit into this. We rephrase this target to better fit our strategy for 2023. See more in goals for the coming year.
 4. Moved to 2023. We need better internal system support to be able to handle this process and collect required data.

2

Chemicals:

- Goal :**
1. Publish our own RSL (restricted substance list)
 2. Chemical focus on outerwear, the goal is to find a water-repellent treatment that has less environmental impact and that cannot harm people involved in production
 3. Set a routine for testing chemicals in our products

1. We have created a Chemical Guide and chemical contract in collaboration with a consultant. These documents are sent to all our suppliers, and signatures will be collected Q1 23.

Status :

2. At this stage, we are still in dialogue with our outerwear suppliers on finding a good replacement. It's a difficult task as this will affect on the durability and longevity of the products.

3. Routines for chemical testing of products/materials is drafted and will be based on a risk evaluation. We are in discussions with different labs to find a partner to collaborate with on this.

3

Goal :

Digital Product passport:

Start piloting Digital Product Passport, with the aim to share information on the supply chain of each product, to keep connected to the product after it's been sold, and to facilitate re-use and a proper end-of-life process.

Status :

In 2022 we engaged with a partner, EON group, on Digital Product Passport, with circularity and transparency as the main driver.

10 products (total 18 colour ways), will be launched with unique QR codes on each item, early 2023.

4

Goal :

Co2 reduction:

Look into measures for reducing CO2 based on our aim to become net-zero in 2040, set strategy and implement measures.

This is a complex area that we are still working on how to solve, and strategy is yet to be finalised.

Status :

In 2022 we done the following steps:

- We have collected data on the use of renewable energy in our productions, focusing on our suppliers in Portugal as a start.
- We have increased the use of materials with a lower climate impact and have initiated projects to phase out the ones with higher impact, like leather.
- We have changed the way we transport goods in Europe. Now most of European freight is now done by boat instead of truck, resulting in less emissions.

5

Goal :

Supplier evaluation:

Using TrusTrace as an evaluation system for our suppliers, where we map risks per supplier and define the improvement potential - based on responses from questionnaires and information from audits. This has been initiated in 2021.

Not complete - target will be moved to 2023.

Status :

During 2022 we started an intern supplier evaluation as our supplier portfolio grew fast. Design, production (including Shanghai team), buying, merchandising, supply chain and CSR assessed all suppliers based on each departments criteria.

6

Training/measures at the factory:

Goal :

Use results from the manufacturer evaluation and initiate at least one improvement or training process with at least one supplier.

Status :

Based on evaluation we decided on a wider approach and applied for membership in FairWear Foundation. Unfortunately they could not take new members due to capacity issues, so we will join from beginning of 2024.

7

Product tracing:

Goal :

Initiating tracing of products with multiple suppliers and focus on tracing down to tier 3 on 10 products.

Status :

In the data collection on 10 products that are included in the launch of Digital Product Passport, we reveal information on supplier, sewing, material, dyeing and printing facility.

8

Living-wage:

Goal :

Finding a method for working with wages in our productions, through industry collaboration, dialogue with suppliers, assessment of existing methods and systems, and by participating in Ethical Trade's Living-wage Wednesday seminars.

We have learned a "tip of the iceberg" on the topic living wage by participating in the Living wage working group. Through this initiative we have participated in several joint meetings and have learned from several external experts and brands in this field. Learning more on the topic make us realise even more how complex and big this topic is.

Status :

We have also started mapping wage levels and structure along with associated topics (like worker representation, insurance coverage, working hours and leaves). We have also started dialogue with FairWear Foundation (as also mentioned under goal 6) and we will join their community and work with their guidance, tools and principles when we become a member. In the coming year we will prepare ourselves for the membership. See more under the goals for the coming year.

To communicate our expectations to our present and potential suppliers & business partners we have revised our Supplier Code of conduct to include living wage as part of the code of conduct.

Goal for coming years

1

Holzweiler new Sustainability strategy 2023-2030 with commitments and goals are divided in main 4 pillars:

1. Climate and Environment
 2. Human rights and Decent working conditions
 3. Traceability and Transparency
 4. Customer engagement & Connectivity
-

Where our commitments up to 2030 are:

1. In 2030 we produce only what we need, with renewable energy and efficient energy use. We are 100% circular using everything we leave behind as a resource.
2. In 2030 we ensure decent and safe working environments for all workers involved in our productions, with our responsible purchasing practice as a foundation.
3. In 2030 our supply chain is traced from top to bottom and information is shared publicly.
4. In 2030 Holzweiler community is well-established with sustainability as a foundation. Product passport ensure information sharing and promotes circular initiatives.

“The next big thing out of Scandinavia”

As a forward-thinking company that is growing in global markets, sustainability is both a requirement as well as an integrated part of Holzweilers' values. A great commitment creates opportunities in a changing industry. This commitment will be a success factor when entering new markets. Being a responsible actor that complies with all regulations before they are introduced, always utilizing the latest innovations to become better. Not because we have to, but because it's doing the right thing. We believe this will give us a lasting place in the industry – with healthy financial success.

Our ambitious gameplan for a responsible business practise is defined and allows us to create positive impact on our journey. We are taking a holistic approach and embedding sustainability in every part of our business, from product development, through supply chain, marketing & communication and sales, to the end of each product's life.

We have also structured the goals for the coming year 2023 under these four pillars:

2

Climate and Environment

- In 2023, 10% of all developed products are designed according to our eco-design criteria.
- Increased share of our collection will be designed in CLO3d.
- Increase number of LLP (Our Long Lasting Product-collection) to reduce products sold at a discount.
- Chemical guide is communicated to the suppliers and chemical testing will be executed regularly
- GHG emission reduction roadmap for 2025 will be defined.
- Two projects on using our own textile waste into new productions, will be initiated.
- Easily accessible repair services globally through a products digital product passport
- Easily accessible resale services globally through a products digital product passport
- Alternative to leather – research and testing of materials will be ongoing in 2023
- 60% of materials used in deliveries in 2023 will be made of preferred materials.
- We will be opening a "Collage" Holzweiler store to make sure products from previous collections and samples are given new life. The store will have interior chosen with reuse in mind, not in crafting brand-new furniture or store decorations. Following the ethos of making use of what has come before.
- We will also hold events related to care & repair.

3

Human rights and Decent working conditions

- FWF: Preparing for Fair Wear membership by making an action plan for the project including status on wage mapping at suppliers, internal commitment, worker representation, insurance coverage and social dialogue at the suppliers. Evaluate and plan for which suppliers we should start the program or measures with. We are continuing to be learning more on the topic by participating in the Living wage working group and other initiatives within the topic.
- Launch detailed risk assessments on all countries and main share of materials and products
- Supplier minimum criteria implemented for sourcing new suppliers.

- Participate in an international working group for Responsible Purchasing practices (2023 - 2024) to improve and settle own practices.
- Use TrusTrace as a tool to gather and analyse more detailed data from supply chain and use this as basis for decision-making for supply chain actions or measures.

4

Traceability and Transparency

- 100% traceability tier 1-2 for total purchasing volume.
- All fabric and yarn suppliers are publicly shared.

5

Customer engagement and Connectivity

- Launch digital ID/product passport, with circularity and transparency as purpose.
- Communication of Holzweilers' sustainability strategy and 2022 sustainability report
- Improved score from Goodonyou.com.
- Use our physical and online channels to engage and build awareness among customers on the Holzweiler sustainability approach.



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://holzweilerslo.com/sustainability-policies/>

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

Our Policies and guidelines for responsible business conduct are communicated in several documents setting requirements for our company and employees and for our suppliers and partners. All are available at holzweilerslo.com.

The sustainability information on our website was updated in 2022 and there you can find further information about how we work with sustainability, material guide, suppliers list, care and repair tips, our policies and guidelines, sustainability and diversity reports. We regularly update the content and expand the topics we publish. You can find the information related to sustainability and responsibility here: <https://holzweilerslo.com/sustainability-statement>

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

Holzweiler's commitment to be a responsible employer and to respect workers and human rights is embedded in steering documents, policies and guidelines. These are made operational through an approach based on identification and management of risk and the concept of due diligence.

The Holzweiler Supplier Code of Conduct and relating human rights and sustainability policies are embedded in the organization and approved by the top management and the board. These documents are included as an appendix in the personnel handbook, which all employees are introduced to upon employment. In addition to this, all departments have received an introduction to the content of the policies and guidelines. All new employees receive the same when they are onboarded.

The following key steering documents guide our work:

- Responsible business Guidelines and Code of Conduct for suppliers and business partners : Outlines our expectations and requirements for business partners such as suppliers, sub-suppliers and factories.
- Responsible Sourcing Policy: Set out human rights due diligence as a key part of sourcing of new suppliers, business partners and markets for production.
- Policy for Responsible Business Conduct: Outlines the expectations to our own business conduct.

We revised or developed several policies and guidelines in last quarter of 2022. These documents support the commitments in our sustainability strategy.

A list of all publicly available policies and steering documents can be found in the appendix in our company sustainability report and on our website: <https://holzweilerslo.com/sustainability-policies/>

1.B Organisation and internal communication

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

The CEO and top management including the board, have the overall responsibility for the sustainability strategy, for approving company guidelines and decision making.

The CSR team, formed by Corporate Social Responsibility manager and Social Compliance Manager, is responsible for advising the management on goals and strategies, to analyse risks and opportunities, to coordinate the implementation of goals and to communicate results. They work closely with the entire organization on the implementation of the strategy and actions.

The work with due diligence assessments is led by Social Compliance manager Margrethe Vikanes in collaboration with Line Staxrud Eriksen. The CSR team is responsible to present the due diligence assessment and discuss the priorities with the management before it is embedded with the individual department and team manager.

Holzweiler shall conduct due diligence for responsible business conduct. This involves: conducting risk assessments to identify potential negative impact on people, animals, society and the environment and to stop, prevent and reduce such impact. The measures put in place will be monitored and their effect evaluated. The measures will be communicated to those affected by our actions. 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. If our supplier is responsible for the negative impact, the supplier is responsible for providing remedy.

We contribute to the UN's Sustainable Development Goals and have prioritised to focus on:

Goal 8 Decent work and economic growth

Goal 12 Responsible consumption and production

Goal 13. Climate action

Goal 17. Partnership for the goals

This is a predominant focus through our due diligence assessments, in the assessments we make during our purchasing and in collaboration with suppliers and business partners.

Mapping and identifying risks are a process that is constantly ongoing. In an industry that is known for a large negative impact on climate and environment, complex supply chains and poor working conditions, and where new guidelines, risks and truths constantly become part of the overall picture, it is not difficult to uncover conditions that needs to be addressed.

For more details on the Due Diligence work please read more details under 2A2.

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?

Sustainability is a well-established part of Holzweiler's strategy and is implemented in all departments, in the management and in the board. The commitment to this work area is great, and all departments take responsibility within their field.

The CSR team includes and has regular contact with departments such as Design & Merchandising, Purchasing & Production, Sales, Supply Chain, IT & Process manager, Human Resources & Finance depending on running projects and priorities. Each department is responsible for reaching their set goals.

Some examples of how we work on this are:

The importance of sustainable business practices is communicated in bi-weekly morning meetings with all employees, via newsletters, in training and onboarding and is in general a topic that is widely discussed within Holzweiler.

Some employees have dedicated tasks related to sustainability and due diligence in their positions, others work with concrete sustainability-related tasks on a project basis or have due diligence assessment as a natural part of their work.

For example, it is natural that the buyers work according to our purchasing practices, e-comm works to set up a resale platform and the design team sources sustainable and durable materials for the products.

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

The most important skills are developed through the work and experiences we do in our daily work and by that understand more in depth our supply chain and industry's challenges. Sustainability in the textile industry is not a trend but a licence to operate and what is right today is not necessarily the correct answer tomorrow. We experience steadily stricter requirements, higher expectations from stakeholders and the development of more sustainable solutions are steadily going faster. It is therefore important to constantly be up-to-date on developments, regulations and initiatives, and to be able to assess this based on the experience we have gained and the needs we have in our supply chain.

Our competence is a combination of internal knowledge & experience, networks, courses, advice from stakeholders and participation in forums and conferences, focusing on sustainability and responsibility within the textile industry.

In 2022, our Purchasing manager and Production Manager attended a Responsible Purchasing Practice course with Ethical Trade Norway. We have joined multiple courses and workshops with them during the past years, on risk mapping, prioritization and improvement, Workers Representation, among others. In addition, we have participated in several events via NF&TA, in the field of extended producer responsibility, circular economy, sustainable communication, blockchain technology and sustainable packaging.

Collaboration is important to increase competence and to spar and share knowledge with others. We participate in the following initiatives:

- The working group "Circular textiles", with initiative from Fretex and NF&TA
- A network that works with the UN's sustainability goals initiated by Viken County Municipality
- Dialogue forum on wool and mohair with Ethical Trade Norway, where South African wool producers are also involved.
- Digital processes, with NF&TA and OsloMet
- Norwegian Fashion Change - Diversity, led by Norwegian Fashion Hub

We obtain information from the Ellen MacArthur Foundation about the circular economy. We read and listen to Business of fashion and Innovation Forum, we read newsletters and relevant issues from Ethical Trade, and other organisations. We subscribe to Ecotextile news and the bi-monthly magazine which is covering a lot of relevant topics and articles within sustainability in the textile industry.

In addition to this, we spar with others who work with sustainability in the same or other industries, and with our contact at Ethical Trade Norway.

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?

Holzweiler will run a profitable business on the right ethical and responsible terms. The work with sustainability is a high priority and encompasses all departments in the company, in addition to the board.

The work is anchored through Holzweiler's sustainability strategy, where the main features of what we will work for are described. The strategy is attached to this report, and here follows a brief summary:

Sustainability is a natural part of what Holzweiler does. The values Lots of Love, Commitment, Quality and I am possible are continued in this work. A great internal commitment is the driving force in the work we do.

This commitment will give creative power and an opportunity to contribute to our common future and heritage, where the main goal is continued growth on the right terms.

Our strategy is created around these four pillar Climate & Environment, Human Rights & Decent Working Conditions, Traceability & Transparency and Customer Engagement & Connectivity.

Holzweiler will implement a number of initiatives that will support the strategy and objectives, all agreed on in our management team.

- We will continue to collaborate with suppliers to map the need for actions in our supply chain and in our own business. Starting by looking at our own purchasing practices to see how it affects on our suppliers and on the working conditions.
- We will focus on workers wages, insurance coverage and representation.
- We will improve how products are designed and produced, including what they are made of, according to Holzweiler eco-design criteria.
- We will continue to focus on care and repair of products and increased knowledge about the maintenance of the products, both internally and for customers.
- We will increase the number of products that will live long in stores without being sold with discount.
- We will look for global solutions for resale and repair.
- We will make sure all products come with a digital product passport.
- We will reduce our GHG emission by measuring and initiate actions.
- We will trace our supply chain step by step towards raw material.

The design and collections must reflect what Holzweiler stands for, and thus create a more holistic sustainable concept.

Holzweiler will be an attractive brand for a target group that increasingly shares our values.

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?

Objectives and action plans are based on the company's strategy, where both the board and management are involved.

It is particularly important for the management that we work strategically towards new regulations that come from, among other things, the EU's textile strategy, the Transparency Act and the upcoming Extended Producer Responsibility(EPR), and that we can show improvement on the areas agreed on.

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?

The importance of responsible business practices is a topic in the very first meeting with a possible supplier or partner, and is on an equal footing with other topics such as quality, price, volumes and how we experience the dialogue. We share information about our sustainability strategy and the requirements we set in it, as well as our purchasing practices and the processes we work with through design, production and delivery.

We have developed minimum criteria for suppliers and business partners.

The minimum criteria provide the groundwork necessary for the pre-qualifying of and cooperation with suppliers we choose for Holzweiler production or services. Some criteria will be general and apply to all suppliers and partners, whereas other will be more specific, based of prioritized risk within the company's supply chain. The main steps to identify and address risks in the supply chain are:

- Supplier qualification criteria and contract terms that include human rights, labour and environmental conditions.
- Screening and assessment of performance for all suppliers before initiation of cooperation.
- Improvement work and remediation activities to close gaps towards requirements (and next step might be possible capacity building activities to facilitate sustained improvements).
- Continuous tracking of activities and impact.
- Communication and dialogue with relevant stakeholders on identified risk, measures taken and strategies to address them jointly.

The minimum criteria defined until now (but not limited to);

General minimum criteria for suppliers and business partners:

- The supplier provides information such as company profile, social audit report + CAP status (must be less than 2 years old), certificates, policies or other relevant documentation for us to evaluate.
- Factories with BSCI social audit must minimum have score C. (Rating from highest to lowest: A, B, C, D, E, none).
- The supplier has replied to supplementary questionnaire when necessary.
- The supplier must comply with Holzweiler's Responsible Business Guidelines and Supplier Code of Conduct, Chemical guide and General Terms and Conditions by familiarizing themselves with the content and confirm that our requirements will be followed for all our productions, with a signature.
- The supplier has provided us with a contact person for following up our Code of Conduct for suppliers.
- The supplier can show a management system for supervising the Code of Conduct for suppliers.
- Access: the supplier provides us or partners access to place of production and relevant belonging buildings, such as the canteen and dormitories.
- Production processes that reduce negative environmental impact
- Access to sustainable materials and production processes – preferably with relevant certifications
- Dialogue and the willingness to cooperate on improvement areas.
- Gut feeling, easy to communicate with, good fit for our size, references from other customers/brands, etc.
- The Supplier is willing to be onboarded to the TrusTrace platform, where they fill in their company profile, upload certificates and answer our questionnaires on how they work with sustainability, covering ethics, social and environmental management. It is of high importance that the supplier has an overview over, and shares information about where the different parts of a certain product are produced, as well as where the raw materials come from.
- Other minimum criteria from design, buying & production and finance are defined in separate documents.

Minimum criteria for prioritized areas of risk:

- Suppliers must have a worker committee or at least a worker representative with direct communication with the management.
- Grievance mechanisms that allow employees to escalate grievances must be established. Information about grievance channels and procedures must be communicated to all employees.
- Suppliers must make sure that there are efficient use of resources and that all waste from the facility is sorted

and recycled.

- Suppliers should have an environmental management system to measure, assess and reduce the impact from their production.
- Suppliers can show specific certifications that handles certain raw material risks (for example but not limited to GOTS, OCS, GRS, RWS, RMS, Fairtrade, PEFC, FSC, EU Ecolabel).
- Suppliers are willing to share information about all tier 1 and 2 suppliers involved in the production of each product delivered to Holzweiler, including materials, dyeing and printing.

These are the steps we follow when evaluating a new supplier:

Holzweiler provides the supplier with " Holzweiler´s way of working", including our onboarding program and our policies.

Holzweiler´s way of working:

At Holzweiler, we are committed to be a responsible and liable partner for our suppliers. We´re also committed to make positive change in the way we design, produce, and transport our goods. Holzweiler´s Policies including Supplier code of conduct, sets requirements for both our suppliers and for us as a partner.

Transparency and traceability are key elements in our work. We aim to trace our items from final product and all the way down to raw material, by 2030.

This requires a good relationship with all our suppliers on information sharing. Partners must also allow for Holzweiler to publicly name the factory and other parts of the supply chain.

In addition, our goal to become Net-Zero in 2040 also requires our partners commitment and that we work together to achieve this.

Onboarding program:

- The supplier provides information such as company profile, audit report, certificates, policies or other relevant documentation for us to evaluate.
- Holzweiler send out supplementary questions to the supplier when necessary.
- Holzweiler evaluates this data before moving on to the next steps.
- The supplier must comply with Holzweiler´s Supplier Code of Conduct, by familiarizing themselves with the content, and confirm that our requirements will be followed for all our productions, with a signature.
- The Supplier will be onboarded to our TrusTrace platform, where they fill in their company profile, upload certificates and answer our questionnaires on how they work with sustainability, covering ethics and social and environmental management.

How we evaluate:

After receiving all documentation, the potential partner will be evaluated after the following criteria:

- A total assessment of the supplier´s compliance with our Code of Conduct, put in context with local laws and risks in the country of production.
- Willingness to share information on subcontractors and production processes.
- Policies and measures in place to ensure decent working conditions.
- Production processes that reduce negative environmental impact.
- Access to sustainable materials.
- How the cooperation would affect on our sustainability targets.
- Dialogue and the willingness to cooperate on improvement areas.

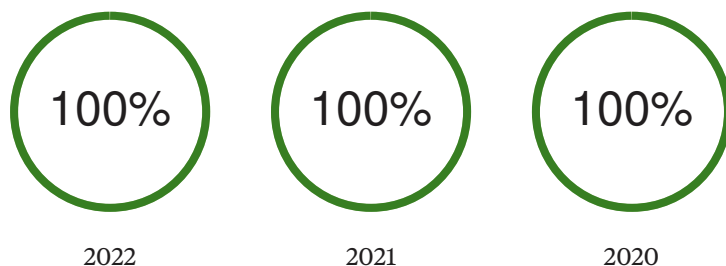
The CSR team maintains dialogue with suppliers throughout this process collecting information and following up documentation.

The buyers talk to the suppliers about price, volume and delivery time. They work according to our procurement practice and policy, which states that Holzweiler shall not operate in a manner that leads to a breach of our own policy.

Indicator

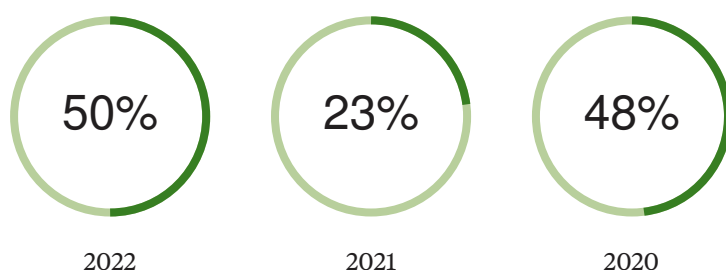
Indicator

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



These are agents/intermediates and manufacturers from whom we trade directly.

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



These are agents/intermediates and manufacturers from whom we trade directly. We have worked with some of these ever since we started production in 2012. There are several manufacturers and suppliers further down the supply chain that we have worked with for many years.

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?

In the past year, sustainable business practices have moved up even higher on the agenda and have long since become a hygiene factor that is expected by all stakeholders. New regulations have come into force and we are positive that requirements will be set that embrace everyone in the industry. As a result, we see the importance of constantly improving how we document the work we do, as well as communicating it in an open and honest way. For 2022, we have launched Holzweiler's second annual sustainability report, which is available at holzweileroslo.com, and 2022 is also our second year of climate accounting. We have updated the website with our sustainability statements and commitments to inform and engage customers and other stakeholders, for the same reason.

When implementing Digital Product Passport (DPP), we took a deep-dive in to one suppliers' supply chain, which made us see that focusing on one supplier at a time will give greater results. So that is how we will continue our tracing journey.

We have further improved practice on how we do assessment and onboarding with new suppliers. The potential supplier is made aware of the requirements we set for collaboration and information sharing and the processes that accompany it, already in the first dialogue. We have also established "Minimum criteria for suppliers" and updated Code of Conduct for suppliers and business partners to encompass higher standard of responsible business conduct in the value chain. We have also revised our own Policy for Responsible Business Conduct and established policies and guidelines for several topics related to responsible business conduct. The publicly available documents related to this can be found on our website.

A photograph of a window with light blue and cream-colored curtains. The curtains are partially open, revealing a glimpse of the window frame and the light coming through. The image is used as a background for the document.

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
Design processes that do not facilitate longevity and circularity, nor safe inputs.	Environment Animal welfare Emission Waste Water Use of materials	Global Norway
Water and Chemical use in production	Occupational Health and safety Environment Water	Global
Choice of materials and fibre	Environment Emission Energy Waste Use of materials	Global
Textile waste	Environment Waste	Global
Greenhouse gas emissions	Environment Emission	Global
Animal welfare	Animal welfare	Global

Worker representation & Freedom of Association	Freedom of association and collective bargaining	Global China
Supply chain traceability	Forced labour Child labour Discrimination Occupational Health and safety Wages Working hours Regular employment Marginalized populations Corruption Greenhouse gas emission Waste Water	Global
Wages, insurances and overtime	Freedom of association and collective bargaining Wages Working hours	Global China

The risks described as “global” in the table above represents the salient risks we partially or fully identify in the industry, country or region where we source. It might vary the extent and level of risk but we listed the risks to keep focus on assessing and address the risks. Where specific country is mentioned, it is representing where we have the largest size of spend/volume and therefore prioritised our efforts. See more on how we prioritise the risks below under 2A2.

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.

About Due Diligence:

Holzweiler shall conduct due diligence for responsible business conduct. This involves conducting risk assessments to identify potential negative impact on people, animals, society and the environment and to stop, prevent and reduce such impact. The measures put in place will be monitored and their effect evaluated. The measures will be communicated to those affected by our actions. 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. If our supplier is responsible for the negative impact, the supplier is responsible for providing remedy.

We contribute to the UN's Sustainable Development Goals and have prioritised to focus on:
Goal 8 Decent work and economic growth

Goal 12 Responsible consumption and production

Goal 13. Climate action

Goal 17. Partnership for the goals

This is a predominant focus through our due diligence assessments, in the assessments we make during our purchasing and in collaboration with suppliers and business partners.

Below we have elaborated on the topics in the order of the indicated letters;

How we describe the following questions:

a) the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period:

c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted:

Mapping and identifying risks are a process that is constantly ongoing. In an industry that is known for a large negative impact on climate and environment, complex supply chains and poor working conditions, and where new guidelines, risks and truths constantly become part of the overall picture, it is not difficult to uncover conditions that needs to be addressed.

Due diligence assessment is done by analysing and evaluating data from the supply chain on our main product groups and the assessment includes country specific risk indicators. By this we have recognised several challenges in the textile supply chain affecting people, animals, society and the environment. By sourcing materials or fibres with third party certifications like GOTS, GRS, RWS, RDS and we reduce some of the inherent risks. More on this is described under chapter 3 Cease, prevent or mitigate.

The mapping of risks starts with an assessment of the textile industry's challenges in the countries where our production is located. These can vary greatly from country to country, both in terms of what the biggest risk is and how serious the risk is. We have linked this information up to the largest volume of products and raw materials and assessed them through the value chain by using ETN template for risk mapping.

The risks described as "global" in the table above represents the salient risks we partially or fully identify in the industry, country or region where we source. It might vary the extent and level of risk but we listed the risks to keep focus on assessing and address the risks. Where specific country is mentioned, it is representing where we have the largest size of spend/volume and therefore prioritised our efforts.

We have prioritised the risks based on several considerations where the major points are (but not limited to):

- 1. where the salient risks are of medium to high level and concern
- 2. relevance to the size of spend and volume – higher spend and volume represent a bigger impact than where the spend/volume are lower
- 3. where we consider having the best possibility to influence positively
- 4. where we can support the work with the resources we have internally or together with relevant external partners.
- 5. where stakeholder engagement or dialogue with industry peers have set the focus on topics which need to be addressed

The salient issues are often of an extensive and complex nature and requires us to approach them step by step by setting our focus on some selected areas and moving to the next. We seek dialogue and support with stakeholders if we need to get advise on how we should prioritise.

For example our vision to create long-lived products resulted in Holzweiler Eco design criteria, our wish to connect with our customers resulted in Digital Product Passport and our wish to be a good partner to our suppliers resulted in the work on reviewing and evaluating and our purchasing practices.

In production related due diligence topics, Holzweiler local office in Shanghai is an important player to gather information and engage locally with suppliers or stakeholders. In addition, they contribute with their perspective, which gives us a greater understanding of how and why things are the way they are when it comes to manufacturing in China.

When the overall supplier risk mapping is done, the next step is to survey and assess conditions at our production sites. Our TrusTrace digital platform for supplier and factory follow-up, data acquisition and supply chain tracking, have been used to collect company profiles, certificates, CAP's and social audit report from suppliers. The supplier is asked if they have been through an audit in the last two years. We request information on whether there is already a CAP (corrective action plan) that the manufacturer is working with, and possibly the status of this. By collecting data through the platform, all information will be stored in one place and is easily

accessible. We are developing this tool to cover more of the areas we need to map in 2023. Dialogue, Social audit report and CAP forms the foundation for our supplier evaluation.

In 2022 we started to perform a supplier evaluation for existing suppliers on an annual basis. CSR performance is equally weighted alongside input from design, production, quality, logistics. The Suppliers and factories with high level of performance on social and environmental aspects are highlighted for the departments involved in supplier relations. Other DD related sources of information: Business of Fashion (BOF) 's annual sustainability index is a great source to get valuable information on where the fashion industry is moving - and where it should be moving. It covers all the areas in our sustainability strategy. Same goes for the EU sustainable textile strategy, setting the path for the textile industry. We use sources recommended by ETN and we request their advice and input when questions occur. Other sources we find useful for working more in depth with risk topics and mapping further are (but not limited to): BOF Sustainability index 2021 and 2022, BOF 's State of fashion report, Ilo.org, transparency.org, Fair Wear Foundation Country studies, MVO Risk checker, The Danish institute for human rights guidance and Gender responsive due diligence. In addition we read relevant publications and have discussions with other textile businesses, forums or organisations.

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:
Indirect services like office material and warehouse services in Norway and Sweden are not included in the due diligence assessment due to considered as low inherent risk.

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 general there is rarely a lack of documentation from the production sites. The biggest challenge we see is being able to validate whether the information we gather is 100% correct - even in information we get from audit reports. Finding better methods for this, as well as initiating measures for validation, will be a focus going forward. For 2nd and 3rd suppliers and raw material level, more investigations need to be carried out and more data collected in 2023. The areas we need to work more in depth on understanding better are issues related to workers' wages, insurance and coverage, worker representation and grievance mechanisms. This work will be ongoing in 2023 and is also embedded in other related topics like for instance purchasing practices.

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.

An important stakeholder, the average consumer, do not have enough knowledge about how clothes are made. Brands tend to not share all relevant information, which unable them to make conscious purchasing decisions on the right premisses.

To be able to improve the fashion industry 's impact on people, society and the environment, we need our customers onboard. By providing detailed information on how the products are made and by whom, they will have a better foundation to base their decision on.

We need people to understand that ultrafast and fast-fashion is not the way forward, and that quality is more important than quantity. We also see that the customers focus needs to switch even more to the thought that fewer and better items is what they should aim for.

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	Design processes that do not facilitate longevity and circularity, nor safe inputs.
Goal :	Implement Eco-design criteria in all design processes
Status :	Holzweiler eco-design criteria is created in collaboration with Circular Fashion.
Goals in reporting year :	Creating Holzweiler eco-design criteria.

Completed measures and reasoning :

In 2022 Holzweiler eco-design criteria was created in collaboration with Circular Fashion. The criteria is based on four pillars: Design with safe inputs, Design for longevity, Design for material cyclability and Enable circulation.

Goals and activities for the coming reporting year :

2023:

- Implementation workshop for team design and production.
- Assess product categories to see where improvement needs to be made.
- Create implementation plan with targets.
- Start implementing.

Salient issue	Water and Chemical use in production
Goal :	Reduce water and chemical use in the supply chain.
Status :	Revised Chemical guidelines is established.
Goals in reporting year :	Increase the share of GOTS certified Organic cotton, Ecovero viscose and increase the knowledge on chemical restrictions.

Completed measures and reasoning :

Revised Chemical guide for suppliers was established at end of 2022. The guide shall target that our production comply with the chemical legislations in force and applied recommendations in the fields of textiles, clothes, leather goods, shoes and packaging materials.

We have strengthened the knowledge of chemical use by partnering with an external expert within this field who provides guidance and advice.

We have increased the share of all the above materials. See Choice of materials and fibers below.

Goals and activities for the coming reporting year :

2023:

Revised Chemical guidelines was communicated to all suppliers in February 2023 and will be included in the onboarding with new suppliers.

Establish a regular/permanent Lab and service provider for performing tests on chemicals content, textile physical properties and perform quality inspections on site where needed. These inspections will be in addition to those performed on a regular basis by the Holzweiler production team in Shanghai.

Salient issue	Choice of materials and fibre
Goal :	Source more sustainable materials (with less social and/or environmental impact) within our criteria for quality and durability.
Status :	This is an s an ongoing process that is always part of the sustainability strategy towards 2030. We have increase the share of more sustainable materials from 2021 to 2022, as listed below.
Goals in reporting year :	Increase the share of more sustainable materials (less impact materials) in our productions, and at the same time ensure our requirements for quality and durability.

Completed measures and reasoning :

In 2022, we increased the use of certified materials and other materials with less impact. Climate and environmental impact, social and ethical aspects and animal welfare are the reasons for these choices.

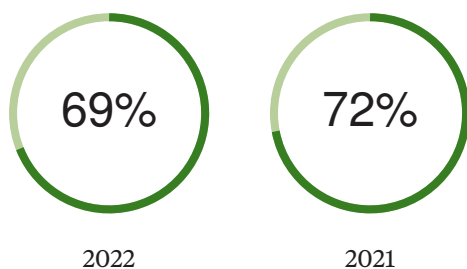
Goals and activities for the coming reporting year :

2023:

Using our Eco design criteria as a guidance will strengthen the focus on choosing materials with a reduced climate/ environmental and social/ethical impact.

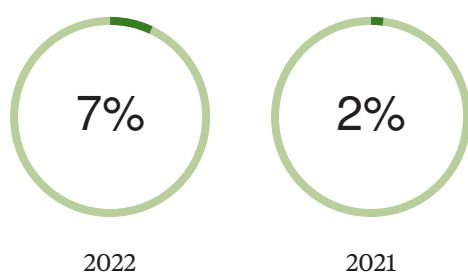
Indicator

Share of certified organic cotton (GOTS and OCS), based on total cotton consumption.

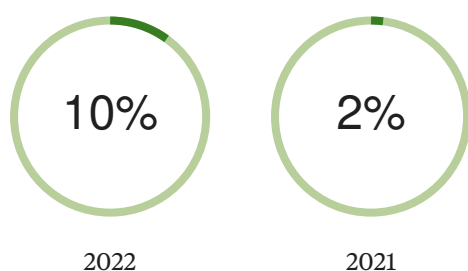


Share is reduced due to increased use of recycled cotton in 2022.

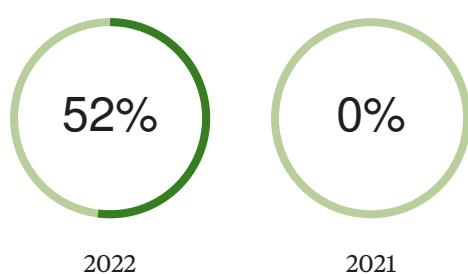
Share of recycled cotton, based on total cotton consumption.



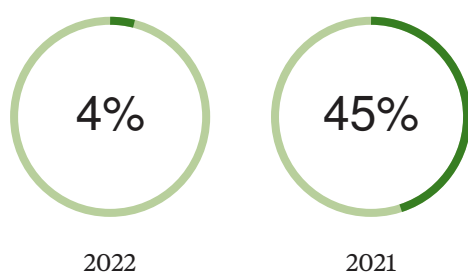
Share of wool sourced as Responsible Wool Standard (RWS), based on total wool consumption (excluding mohair).



Share of wool sourced as Responsible Mohair Standard (RMS), based on total mohair consumption.

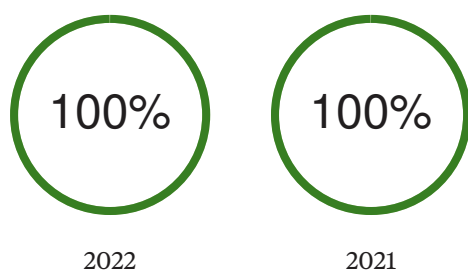


Share of recycled wool, based on total wool consumption.

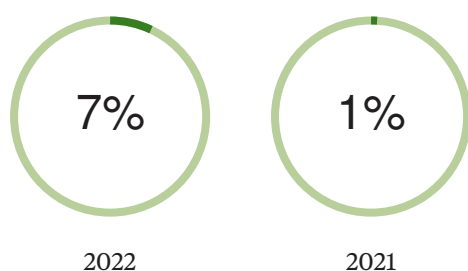


Reduction is due to less volume purchased of wool scarfs.

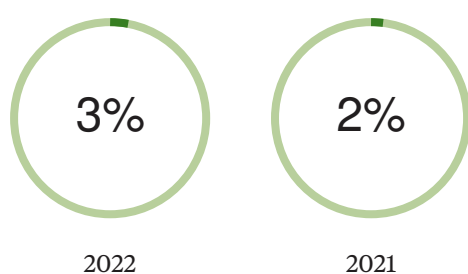
Share of Responsible Down Standard (RDS) down, based on total down consumption.



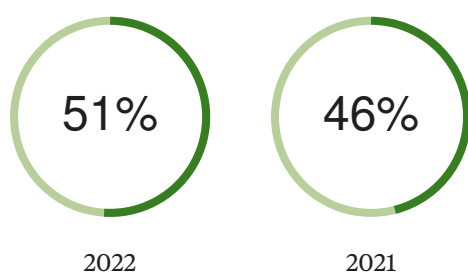
Lenzing Eco Vero Viscose share of total viscose fibre consumption.



Lenzing Tencel and Lyocell share of total viscose fibre consumption.



Recycled polyester and Nylon/Polyamide



Salient issue	Textile waste
Goal :	Reduce waste from our productions and sampling process, as well as ensure that Holzweiler products do not end up as waste.
Status :	Measures to prevent waste have been implemented, but not as initially planned. We see that we need to implement better systems for storing and collecting data on waste in general. Remaining inventory on previous collections is sold or donated.
Goals in reporting year :	Get an overview of samples and previous stock to give them a new life, and set the framework for an internal waste policy.

Completed measures and reasoning :

We still have a way to go to define all areas of our waste policy. We see the need for better systems to implement it in our daily work, and for measuring progress.

- In our Eco-design criteria we focus on the creation of products that are made to be recycled when reaching end of life, and products designer for longevity.
- We have expanded the digitisation of the design process using the CLO 3D tool, to minimise number of samples that are developed.
- Samples are sold at our collection sales.
- We have made repair easier for our stores to handle collaborating with Repairable.no, to increase the number of products that are usable.
- We have donated remaining items from previous collections to Fretex, where they can sell the products in their own stores and the turnover goes to their work in the Salvation Army.
- We have sold excess inventory and samples through TISE- Second chance and renting out with our partner Fjong.

Goals and activities for the coming reporting year :

We will continue our focus on waste reduction in 2023 by:

- Reporting on products designed for longevity and material recycling from next years reporting.
- Increase the use of CLO 3D.
- Include global resale opportunities in our products digital product passport.
- Initiated a project on using cotton scraps from our productions into new garments.

Salient issue	Greenhouse gas emissions
Goal :	Net-Zero 2040
Status :	<p>The climate accounting is not completed by the time of reporting. It is usually not ready before end March. We will share the climate accounting as soon it is ready.</p> <p>Climate accounting was carried out for the first time for 2021, and we are continuing with our second account for 2022. This will be the foundation for defining objectives and roadmap for reduction targets.</p>
Goals in reporting year :	Complete our second year with Climate accounting for scope 1, 2 and 3, which will give us a baseline, measured from the 2021 climate accounting report. This will be the basis for defining objectives on the way to the Net-Zero 2040 target.

Completed measures and reasoning :

Climate accounting for 2022 - second year of accounting scope ,1, 2 and 3. Climate accounting is an essential part of one of four pillars in the Sustainability strategy: Climate and Environment.

Other measures in the reporting year which have been carried out:

- We have gathered info on the use of renewable energy in our productions, focusing on our suppliers in Portugal as a start.
- We have increased the use of materials with a lower climate impact and we have initiated projects to phase out or reduce the ones with higher impact, like leather.
- We have changed the way we transport goods in Europe. Now most of European freight is sent by boat instead of truck, resulting in less emissions.

Goals and activities for the coming reporting year :

2023:

GHG emission reduction roadmap for 2025 will be defined. This will set the objectives for the Net Zero 2040 target.

We will continue to explore materials with a reduced climate impact and include them in our eco-design criteria.

And we will continue the journey on renewable energy and greener transport.

This all will be the main steps on the way to the 2030 target: In 2030 we produce only what we need, with renewable energy and efficient energy use. We are 100% circular using everything we leave behind as a resource.

Salient issue	Animal welfare
Goal :	Ensure ethical treatment of animals in the wool and leather industry
Status :	Animal welfare policy is in place with specific requirements for the animal derived fibres & materials we source. Supplier Code of conduct is revised and strengthened on this area in 2022.
Goals in reporting year :	Adjust and develop our standards for animal welfare and decide which certifications to source within.

Completed measures and reasoning :

We have recently revised our Animal welfare policy and included more extensive requirements in the policy and in the Supplier Code of Conduct.

In 2022 we used several sustainable/ethical certifications for animal derived materials. All down we used was Responsible Down Standard certified. We have increased the use of Responsible Wool and Mohair, and leather was mainly sourced from tanneries certified by Leather working group and Realgrade Leather NZ.

Goals and activities for the coming reporting year :

2023:

We will strive for increasing the share of certified materials in the product portfolio.

Explore selected non-animal materials as an alternative to leather as a step to reduce the impact on animals, climate and environment.

Salient issue	Worker representation & Freedom of Association
Goal :	Fair workers representation established at all key suppliers enabling workers to take an active part in workplace processes.
Status :	Subject is set as a part of our Supplier Code of Conduct and minimum criteria for sourcing suppliers and business partners. We are in the process of mapping and gathering data on worker representation (WR) and Freedom of Association (FoA) in the supply chain.
Goals in reporting year :	Assessing the worker representation at existing suppliers and ensure mapping of this area with new suppliers.

Completed measures and reasoning :

We have started gathering info on decent wage/living wage areas from audits and available info, here also some information on WR n and Freedom of association were included, but with limitations depending on the audit and source of data.

We will have to continue to map and gather more data on these areas in 2023.

Goals and activities for the coming reporting year :

2023:

WR and FoA are areas we need to work more in depth with and understanding better. We need to increase our knowledge, map and gather information. There are several related topics to this salient issue which we will include such as workers' wages, insurances and coverage, grievance mechanisms and social dialogue. The work will be ongoing in 2023 and is also embedded in other projects like for instance purchasing practices project. Here are some of planned activities going forward:

- Assess the worker representation at existing suppliers and continue to ensure mapping of this area with new suppliers.
- Map and document status with suppliers on wage levels and structure, internal commitment, worker representation, insurance coverage, social dialogue and grievance mechanisms, training program and capacity building.
- Evaluate and plan for which suppliers we should initiate to have dialogue on measures, - for example like training and capacity building programs or other measures we find beneficial.
- Continue to increase our knowledge on these areas by participating in working groups like Living wage project, Responsible Purchasing Practices project and by sharing experience and knowledge with industry peers.

In addition we are preparing for membership in Fair Wear Foundation fall 2023/start of 2024 to get their support in working more closely with the suppliers. A membership in FWF will contribute to closer dialogue and thorough assessments with the suppliers on aspects related to living wage.

Besides it will guide us for how to go on with supplier capacity building and training. See more on this further down under salient issue "wages, insurances and overtime"

Salient issue	Supply chain traceability
Goal :	100% traceable supply chain
Status :	All tier 1, most fabric yarn/suppliers (tier 2), and a few dyeing and printing houses (tier 2).
Goals in reporting year :	Onboard suppliers to TrusTrace platform and publicly list suppliers and factories (tier 1)

Completed measures and reasoning :

Most tier one suppliers are onboarded, the ones that are not, is because collaboration is under evaluation or is ending.

Goals and activities for the coming reporting year :

2023:

Onboard fabric/yarn suppliers to TrusTrace connected to our 10 largest suppliers, which covers 82% of our spend in 2022.

Salient issue	Wages, insurances and overtime
Goal :	Work towards fair wages / living wages in our supply chain.
Status :	Gathering of data is 70% completed and we participate in an Living wage/Decent wage industry working group.
Goals in reporting year :	2022 mapping to get an overview on wage level, insurances and employee benefits with Tier 1 production units is 80% complete.

Completed measures and reasoning :

We have obtained information from suppliers, via self-assessments, audit reports and other documentation shared by the supplier. This is the starting point for the way forward. We acknowledge that cooperation on this topic will be essential, both cooperation with suppliers, other brands, NGOs and other players. We have established dialogue with Fair Wear Foundation to become a member and started exploring their services and programs.

We are participating in an industry working group for Living wage - lead by Ethical Trade Norway. Here we learn more on the topic and how we should manage and move on with the work. Increasing our knowledge is key and experience sharing is a part of being part of the working group.

Goals and activities for the coming reporting year :

2023:

Complete the data mapping on all suppliers and gather more detailed information where needed. Analyse and prioritise where to move on with closer dialogue and collaboration with selected key suppliers.

Gather more knowledge on the living wage related topics and prepare for applying to Fair Wear Foundation.

Share our learnings and experience within the industry working group.

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

General measures to prevent and reduce negative impact on nature and environment:

- Climate accounting to get an overview of today's emissions and be able to prioritise improvement actions and measure reduction.
- The lifetime of the products with a focus on quality, raising competence internally and with the consumer, and by implementing solutions for reuse. The purpose of this is to facilitate more uses and reduce the need to buy new clothes.
- Developed Eco design criteria which will be implemented in 2023, effecting on chemical and water usage, certified materials, as well as facilitating creation of products that are made to be repaired, made to be durable and made to be recycled.
- Choice of materials that have a lower negative climate and/or environmental impact.
- Increase use of Lenzing Ecovero Viscose, made from certified renewable wood sources using an eco-responsible production process.
- Made changes to the shipping method from truck to boat in Europe, leading to less emissions.
- Digital product passport to be transparent on our work and to enable the customer to have relevant information to make conscious buying decisions, and to facilitate resale and repair.
- Establish better routines for internal and external testing of products through the development process to ensure that products are made in compliance with Holzweiler quality standards.

3.B.2 Reduction of greenhouse gas emissions

See information in 3.B.1

Our material sourcing impact on the result of our climate accounting. We find that sometimes we need to chose between low impact materials or durability. We have found that the more sustainable materials do not always prove to be as long-lasting in quality as the less sustainable ones. On balance, we have a responsibility to design for longevity and keep seeking out materials that are both more sustainable, and which meet our own quality standards for durability. For instance for shoes we are looking into substitutes for leather, but so far none of the alternatives deliver the same quality and function that leather does. We will keep searching for the perfect match, as we belive that creating shoes that will last for a long time will lead to less emissions in the long run.

In Portugal, where our jersey and sweats are made, the suppliers we work with have implemented measures like solar panels, energy efficiency, waste water treatment reusing production scrap, amongst other. We will continue mapping our emission and look at measures that can be implemented with our high volume suppliers.

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

Our suppliers and business partners can expect from Holzweiler that our business and purchasing practices strengthen, and do not undermine, their opportunity to deliver on our policies and requirements related to people, animals, society and the environment. Holzweiler always seeks collaboration to achieve responsible business conduct. We strive towards lasting supplier relationships with suppliers who show a particular willingness and ability to create positive developments in the supply chain.

We have developed internal Guidelines for responsible purchasing practises and we consider responsible purchasing practices to be one of our most important tools for responsible business conduct.

This includes:

- Continuously working to improve our policies and practice to enable our suppliers to be able to meet their commitments as outlined in our policies and requirements.
- Treating suppliers with respect and consideration in all our dealings and communications.
- Communicating clearly, promptly and accurately on all issues concerning orders.
- Never negotiating a price that will negatively impact on the wages and working conditions of workers.
- Staying with our current supplier if a higher price will ensure decent wages and working conditions for workers, rather than moving our business elsewhere purely based on price.
- Placing orders with leadtimes that do not trigger excessive working hours or sub-contracting. Always having a dialogue with the suppliers regarding lead times.
- Refraining from changing orders repeatedly and with short notice. If changes are unavoidable, amending target delivery times accordingly.
- Providing material and practical support to our suppliers in striving to meet their obligations in our policy.
- Taking pay and working conditions of workers into consideration when reviewing our business relationship, rather than ending a business relationship purely on the grounds of price or quality.

In 2023 we will develop a questionnaire about our purchasing practices which we will ask manufacturers to fill in. This is one step to get feedback from suppliers and to see if we deliver as promised on the points above. We are also participating in an international working group on Responsible Purchasing Practices. We have established an internal working group including representatives from CSR, purchasing, production and commercial team. The framework, which is guiding us in this 2 year project, consists of 5 principles on which we delve:

1. Integration and reporting
2. Equal partnership
3. Collaborative Production planning
4. Fair payment terms
5. Sustainable costing

3.B.4 Choice of products and certifications

See 2.A.3

Holzweiler favours certified materials as far as we can include that in our designs. Certified materials contribute to reducing the environmental, social and ethical impact from raw material production, fibre and fabric processing and garment production.

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

In 2022 we started collecting information from audits and information shared from the suppliers. We will include more detailed mapping of worker representation and collective bargaining as part of the Living wage project we participate in.

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

Our staff's competence is a combination of internal knowledge & experience, networks, courses, advice from stakeholders and participation in forums and conferences, focusing on sustainability and responsibility within the textile industry. Our staff participate in training and courses relevant for their responsibility and position and we share professional information internally on topics we get access to or gather from external resources (read more under 1B3).

Participating in internal and external projects also contributes to capacity building and increased knowledge & awareness. For example (but not limited to) the two projects we participate in on responsible purchasing practices and living wages.

We are in process of mapping with the suppliers and will continue this work in 2023 to get a more in depth understanding of which areas our suppliers could need capacity building.

We are preparing for membership in Fair Wear Foundation fall 2023/start of 2024 to get their support in working more closely with the suppliers. A membership in FWF will contribute to closer dialogue and thorough assessments with the suppliers on aspects related to living wage. Besides it will guide us for how to go on with supplier capacity building and training.

As part of the supplier onboarding and dialogue with new and existing suppliers we communicate on matters which they need to relate to. The recent year we have provided information and guidance on The transparency act and obligations related to this both for the supplier and us and the revised chemical restrictions including alternative substances.

Introducing Digital product passport on selected items and utilising the Trustrace supplier platform are also beneficial for the suppliers staff knowledge and competence.

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

Requirements for anti corruption and bribery is communicated in our guidelines for suppliers and Code of Conduct. An internal policy was developed and communicated in our employee regulations end of 2022.

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

We have continued our focus on technology and innovation and in 2022 we started a new project - implementing Digital Product Passport.

To engage with our customers and enable them to make conscious purchasing decisions, we have implemented Digital Product Passport(DPP) on a few products launching early 2023. The products digital ID, which is a unique QR code for each singel garment, keeps us connected to the product after point for sale. In near future we hope to collect valuable information on the usages of our products through events like resale, repair and other possibilities that lies in DPP.

In 2022 we started working with EON group and use their set-up for DPP.

As a soft start we included one supplier and 10 different products (18 colour ways) in this launch early 2023.

In addition to supplier information, we will also share information on sewing-, dyeing-, printing- and material facility, as well as certifications, dyeing and printing process.

Care & repair information and link to Re:vive and repairable is included for circularity purpose, and short film from the production site.

Moving forward we are looking into how we can add globale resale and repair services to the DPP, making these services available where the product is located.

We have also further grown the competence in digitizing the product development phase with the use of CLO 3D, a virtual design tool.

Over a three-year period from 2020-2022, the design team was trained in CLO 3D, with the goal to gain insight and to be able to evaluate the potential benefits of implementing 3D technology in our product development process, also from a sustainability perspective.

We experience that developing products in CLO and sending digital presentations of the products to the manufacturer leads to more precise information from our side, resulting in more accurate samples. This will in turn reduce the need for the number of physical prototypes and the number of shipments to and from the manufacturer. Based on the knowledge we possess today, we estimate that the reduction is up to 25%, depending on the complexity of the product. We also experience that the development phase takes less time when designing using this tool.

184 products were developed in CLO/3D in 2022.

Indicator

Share of products developed in CLO 3D



Below is more detailed information on the share of products deloped in CLO 3D which we have available at the time of reporting;

90% of Jersey collection was designed through CLO 3D.

PS23 Hanger by Holzweiler fully developed in CLO 3D.

Project: YEAR OF THE RABBIT, All styles fully developed in CLO 3D.

These are totally representing 63 styles.

For the main collections:

Spring/Summer '23: Women, Menswear & genderless: 78 styles developed in CLO.

Fall/Winter '23: Women, Menswear, Hanger & genderless. 46 styles developed in CLO.



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

The sustainability team has the main responsibility for this being done.

We are working on defining KPI's which we will measure and track up to 2030 commitments of the four pillars in the sustainability strategy.

The measures we have set in our sustainability strategy and the risk areas we have assessed in the due diligence process are first priority to measure and track.

The suppliers we follow up by relevant surveys and gathering other relevant information (such as audits, certificates, sub suppliers) through the Trustrace platform. Based on the information provided we have dialogue with the suppliers. When visiting suppliers we encourage Holzweiler staff to use the visual observation form to assess the suppliers facilities. The recent 2-3 years it has been limited possibility to visit the suppliers on site by our selves due to covid. We aim to visit suppliers on a regular basis, and with the production & quality team in Shanghai we have more resources and capacity on site.

The data is collected in the various departments. For example, Supply chain keeps an overview of transport methods, design reports on the number of products designed in 3D, Ecomm reports on green shipping and claims and the sustainability team reports, among other things, on the number of suppliers who have been through the entire screening process, certified factories and the number of products that can be traced to different tiers in the supply chain.

Climate accounting was implemented in 2021 to track progress on the measures we take to reduce CO2 emissions, the baseline data is from 2021 and will be measured against 2022 climate accounting report.

Climate accounting also give us accurate numbers on the usage of fiber types and certification, based on weight of materials bought for our productions, knowledge on type of energy used in our production facilities and emissions from different type of transportation of our goods. A more detailed roadmap up to 2025 will be developed in 2023 and with this we will get a better overview of the data and KPI's we will measure.

In the work going forward we will also map and track data on wages and worker representation besides gather feedback on our own purchasing practices.

We track indicators for use of preferred materials and relevant KPI's will be added in the mapping and tracking of data as we move forward.

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

A major focus for us in 2022 has been to continue working with increasing the products' lifespan and number of wear. This includes choosing high quality materials, trims & accessories, best practice for good fits, solutions for resale and rental, as well as training staff and customers on how to take care of their clothes. It is difficult to measure the effect of this today, but we believe that these are good measures that clearly have an effect and reduces overall textile waste. The choice of materials plays an important role, and we have increased the use of certified materials. These choices lead to a reduced negative impact on animals, people and the environment. Here, progress is measured from collection to collection, and from year to year. Digitization of the follow-up process by suppliers leads to more efficient information gathering, and that information will be more easily accessible to all departments. The same applies to digital tracking of products, which gives us a much better overview of the supply chain involved in our productions. In future, this is data we will track and measure. Climate accounting is a method that will show concretely whether the measures related to CO2 have an effect or not.



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

Where we see that there is a negative impact, we request information about how they are working on remediation and how the employees are involved, for example through worker representation or HR. In most cases, suppliers are already working on the measures proposed in the audit report, and we follow progress on the actions taken.

Our goal for 2023 is to take a more active role in the dialogue with stakeholders and in initiating improvement measures.

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

This is communicated in the annual ethical trade report. We aim to share more information on our website and via the digital product pass being launched in 2023 on selected products.

In addition we are developing our own sustainability report which is published on our website on this page: <https://holzweilerslo.com/sustainability-statement/>

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

All external inquiries from stakeholders related to information on Holzweiler business ethics are received with the consumer service by contact form <https://helpcenter.holzweilerslo.com/kb-tickets/new>

Customers can also reach us via our so-me channels.

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

If our operations directly or indirectly cause harm to people or the environment, we commit to remediation support, provide for or cooperate in remediation when appropriate. This is set on our Company Code of Conduct, the Responsible business guidelines and in the Responsible Sourcing Policy:

If we find a breach of our requirements during an inspection, we clearly communicate the issue with the factory management. From there, we develop a corrective action plan where all identified issues need to be corrected within a given time. The factory management input their perspective on how the issue will be handled and resolved within a realistic timeline. The focus is on long-term improvement and development to meet our sustainability standards.

Some breaches may be more severe and require a proactive and systemic approach. A key part of our due diligence process is remediation support. We commit to follow up any situation closely and provide assistance where possible to resolve the case. If remediation support is necessary, we consider this on a case-by-case basis. We will establish cooperation with expert-organizations that contribute to remediation support if a serious breach is identified at one of the factories producing for us.

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

No remedy was initiated in 2022.

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

We have communicated our requirements to the suppliers in the supplier code of conduct and set this a minimum criteria for new suppliers:

Grievance mechanisms that allow employees to escalate grievances must be established. Information about grievance channels and procedures must be communicated to all employees.

We will follow up this topic and have more communication based on the more in depth supplier mapping in 2023.

Grievance mechanism in own organisation is established and is described in the Holzweiler employee manual. Everyone is encouraged to report objectionable conditions. The routine shall help uncover any objectionable conditions at the Holzweiler group. An information leaflet with the grievance routine is informed all employees during onboarding.

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