



Due Diligence for Responsible Business Conduct

Account reporting year 2022

for ITP Holding AS



*Ethical Trade Norway has assessed the report of ITP Holding 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

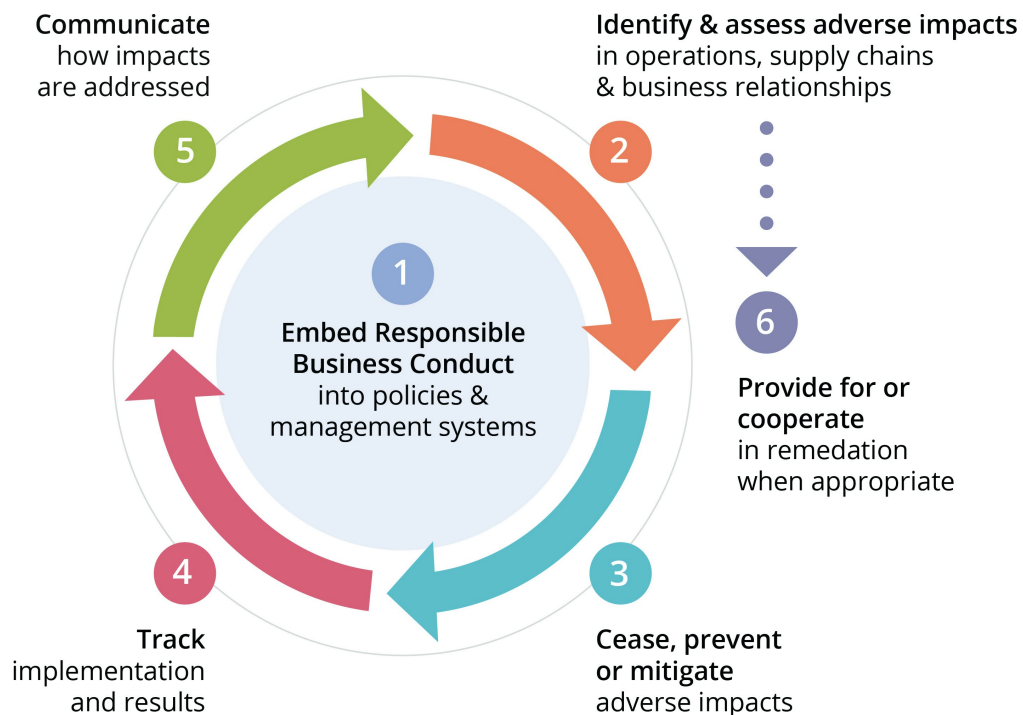
Executive Director

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

ITP Group is working with some of the largest companies in the world within our three strategic focus areas – Bathroom, Handknitting Yarns, and Supply Chain Management. With clients of this size and new potential strategic partnerships, ethical trade and sustainability are now among the most important business areas to discuss. Conducting responsible and honest business has always been a core value and integrated part of the daily business practice at ITP Group. Furthermore, our membership in Ethical Trade Norway has helped us develop in this area. However, we are now ready to take the next step by concretizing our future strategic focus on sustainability and responsible business. And as the world braces itself for an uncertain future and disruptive forces in everyday business, we believe, that a specified strategic focus is more important than ever before.

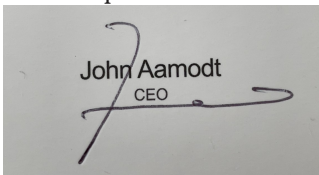
Our answers in this report reflects that our activities are based on recommendations and laws for sustainable business conduct. This includes the UN Guiding Principles (UNGP) on Business and Human Rights and the OECD model on due diligence for responsible business conduct and guidelines for multinational enterprises. Furthermore, we have followed recommendations from Ethical Trade Norway received through our membership.

This Ethical Trade Report covers the period from the 1st of January 2022 to the 31st of December 2022. Furthermore, this Ethical Trade Report covers ITP Group and all subsidiary brands.

We strive to formulate this report and our self-assessment through sustainability due diligence in a transparent and honest manner. Both results and challenges faced by the company in the year 2022 are, therefore, presented in a transparent way. We believe that this forms the best foundation for future improvement.

Enjoy the read,

ITP Group

A photograph of a handwritten signature in dark ink. The signature is stylized and appears to be 'John Aamodt'. Below the signature, the name 'John Aamodt' and the title 'CEO' are printed in a small, sans-serif font.

John Aamodt
CEO

Company information and business context

Key company information

Company name

ITP Holding AS

Head office address

Bygdøy allè 4, N-0257 Oslo, Norway

Main brands, products and services offered by the company

ITP Holding AS, hereinafter referred to as ITP Group, is a Norwegian company with several regional offices. ITP Group is, moreover, an investment platform. We develop own brands, offer “supply chain management (SCM)”, and “manufacturing as a service” for the retail industry. This Ethical Trade Report covers ITP Group and all the subsidiary brands: Nordic Bath, Colorful Craft, and GSC Solutions.

Description of company structure

In recent years, the organizational structure of ITP Group has changed. To make sure that our competencies and in-depth knowledge meet the expectations of our clients, we have established subsidiaries of ITP Group. Each of these subsidiaries has a different strategic focus area, as well as different brands. ITP Group's strategic focus areas can be split into the categories of bathroom solutions, yarn and accessories for the handicraft industry, and lastly, supply chain management and competencies as a service for larger retailers.

Our subsidiaries and their corresponding strategic focus areas are all anchored in the ITP Group platform, which has 25 years of experience and in-depth knowledge. ITP Group and our subsidiaries operate worldwide. Sections of ITP Group can be found in Norway, Denmark, Sweden, USA/Canada, China, and Vietnam.

ITP Group operates with both B2B and B2C relations, as well as with both collaborating suppliers and large clients. These strategic partnerships demand a long-term focus on ethical trade and a continuous dialogue concerning responsible business. ITP Group and our subsidiaries all operate in accordance with the same policy for responsible business conduct.

We are proud of being an international company. We currently employ 63 individuals worldwide, and running a company of this size doesn't come without responsibility. We have a dedicated compliance team that continuously focuses on the responsibility and sustainability of our business conduct. Moreover, we constantly research ways to further improve our practices, as well as how we can assist our collaborating factories in improving their footprint as well.

ITP Group values the diversity and the well-being of our employees. We know and believe that our employees are our greatest asset. In our company, it is, therefore, clear that the diversity of our employees has been a strength. Especially when acting and conducting business at a crossroads of suppliers and clients with different cultural backgrounds and values.

ITP Group's strategic focus areas:

NORDIC BATH

Nordic Bath is one of our subsidiary brands, that works as a B2B bathroom supplier in Scandinavia. Nordic Bath offers a variety of bathroom interiors and customized concepts for the retail market, specialized retail chains, and sanitation wholesale co-operatives.

COLORFUL CRAFT

Colorful Craft is also an ITP brand. Colorful Craft acts as our major international hand-knitting yarn supplier, where we offer solutions ranging from single customized products to complete brand packages of several product lines with supporting marketing initiatives.

GSC SOLUTIONS

Given our solid platform of worldwide knowledge-driven employees, we offer large-scale solutions of supply chain management (SCM) to clients. Our network of suppliers who operates within our Supplier Code of Conduct, as well as our highly structured product management, makes us capable of handling production and SCM within various product categories.

Turnover in reporting year (NOK)

147 500 000

Number of employees

63

Is the company covered by the Transparency Act?

Yes

Major changes to the company since last reporting period

The financial crisis and the needed structural changes in our organization.

Contact person for the report (name and title)

John Aamodt, CEO

Email for contact person for the report

john.aamodt@itpgroup.dk

Supply chain information

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

ITP Group's subsidiaries manage the strategic production of components and finished products for our own and for customer's brands. Our thorough knowledge of a product journey, including our close collaboration with suppliers, is what makes our business model unique. We invest in both our suppliers and clients to ensure a responsible and satisfactory result.

In most cases, we act as a mediator between the retail industry and overseas suppliers. Our offices in China and Vietnam, and our appearance on production sites are some of the greatest assets in our business model. We believe that one of the best ways that we can create impact is to focus on dialogue with both clients and suppliers. With knowledge sharing, clients can be informed about the impact of their decisions. We value an open dialogue with our clients regarding their demands, as well as our expectations for responsible business conduct. Furthermore, we are continuously open to development and strategic feedback to further improvement of our practices.

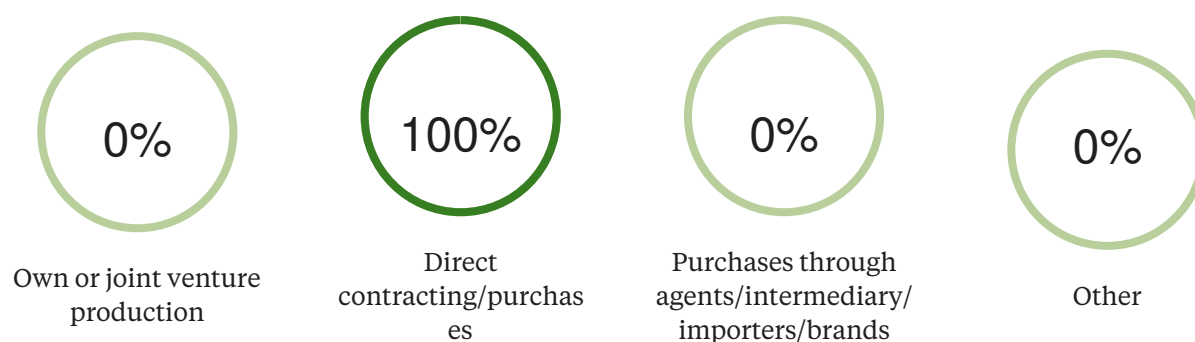
Through education and collaboration with suppliers, we can help our suppliers reach even better standards for their production and working conditions. We work with collaborating factories in several countries. These suppliers all share a commitment to our Supplier Code of Conduct and a willingness to develop themselves through ongoing dialogue. In these conversations, we focus on mutual needs to achieve the best conditions for future development as well as the sustainability of their production in terms of people, environment, and profitability.

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

62

Comments

Type of purchasing/ suppliers relationships



List of first tier suppliers* (producers) by country

China : 57

Poland : 2

Vietnam : 3

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

4 500

Number of suppliers this overview is based on

62

Numbers of workers per supplier (calculated average)

73

Comments to number of workers

This is an estimated number of workers based on numbers received before Chinese New Year.

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

Wood	Poland
Aluminium	China
Steel	China Vietnam
Glass	China
Acrylic	China
Polyester	China
Wool	Australia China New Zealand
Cotton	China
Rubber wood	Vietnam

We are aware of the risk linked to the use of some raw materials. Therefore, education on purchasing practices linked to raw materials is included in our goals for 2023 and 2024. Furthermore, we also concentrate on raw materials used and the risk of this when working towards our goal of mapping second-tier suppliers. These goals are also stated in our internal ITP Group Sustainability Strategy 2023-2024. Read more about our strategic focus on our website.

Is the company a supplier to the public sector?

No

Goals and progress

Process goals and progress for the reporting year

1

Goal : Support the establishment of unions at our suppliers

Status : 2022 has been a difficult year due to Covid-19 lockdowns and restricted access to production sites. We have done our best in continuing the dialogue with suppliers and workers online. This will be a continued focus area in 2023.

2

Goal : All ITP Group employees working with ethical trade and supplier contact shall complete our internal ethical trade E-training.

Status : We have worked towards this goal. All relevant ITP employees in our main offices have received this e-training. However, we still need to educate a few staff members at offices on supplier factories. This will be a goal in 2023.

3

Goal : Support internal and external communication regarding ethical trade.

Status : This is a work-in-progress goal that must always be prioritized. In 2022, we published our ITP Group Sustainability Report. We informed all employees of our goals and sent out important material regarding the internal communication that must be initiated when a request regarding ethical trade is received. Our websites have been updated with an FAQ, our policies, our report, and contact information to use in case of inquiries regarding ethical trade.

4

Goal : Employee education

Status : In 2022, we chose to prioritize seminars and educational workshops to increase knowledge about the Transparency Act and sustainability due diligence. In 2023, it is our goal, that ITP Group employees shall be educated more on themes such as of supplier dialogue and responsible purchasing. We have further specified this goal in our Sustainability Strategy 2023-2024.

5

Goal : Replacement of fossil fuels vehicles owned by ITP Group

Status : In 2021, 3 out of 5 fossil fuels vehicles were replaced by electric driven cars. In February 2023 we replaced the 4th car owned by ITP Group.

Goal for coming years

1

Before the end of 2024, sustainable business conduct must be an integrated part of our business activities:

Policies, strategies, and action plans must be anchored in the company through informational meetings and discussion forums where questions and ideas can be raised. Furthermore, to meet this goal at a satisfactory level, ITP Group employees will all have received, read, and understood educational material on sustainable business development linked to their work area. This must be followed with action plans developed in the different teams on how to integrate new ethical trade goals into their work activities.

The implementation of these activities has already begun in 2022, and must be continued with the prioritization of education about purchasing practices, supplier dialogue, and raw materials.

2

To broaden our overview of prioritized risk in our supply chain by including more information on second-tier suppliers within 2024:

Based on information from our annual ethical trade audits at our suppliers, we have, in 2022, made our annual overview of risks of potential negative impact on people, society, and the environment. It is our goal to extend the annual risk assessment to 1) include information from audits at our suppliers made by external entities, 2) include more information on second-tier suppliers, and 3) gather more information about supplier certifications.

3

The task of measuring ITP Groups environmental impact must be initiated before 2024:

It is our goal that the work of measuring direct emissions from ITP Group activities (Scope 1*) must be initiated in 2023.

*The three scopes following the GHG Protocol

4

Continuation of e-training project - step 2: e-training of suppliers:

In 2022 we developed an e-training concept to secure the necessary education of employees in ethical trade subjects. This concept was developed to ensure that employees, who lived in geographical areas limited by Covid19-restrictions, were still able to receive education. We have now educated ITP Group employees that have offices on our suppliers production sites. Our next step and our goal for 2023, is to further develop and educate the factory staff of our suppliers with our e-training solutions on production sites where on-site and in-person teaching is not possible.

A background image showing a group of people in a meeting. In the foreground, a person's hand is holding a yellow pencil over a desk with a notebook and a tablet. In the background, two people are looking at large white sheets of paper, possibly blueprints or documents, which are rolled up. The scene is brightly lit, suggesting a modern office environment.

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://itp-group.org/transparency/>

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

One Policy:

All our offices and subsidiaries at ITP Group follow the same policies and Code of Conduct. Likewise, suppliers of ITP Group are obliged to accept, sign, and commit to our Supplier Code of Conduct (<https://indd.adobe.com/view/52d61fa9-e99f-439f-b30c-cc5d34a95f20>). In these documents, we take a stance on subjects such as anti-corruption, labor rights, anti-discrimination, and environmental protection along with others. We follow the applicable law where we conduct business, and our business standards for responsible business conduct are founded on key United Nations (UN) and International Labor Organization (ILO) conventions and documents. We recognize our responsibility to act for gender equality, sustainable procurement, and continued compliance with business ethics.

Internal Commitment:

All our business activities are managed through ethical trade, and driven by our values of transparency, diversity, and trust. Our policy on responsible business conduct is approved by our management and the Board, and followed by all of our employees. Conducting ethical business has always been our priority. However, the increasing demand for transparency and due diligence has motivated our employees to work even more on our sustainable development in 2022. We have experienced great commitment and increased international teamwork all to ensure continued work on sustainability due diligence. To guarantee staff commitment to our policy, our compliance team provides internal training programs and exams for our employees regarding responsible business conduct and how this must be an integrated part of project management.

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

Our policies are developed by top management, our compliance team, and selected employees. The policies are anchored by the company management, and approved by the Board. It is the management's responsibility to make sure that these policies become active documents integrated into the different company departments and teams e.g., marketing, technical department, sales, finance, and logistics. This is done through continuous dialogue and meetings on how the policies affect procedures and decisions in the different departments. We want to make sure that we meet the requirements of the Transparency Act in Norway. We have, therefore, generated internal clarification charts visualizing responsibilities and communication channels in relation to ethical trade and answers to inquiries.

1.B Organisation and internal communication

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

The work we have developed on sustainability due diligence has demanded an interdisciplinary collaboration between specialists from our different departments. The CEO, department managers, and the communication department have the responsibility to update and secure the integration of the company policies into the daily routines.

Our compliance team consists of ethical trade specialists, ISO quality management and chemical specialists. These individuals are working with different department managers for the day-to-day business and take care of supplier audits. Therefore, they have an in-depth knowledge of the daily procedures, supplier relations and local conditions in the areas where we operate. As part of the compliance team, it is their responsibility to supervise and support our suppliers. Furthermore, it is also their responsibility to secure upward internal communication about issues or potential risk of negative impact to people or the environment found during audits or reported by our own staff, the factory staff, or other stakeholders.

The compliance team must, in collaboration with management and other selected employees, make a yearly risk assessment based on information gathered from our own internal ethical trade database, the MIS-system, and tools provided through our membership in Ethical Trade Norway. The risk assessment shall follow the guidelines on sustainability due diligence provided by OECD. In this way, we shall be able to locate salient risk and prioritize future initiatives. From 2023, the risk assessments must also include essential second-tier suppliers and considerations on raw materials.

We know that a value chain is never perfect and that the importance and progress of this work rely on honest and open dialogue about dilemmas. It is essential that we continue developing practices and learn new things as we go. Every new project initiated must also be based on a pre-evaluation of the project including consideration of supplier capabilities and raw materials needed. It is a priority that the risk assessment linked to new projects will be continually updated to match our findings and concerns from our sustainability due diligence.

The demands on sustainability due diligence and transparency have pushed our work on responsible business conduct even further. Both external and internal communication about our efforts has now become an important area of focus. We shall communicate externally about our many projects and business conduct in general, to inform stakeholders about our progress regarding ethical trade and risk assessments. Furthermore, internal communication about our ethical trade activities shall motivate employees and collaborating suppliers to do even better.

In the future, it is of utmost importance that international collaboration is supported to avoid functional silos and to secure knowledge sharing across our company sections. We find it essential that all employees understand, pay attention to, and are honest about risks, gaps, and areas of improvement. This is important to ensure our development happens in a responsible way.

The ethical trade responsibilities besides our sustainability due diligence procedure is outlined in ITP Group Organizational Chart including Ethical Trade Responsibilities and in our sustainability strategy. This can be found on our website.

Risk assessment has been a part of our project management procedures for several years, and it remains a priority that we will continue a close dialogue with both clients and suppliers, which is essential for our existence as a knowledge-driven partner, securing our partners a sustainable value chain management.

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?

Regular meetings and continuous dialogues about ethical trade and our development in this area are upheld by management and responsible employees. Job descriptions and work tasks are reviewed annually. We are still in the early phases of implementing our new due diligence goals across organizational departments. We believe, however, that more education in raw materials, supplier dialogue, and responsible purchasing will also motivate employees of ITP Group in the practical implementation of our goals.

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

For new employees and employees with direct relations to clients and suppliers we have a training program. Employees must receive updated ethical trade annually and chosen employees must take yearly tests to make sure they understand the training and educational material.

New Procedures to Complete Due Diligence for responsible business conduct:

The demands on sustainability due diligence and transparency have pushed our work on responsible business conduct even further. Several employees have attended seminars and workshops regarding sustainability due diligence and the new 2022 Transparency Act. Furthermore, both internal and external communication about our efforts has now become a new area of focus. Communicating about our many projects and business conduct has not only strengthened our capabilities of adding words to our actions but has also revealed that we must invest in improving employee competencies to meet external demands.

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?

To ensure progress on the matters addressed in our due diligence work, including our risk assessment, we outlined main goals for 2023 and 2024 in our Sustainability Strategy. These goals are further specified in our action plan in which partial goals, deadlines, and responsibilities are stated.

In line with the Transparency Act in Norway, the Board has agreed on our commitment to reducing our impact on people, society, and the environment. Several activities have been performed because of this legislation, including transparency initiatives such as our sustainability report, FAQ on sustainability questions, publication of contact detail for inquiries, and a thorough risk assessment of first-tier suppliers. For the next years, we will concentrate on reaching our new goals and further investigate any given potential risks of harm that ITP Group can cause when conducting business.

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

Our CEO already presented our focus area of ethical trade and sustainability due diligence during our Board meeting in 2021. The Board has accepted this as a long-term development project. Our management has planned follow-ups and project meetings to ensure the future development of the steps stated in our sustainability action plan. The importance of reducing our impact on people, society and the environment will be further addressed in our quarterly meetings for all company employees. Dialogues on sustainability initiated by team management will also be a part of our initiatives to promote internal commitment.

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?

We are fully aware that our strategic partnerships with suppliers are the area of our business with the most risk. For this reason, we have made it our core focus area and strength to have dialogues and close collaboration with our suppliers. In this way, we ensure compliance in the best way, and likewise, create opportunities for further improvement of their production sites, production processes, and documentation. We use our policy and Supplier code of conduct (<https://indd.adobe.com/view/52d61fa9-e99f-439f-b30c-cc5d34a95f20>) as the framework for the commitment all of our suppliers are obliged to share. ITP Group will not accept our suppliers to cause salient negative impacts on people, society, or the environment, and we have also outlined minimum criteria for suppliers. Our suppliers have accepted our Supplier Code of Conduct, and some of our suppliers have participated in our sustainable supplier development (SSD) projects in favor of both our suppliers and our clients.

To keep track of compliance and ethical trade issues we have an internal database, an MIS system, where we keep track of all ITP Suppliers. This database is continuously updated with information from audits, supplier information in general, and orders placed at the suppliers.

1.E Experiences and changes

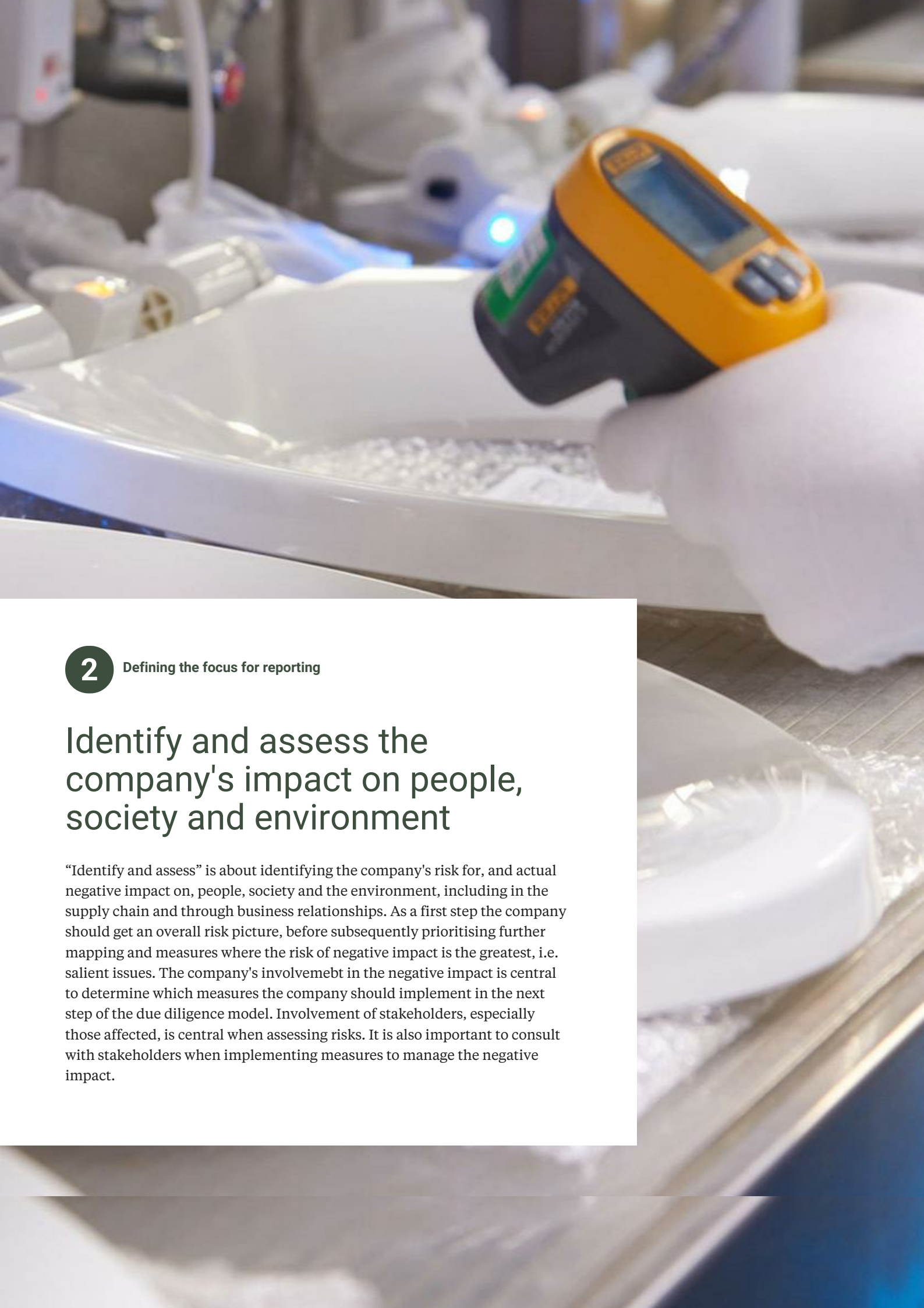
1.E.1 What experiences have the company encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

It should come as no surprise that the past two years have presented our employees with challenges ranging within both professional and social life. With offices both in Europe, North America, and Asia, we have experienced the consequences and impact characterized by the unstable times we are currently living in – both with COVID-19 and the war in Ukraine.

The past year we have experienced that COVID-19 restrictions have limited us when wanting to secure supplier compliance – and this has been a challenge. We have, therefore, found a need to rethink and focus on our organizational structure in terms of learning, anticipations, and resilience. It is a prioritization that ITP Group will look further into the relations between geographical location of offices and suppliers as well as the opportunities in online education to strengthen our capabilities in the future.

We want to continue our work with establishing offices even closer to all our partners and their production sites. Production sites are often located outside city areas and are therefore not exposed to pandemic-related regulations such as lock-down to the same degree as city offices. We want to strengthen our capabilities of upholding our audit quality, in times of disruptions such as pandemics. Being on-site and therefore less exposed to future quarantines is a strategic move we wish to complete to reach this goal. In response to COVID-19 lockdowns, we found that e-training is an acceptable temporary substitute for on-site teaching. We have, therefore, started developing an e-training concept and material for suppliers in 2022 in case of similar events with limited access to production sites. Furthermore, we find the human rights due diligence framework is a good tool to approach potential consequential risks of the pandemic, and we will therefore continue our assessment hereof.

The global supply crisis has demanded increased focus and communication skills from both management and team members. It has been important to secure information through the whole value chain to conduct a sustainable business that meets all requirements of the triple bottom line: social, environmental, and economic aspects. We have faced challenges such as a lack of workforce at the production sites of our suppliers, and an increased need for dialogue with clients about realistic production lead time and continuous updates hereon. We have strengthened our communication with factory managers, as our employees have understood the need to be more approachable and supportive to understand the problems and difficulties of our suppliers.



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
Fire safety	Occupational Health and safety	China Vietnam
Wages and working hours	Occupational Health and safety Working hours	China Vietnam
Workers' rights and decent working conditions	Freedom of association and collective bargaining Regular employment	China Vietnam
Health and safety – safety equipment and first aid	Occupational Health and safety	China Denmark Norway Poland Vietnam
Handling of chemicals	Occupational Health and safety Environment Waste	China Vietnam

These salient issues are important for us to map and measure during our daily business. Our risk assessment and continuous measures have shown that these topics are the most often reasons for a lower score in our audits. The identified cases have been corrected with CAPs and documentation for improvement has been received. We will, however, work preemptively on the areas.

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.

At ITP Group we are committed to mapping and identifying potential risks that may cause harm to people or the planet as a result of our business conduct. We recognize that such potential risks exist not only within our internal company structures but also through our collaborations with suppliers. After careful evaluation, we have determined that there may be a greater potential for risks associated with our business model and our suppliers in Asia, as compared to those in Scandinavia. We will, therefore, prioritize providing more information on the risks associated with our collaboration with suppliers in the following sections.

RISK LINKED TO INTERNAL SOCIAL ASPECTS OF ITP GROUP IN EUROPE AND ASIA:

ITP Group and our subsidiaries distribute products through retailers in Scandinavia and the USA. In our internal country risk assessment, the average country risk for Denmark and Norway, where our Scandinavian offices are located, is calculated to be 1 out of 5. With 5 being the most risk. In these countries, the potential risks are primarily related to discrimination. We have, therefore, as a part of our commitment to ethical trade, taken measures to address the social aspects of ITP Group. We are proud to report that our employees, particularly those in China, have a high job tenure. Additionally, our diversity calculations demonstrate that the gender composition of both team members and management across ITP Group is nearly 50/50.

During our analysis of the social aspects of ITP Group, we found that our evaluation of employee satisfaction has primarily relied on quantitative indicators such as job tenure, limited instances of complaints, and negative feedback from employees. It is, therefore, a priority that future internal qualitative surveys on employee satisfaction become an integrated part of our risk analysis.

At ITP Group, we believe that caring about a healthy culture involves ensuring the safety of our employees. While most of our employees work from our offices, we are committed to providing a safe working environment in all aspects, including general office safety, data security, emergency prevention and preparedness, and more. Additionally, across all ITP Group offices, we adhere to applicable laws and local legislation regarding labor rights, health, and safety. To maintain high employee satisfaction, we also strive to meet local customs and practices.

However, some of our employees regularly visit supplier production sites, which can present additional safety challenges. To reduce these risks, we have invested in safety clothing, including jackets suitable for colder production sites, as well as safety shoes. We also provide training to all employees who visit production sites, ensuring they are aware of the correct and safe behavior to adopt in such environments.

RISK LINKED TO INTERNAL COMPANY STRUCTURES OF ITP GROUP IN EUROPE AND ASIA:

At ITP Group, we are committed to contributing to the sustainable development of current practices through upstream and downstream dialogue with stakeholders in our value chain. In most cases, we act as a mediator between the retail industry and overseas suppliers. We believe that one of the best ways that we can create impact is, therefore, to focus on dialogue with both clients and suppliers. Through knowledge sharing, we can inform clients about the impact of their decisions, and we can encourage our expectations for responsible business conduct.

However, we also recognize that our business structure as a mediator between clients and production sites presents inherent risks, such as decreased power to decide on lead times, deadlines, and purchasing decisions. To reduce these risks, we will focus on client dialogues concerning certain areas of our business model which will, hopefully, contribute to a positive impact on our supply chain. Finally, we have decided to focus more on the training of our staff to make them even better at guiding our clients in ethical purchasing practices.

OUR ROUTINES FOR MAPPING AND IDENTIFYING RISK LINKED TO COLLABORATION WITH SUPPLIERS:
Our compliance team collaborates with management and other selected employees to conduct a yearly risk

assessment. The assessment is based on information gathered our own internal ethical trade database, the MIS system, and tools provided through our membership in Ethical Trade Norway. The risk assessment shall follow the guidelines on sustainability due diligence provided by OECD and include insights from several reliable references to obtain a nuanced understanding of the risks from more than one perspective. Our internal ethical trade database, the MIS system, contains information on supplier history, workers' interviews, and descriptions from factory audits regarding topics such as workers' rights, safety, compliance with our Code of Conduct, and applicable legislation.

Our suppliers must pass a certain level in our MIS system, which stores audit results, certificates, and information on raw materials and orders. Our audits follow our Code of Conduct and are conducted by staff who are fluent in English and Chinese, experts in local culture and laws, and knowledgeable about international regulations and guidelines. During audits, our staff follows a set routine that begins with a document checklist to ensure legal compliance. They review our supplier's internal policies and regulations, as well as documents on wage and attendance records and health and safety to ensure workers' safety. This includes reviewing machine maintenance records, air quality test reports, fire safety certificates, and other relevant documents. In summary, our audits cover several aspects, including Child Labor, Forced Labor, Management Practices, Health and Safety, Dormitories and Canteens (if applicable), Wages, Benefits, Working Hours, Environmental Protection, and Mold Prevention.

We aim to conduct annual audits at all of our supplier's production sites. However, in 2022, we faced challenges due to Covid-19 lockdowns in China. As a result, we prioritized audits based on the size of our orders, the size of the production sites, and the estimated potential risk of a code of conduct violation based on the supplier's history. For suppliers whose production sites we couldn't audit in 2022, we still included the findings from previous audits in our overall risk assessment.

HOW POTENTIAL NEGATIVE IMPACT HAS BEEN IDENTIFIED AND PRIORITIZED:

We have used a risk tool provided by Ethical Trade Norway to evaluate risk on both a country level and a product level. Additionally, we have evaluated the prioritization of risk based on internal insights into our business activities.

We have also evaluated product risks, for those products linked to higher risks as a consequence of production methods or raw materials used. The analysis of product risk has been built on information from references such as The List of Goods Produced by Child Labor or Forced Labor maintained by ILAB and Global Forest Watch.

Subsequently, the evaluated country risk is compared to information gathered from our ethical trade database and audit results. In this comparison, the following information has been considered:

Forced labor – Production at ITP Group's suppliers is located on the east coast of China. The east coast of China is characterized as being a developed area, where forced labor is highly unlikely.

CBA and FoA – We are aware that the country's risk in this matter is high. However, collective bargaining (CBA) takes place in most factories by worker representatives. Labor unions are not very common at our suppliers' factories, which is why we are focusing on educating the staff of our suppliers on workers' rights.

Child labor – Production at ITP Group's suppliers is located on the east coast of China. The east coast of China is characterized as being a developed area, where child labor is highly unlikely.

Discrimination – There will, of course, always be a potential risk of discrimination, which is why we always need to be alert on the matter. We always focus on investigating areas where discrimination could happen, and this is also something that is evaluated before we partner with any factories and when doing audits. Based on this heightened focus, we have lowered the risk of discrimination.

Wages – Production at ITP Group's suppliers is located on the east coast of China. The east coast of China is characterized as being a developed area, where wages will be higher than the regional minimum wages. We are, however, aware of this risk and will continue to monitor our suppliers on this topic.

A part of the important work on sustainability and responsible business conduct is to understand the importance

of risk prioritization and action plans. Prioritizing risks ensures that the most salient risks are addressed first, and action plans contribute as templates for employees to follow, to success with an adequate completion of responses to risk and sustainability activities. Following the routines described above we have been able to locate salient risks. From the risk analysis in 2022 we have prioritized risks linked to workers' rights and workers' health and safety. We also evaluate that these are the areas where we can do the most important and positive impact with planned initiatives.

ASPECTS OF THE COMPANY THAT HAVE NOT BEEN COVERED IN THIS REPORT:

At ITP Group, we have a dedicated focus to conducting risk analyses of suppliers within our business model and business activities. We have not, however, focused on conducting a risk analysis on minor suppliers, such as those who deliver, for example, office supplies or catering to our own offices.

INFORMATION AND INSIGHTS GATHERED FROM AUDITS ON SUPPLIER FACTORIES:

During our auditing process, we engage in a dialogue with multiple members of management, keeping track of which individuals participate in the audit sessions. In addition, we conduct one-on-one interviews with workers to ensure their perspectives are heard and understood. We then compare these stakeholder insights with the audit report to identify any potential discrepancies. Some suppliers are also required to undergo third-party audits by companies such as BV, GIS, DNV, SGS, CU, and GRS. We consider findings from these external audits conducted by other parties in our risk assessment process when possible.

REFERENCES AND RESULTS FROM THE RISK TOOL RECEIVED FROM ETHICAL TRADE NORWAY:

We utilize the risk assessment tool provided by Ethical Trade Norway to evaluate risk at both the country and product levels. When analyzing activities in Asia, the country risk estimate is based on the references: The Global Slavery Index, ITUC Global Rights Index, Freedom House Index, World Bank – Children in Employment, UNICEF indices for children in employment, Human Development Index, Global Gender Gap Index, The Wage Indicator, Environment Performance Index and Corruption Perception Index. We have furthermore included insights from the MVO CSR Risk Checker. These references serve as the foundation for developing our country's risk rating system, which ranges from 1-5 and enables us to visualize and prioritize risk levels for each supplier and related country and industry.

PRIORITIZED CASES WHERE INCREASED DIALOGUE HAS BEEN NEEDED:

We work with ethical trade throughout the entire year. Based on the information continually updated in our system, we continuously handle problems that may arise in supplier factories with CAPs and gather documentation of remediation or improvement on the matter.

The following areas have been prioritized in the 2022 risk assessment.

Health and safety:

In our collaboration with over 50 suppliers this year we identified several instances where production sites were not adequately prioritizing worker safety. Specifically, we observed that some workers were not using readily accessible safety equipment and/or PPE, and certain sites were neglecting the maintenance of first aid equipment and emergency plans for fire safety. Additionally, we noted some cases of insufficient labeling of chemicals. Although there have not been any registered incidents as a direct result of these issues, we recognize their potential risks to worker safety. Our ITP staff has informed management at these production sites of the problems, which they believe stem from a lack of focus on safety measures. In response, we implemented CAPs and closely monitored the progress of the sites in question. Additionally, our staff will continue to educate workers on health and safety matters, as part of our ongoing training program at collaborating factories. We expect that our sharpened focus on this topic, together with ongoing dialogue and education efforts, will lead to fewer cases of these issues in future audits.

Workers' rights:

During our audits in 2022, we came across a case where one of our employees was unsure whether the workers' rights were being fully met. We discovered that a factory had an old poster hanging in the workshop with outdated rules that did not align with current regulations and practices. We promptly took action and implemented a CAP to address the issue. We received evidence of the corrections made by the factory, and the matter has been resolved. However, to ensure that such issues do not arise again in the future, we will closely

monitor this supplier to ensure that everything remains in compliance with the latest rules and regulations.

FUTURE PRIORITIZATION OF INFORMATION GATHERING, RISK ASSESSMENTS & ACTIVITIES

Moving forward, we will undertake a more comprehensive yearly risk assessment and continue to refine our audit routines. To achieve this, we will utilize our MIS system and a risk assessment tool, with guidance from Ethical Trade Norway, to evaluate potential risks. This will enable us to prioritize new focus areas for our ethical trade priorities.

Our focus on workers' rights and health and safety will remain a top priority, and we will continue our project to educate staff at production sites. This focus is a part of our sustainability goals, as described in our internal Sustainability Action Plan.

Based on the insights gained from our risk assessment and the demands of stakeholders, our focus in 2023 and 2024 will also include enhancing the traceability of raw materials in our supply chain and the mapping of more second-tier suppliers.

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.

All issues registered during our continuous audits have been handled with Corrective Action Plans(CAPs) and dialogue. ITP Group has received documentation of improvements from all suppliers, where issues have been found.

The known issues registered are further sorted into themes to which we, ITP Group, will add extra attention in the coming years.

Some important topics remain focus areas even though we have not yet registered any breach of these topics in our supplier code of conduct. We have not registered any incidents of corruption. But anti-corruption remains one of our focus areas. Neither have we experienced any incidents of discrimination, but it will remain a prioritized focus point.



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	Fire safety
Goal :	To increase our suppliers' prioritization of fire safety and their maintenance of fire equipment and certificates.
Status :	<p>Our audits of our more than 50 suppliers have revealed that some of our suppliers failed to show an updated and valid fire certificate. We also found a few cases of non-working fire alarms.</p> <p>The registered cases of non-compliance with fire safety have been solved with corrective action plans (CAPs), and our staff has received evidence of corrections.</p>
Goals in reporting year :	Even though the instances have been corrected, we found it essential to prioritize this important area and increase our dialogue with suppliers on this matter – this dialogue will take place during audits and, furthermore, it is also included in our educational material.

Completed measures and reasoning :

We continuously discuss matters such as fire safety with management during audits. Some of the suppliers facing issues argue that the lack of prioritization was caused by a lack of resources during the time of Covid-19. Whether or not this is the case, we still hope that an increased focus on this topic during audits will show improvements in supplier practices and decrease the instances of inadequate fire safety in the audits next year.

Goals and activities for the coming reporting year :

Increase the dialogue with suppliers.

Our power to influence our suppliers varies, as the size of our orders is rarely among the biggest orders at the production sites. However, we believe that our healthy relationship with the suppliers and our local Chinese employees are great assets in this concern. We hope that dialogues with the respective supplier management, without linguistic or cultural barriers, can help our suppliers to better understand the importance of prioritizing fire safety.

Salient issue	Wages and working hours
Goal :	Decent work and working conditions
Status :	<p>Our audits of our more than 50 suppliers have revealed an instance of old an old poster with information not following current regulations on wages and working hours. The issue was discussed with management, who explained that the poster was old and not following their current policies.</p> <p>Our staff has received evidence of the correction, received the company policies, and double-checked staff pay slips.</p>
Goals in reporting year :	We see potential violations against rules on wages and working hours as very important and as salient risk factors. Therefore, we have and will continue to follow this case closely. A re-audit will be arranged so our staff can follow the development.

Completed measures and reasoning :

Wages and working hours are among our prioritized areas in every audit. We will continue to conduct our audits, and the results will continue to be a part of our ongoing risk assessment. For cases similar to this, we will continue to investigate until we are sure that there are no issues present.

Goals and activities for the coming reporting year :

We will continue to follow the above-mentioned case closely to make sure that our minimum criteria for collaboration are met. We hope that our increased dialogue will ensure that our supplier can improve, so we can avoid ending the collaboration.

Salient issue	Workers' rights and decent working conditions
Goal :	Workers employed by our suppliers should know their rights and feel supported in the establishment of worker representations.
Status :	<p>In 2022, we developed online educational material to make sure that staff members can receive education in times of e.g., lockdown.</p> <p>We also know that the lack of worker representation may also be influenced by missing involvements from staff members. We hope that further staff education can help with improvements in this matter.</p>
Goals in reporting year :	Continue our education of the workers of our suppliers.

Completed measures and reasoning :

We are providing the employees on the production sites of our suppliers with information and education about their rights. This includes both informative posters on the production sites and actual training and information meetings run by our compliance staff, to make sure everyone understands their rights and that they must contact our staff if they experience any issues. Our education of factory staff during 2022 has been limited due to Covid-19 restrictions. We have still managed to educate some of the factory workers of our suppliers but have found it urgent to develop an e-training concept for situations like those experienced in 2022.

However, having the freedom to establish or join associations, does not mean that the suppliers or their employees on the production sites actively participate in such. Therefore, we actively support free trade union organizations, collective bargaining, and other forms of democratically elected worker representation.

We find it highly important to help our suppliers' employees understand how workers' representations can help improve their conditions and their respective workplace.

Goals and activities for the coming reporting year :

We want to further improve our educational material to better explain how workers' representation and collective bargaining can be beneficial for individual staff members. We do not expect a drastic change in current conditions but hope that our activities can lead to continuous improvement.

Salient issue	Health and safety – safety equipment and first aid
Goal :	To make sure workers have access to and use the right safety equipment.
Status :	Our risk assessment identified a risk on the production sites of some of our suppliers: the lack of focus on safety equipment. We mostly found that this was a management issue. However, in some cases, we found that the lack of focus on safety equipment was the result of factory employees not understanding the importance of using safety equipment, and therefore not using it.
Goals in reporting year :	Continue our education of factory employees in the use of safety equipment.

Completed measures and reasoning :

The use of safety equipment is, therefore, a priority at ITP Group. Our objective in 2022 has been to reduce the risk of negative impact on people by educating them about personal protective equipment (PPE), to record and check whether the PPE is applied correctly, and to make sure the supplier's management makes the right safety equipment available on production sites.

Our education of factory staff during 2022 has been limited due to Covid-19 restrictions. We have still managed to educate some of the factory workers of our suppliers but have found it urgent to develop an e-training concept for situations like those experienced in 2022.

Goals and activities for the coming reporting year :

We strive to continue our education of both supplier management and supplier staff members. We will consider developing our educational material further to include more practical examples and examples of possible incidents and consequences to improve the understanding of the importance of safety equipment.

We will continue to observe the development in the coming years. We understand that this is a challenging process that demands constant work, and that the development must be based on interest and motivation rather than enforcement.

Salient issue	Handling of chemicals
Goal :	Secure correct handling of chemicals on production sites of our suppliers
Status :	<p>The handling of chemicals is a continuous focus during both audits on the production sites of our suppliers and when educating workers. During audits we still sometimes find cases where factory employees are inadequately handling chemicals.</p> <p>Therefore, we want to focus even more on making sure our suppliers and their staff members understand the importance of safety when handling chemicals.</p>
Goals in reporting year :	Correct handling of chemicals has been a constant focus in our education of the workers on production sites. However, we still occasionally see wrong handling of chemicals or missing labels. Therefore, we have had a continued focus on this matter.

Completed measures and reasoning :

Registered problems have been corrected with CAPs and we have received documentation of improvement. We are still educating suppliers about how to carefully manage chemicals and other substances.

Goals and activities for the coming reporting year :

We need to include more tangible examples of consequences wrong handling of chemicals may lead to. In the educational material, we also need to include examples of how both management and staff members can easily improve their practices.

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

One of the main challenges we face when wanting to reduce the potential risk of negative impact on the environment is that we, in many cases of our business conduct, are not the asset owner. In many regards, our organization operates as a catalyst of production for clients. Our service is primarily knowledge-driven, and we manage the supply chain without ownership of production sites, products, or transportation vehicles. We have, however, chosen to face this challenge with a strategic focus on dialogue with both suppliers and clients, the continuation of SSD projects, an internal focus on purchasing practices, innovation of product design, and knowledge of raw materials. With a certain focus on the guidance of both clients and suppliers, we work with the intention of changing purchasing practices and product development, to be more environmentally friendly.

Ongoing Client Dialogue:

Our client management team has strengthened its dialogue with our customers to improve purchasing practices. In our business model, the choice of product design and raw materials is based on customer requests. Therefore, we want to strengthen the dialogue with our clients to optimize their choices around product design and raw materials. This makes a demand on both our project managers and our R&D department, as they need to grasp new trends in materials and designs and inform clients about how these trends can be met in the most sustainable way.

SSD Projects to Reduce Environmental Impact:

As a part of our earlier mentioned strategic focus on SSD, we have encouraged and assisted our suppliers with obtaining certificates considering environmental impact. This has included assistance in practical issues such as purchasing the right equipment, but also assistance in the paperwork needed to get the certifications which can be quite challenging for some suppliers. We support all our supplier factories with achieving GRS*, ISO 14001, OEKO-TEX, REACH, and EN71-3 certificates if requested.

3.B.2 Reduction of greenhouse gas emissions

Our engineers and project managers possess a thorough knowledge of raw materials, production techniques, and sustainable packaging. We have found, however, that we still need more competencies to reach our goals. Our current information on ethical trade issues stored in our internal database cannot provide us with the needed data to make calculations on our environmental footprint. We believe that calculations of this manner may be an important tool for further improvement of our business practices.

Transportation of Goods:

Even though we are not asset owners of the vehicles transporting products from our suppliers to our customers, we follow some simple principles of guidance to our clients and customers. In terms of utilizing the capacity in containers, we adhere to a “fill-your-container” – policy. This includes guidance on several steps of the product journey. First, at an order level, it is our responsibility to inform clients of how to fill the containers. This means advising clients to change orders if the order does not fill a container but only for example 80%, or the order exceeds the capacity of a container by 10%. In such cases, we would advise our clients to change their orders for the purpose of filling out the containers. This guidance has proven to be necessary but also rewarding in terms of reducing the negative environmental impact caused by empty container transport.

Our “fill-your-container” – policy also applies on a packaging level. We always advise our clients to agree on flat packing solutions if possible, because it enables more products to be shipped at once, as the products take up less space. It still remains a challenge for us to convince customers of such solutions. However, we keep a positive attitude towards this guidance and continue the practice in hope of the fact that our guidance, together with the stakeholder demands from our clients will convince our clients to choose optimized packaging solutions in the nearest future.

Landside Transportation:

In many cases, the responsibility of transporting products from our suppliers to the port of loading relies on ITP Group. As we do not own the vehicles used for this transportation, we have chosen to follow some simple principles to reduce carbon dioxide emissions. First, we strive to avoid empty runs. To avoid this requires effective collaboration between our staff and the suppliers and that all parties adhere to a schedule. Secondly, we only transport containers of products to the nearest port of loading, even though there in some instances may be economic incentives not to do so. We will continue to follow the newest trends and developments to seek areas of improvement regarding our vehicles and modes of transportation.

Our Warehouse in Norway:

We currently have a warehouse in Haugesund in Norway, in which we mainly store bathroom solutions for the Norwegian market. The warehouse is rented which unfortunately hinders our possibility to improve the state of the building. However, we have still made it our goal to work on the reduction of emissions from our warehouse. We may look for greener alternatives when our contract expires, but until that, we will rely on a project-based approach to reduce the potential negative impacts on the environment caused by our warehouse in Haugesund. Finally, as mentioned above, an example of an already existing project is our investment in changing the cars driving from our warehouse to electric cars.

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

ITP Group and our suppliers are committed to upholding responsible business conduct by actively working with due diligence. Additionally, we believe that responsible purchasing practices are an essential aspect of responsible business conduct. Our core business revolves around strategic partnerships with both clients and suppliers to ensure sustainable production of goods. Hence, our business model is built upon collaboration with suppliers and large retailers, which requires extensive research and documentation to ensure sustainable practices are implemented.

Our business model requires a dual approach to our purchasing practices. As we oversee the production of multiple goods for our clients, it is essential that we engage in responsible and knowledge-driven dialogue regarding the production of goods and order placements. As such, our strategy for responsible purchasing practices places a significant emphasis on dialogue and negotiation with customers. Additionally, our business model relies on fostering long-term, sustainable partnerships with our numerous suppliers. Therefore, our

second area of focus in our purchasing practices is maintaining ongoing communication and collaboration with our suppliers. In the following sections, we will elaborate on these two aspects of our purchasing practices.

PURCHASING PRACTICES IN RELATION TO OUR CLIENTS:

At ITP Group, we specialize in managing large-scale production of goods across a wide range of product categories for major retailers. When working with our clients, we prioritize understanding their unique requirements and preferences for their product line. This involves engaging in a close dialogue between our staff and the client to determine product specifications, order size, deadlines, and other critical details. This dialogue forms the foundation for all future decisions and collaboration and ensures that our clients' perspectives on responsible purchasing are fully incorporated into our agreements.

Forecasting production flows and order placements can be a challenging task, particularly in an unstable business environment characterized by inflation, worldwide turmoil, and global political instability. These factors introduce significant uncertainty into the market, making it difficult for both our clients and ourselves to predict future demand accurately. Unfortunately, this uncertainty can negatively impact our business and suppliers.

Considering the uncertainty in the market, we believe that a close and continuous dialogue about sales and market expectations with our clients is crucial for meeting the challenges of forecasting production flows and order placements. We endeavor open dialogue and long-term collaborations with our clients, and hopefully, this collaboration can provide us with useful information that can get us closer to forecasting future business activities. It is a common goal for both us and our suppliers to be able to forecast future order placements as best as possible.

During the last year we have noticed that our clients have been increasingly open to ethical trade arguments during discussions and negotiations. We see this as an inherent opportunity to include more aspects of ethical trade in our dialogue with clients – in particular, the actual consequences excessive price negotiations, last-minute product changes, and unclear deadlines might cause on the production site.

To avoid afflicting the production sites, our sales personnel always strive to balance new demands on price reductions with reductions in product quality. For example, when a customer wants a particular product to be reduced in price, we explain that they need to choose different product materials or packaging method or packaging material, to avoid compromising other factors in the production process, such as machine maintenance or worker safety.

In addition, our company follows a streamlined procedure for product samples and the development of new products. Our goal is to minimize the number of samples and test runs, while still ensuring that the final product meets our clients' requirements. For this reason, we have a specialized team of engineers in our Shanghai office that supports the process of product development.

At ITP Group, we understand the importance of placing orders with a responsible lead time. In cases where clients request last-minute product changes, we strive to communicate the potential consequences of such changes to our clients. Most often, last-minute product changes will result in changes to lead time or increased costs. Ultimately, the ability to accommodate last-minute changes depends on our collaborating suppliers and their capabilities. Changes will, therefore, always be made in close consideration and collaboration with our suppliers to ensure that the production processes run smoothly.

At other times, we encounter situations where our collaborating factories wish to change the lead time. While this can be a challenge, we have found that our clients are accommodating and supportive when faced with changes in their orders. We attribute this in part to our focus on open dialogue and communication, which allows us to receive first-hand information from our collaborating factories including justifications for the changes and descriptions of the actual changes. By having access to this first-hand information, we are able to inform our clients with relevant and descriptive arguments for the changes requested by our suppliers, which helps them understand the justification for these changes and the actual challenges being faced.

PURCHASING PRACTICES IN RELATION TO OUR SUPPLIERS:

As a company that collaborates with external suppliers, we feel the need to uphold a strict Code of Conduct and have an ongoing dialogue about sustainable production. Furthermore, we have outlined minimum criteria for suppliers of ITP Group. ITP Group and our subsidiaries make use of the same platform for collaborating with suppliers. We strive towards lasting supplier relationships with suppliers who show a particular willingness and ability to create positive developments in the supply chain.

Our compliance team and project managers are responsible for assessing and monitoring our suppliers, or potential suppliers, by conducting due diligence activities such as audits, self-assessments, and documentation reviews on the factories. For every new project, a risk analysis is performed by our project engineers, compliance team, and department managers. This includes considerations regarding both the sustainability of potential suppliers as well as their capabilities. When initiating a new project or collaboration, the process follows a set-out procedure for procurement including the steps of research for suppliers, ESG risk evaluation including supplier history, capability screening, policy agreement, and supplier onboarding. This is followed by continuous audits, tracking, documentation, evaluation, and dialogues. Furthermore, we arrange ethical trade training for both management and workers, we initiate supplier capacity building and potential equipment upgrades when necessary.

We have a strict policy in place to ensure that our suppliers comply with our requirements related to people, society, and the environment. If a supplier is unable to meet our standards, we do not initiate the project. In the event that we are not able to find suitable substitutes, our staff will initiate a dialogue about potential capacity building before proceeding with the project.

We place great value on maintaining good dialogue and continuous collaboration with our suppliers. To ensure that we can continue to place regular orders and maintain a steady production flow, our Shanghai office carefully forecasts production and works closely with our clients to gather necessary information. When planning production schedules, we consider the capacity and planned type of production at our collaborating factories to minimize any potential disruptions.

Payment terms are also agreed upon through dialogue and negotiation with our suppliers. We believe that mutual respect is essential during these discussions, as our business model is based on long-term collaboration and building strong relationships with our suppliers.

Price negotiation always takes place when placing orders with new suppliers. In Asia, we work with reliable suppliers, such as on the east coast of China, who can afford to decline orders if the demands are unrealistic. Furthermore, we value long-term collaboration and good dialogue. The combination of these factors decreases the risk of unethical pressure on our suppliers. We find suppliers that are not dependent only on our orders and suppliers with whom we can have a healthy collaboration. We know that this is in favor of ethical aspects, our business model, and product quality. We emphasize not putting unhealthy pressure on our suppliers. This has resulted in several long-term collaborations, counting almost ten years.

The pressure we put on our suppliers relates to ethical trade and audits. We know that all companies do not put such pressure on their suppliers, however, we have found our approach beneficial. Our procurement procedure ensures that our collaborating suppliers have the right mindset. Therefore, our suppliers also understand that our 'ethical trade pressure' is in their favor. We push them to perform better in the right way, to improve their business, which in the end will attract more new customers.

FUTURE GOALS FOR PURCHASING PRACTICES

At ITP Group, it is our goal to continuously strengthen our responsible purchasing practices. To ensure that we are always staying up-to-date and informed about the best practices in this area, we have made education and training a key part of our sustainability strategy. In particular, our staff will attend new seminars and workshops on responsible purchasing practices to dress them for professionally grounded discussions and negotiations with our clients. Our commitment to responsible purchasing practices is reflected in our internal sustainability strategy and ethical trade action plan for the year 2023-2024.

3.B.4 Choice of products and certifications

Certification of products is usually based on a customer's request. We have an ongoing focus on strengthening the dialogue with our customers to optimize choices around product design and raw materials. We support our suppliers with obtaining GRS, ISO14001, OEKO-TEX, REACH, and EN71-3 certificates, as not only the practical concerns but also the paperwork can be challenging.

To further affect the development of products in a responsible direction, we encourage our R&D department in collaboration with our suppliers to develop products that are based on sustainable raw materials. This is to make sure that our sales pitches and product examples presented for our clients are already based on responsible choices before clients must make choices. However, in some cases, our clients have other demands in terms of the design and materials of the product. In these cases, we strive to always advise our clients about their choices of material and the potential environmental impact of them. An example of this is our GRS certified yarns which are produced from recycled bottles and developed by our R&D department.

Furthermore, we have completed a separate risk assessment on the wood used for the Norwegian market. This will be done on a yearly basis going forward. Our suppliers of bathroom furniture in Europe use wood from Poland, and are FSC certified. There are still smaller collaborating suppliers that are not certified.

ITP Group and our subsidiaries are responsible for the packaging of many products and product categories. For the color boxes, that we have designed for our Nordic Bath brand Duxa, we only have one packaging and paper supplier. This supplier is both ISO 14001, ISO 9001, and OHSAS18001 certified, and uses FSC/PEFC certified materials. This factory publishes yearly ESG reports, makes risk assessments on both environmental and social concerns, and works actively with measuring and reducing emissions. Furthermore, this factory measures environmental impact through discharged water and waste disposal. We have been pleased with this supplier, especially during these times of Covid-19 where a prevention and control team has managed the safety of employees. This factory follows the applicable laws and makes self-assessments when audits are carried out by a management-independent group. Several of our other suppliers that handle packaging for our other brands also use this same packaging supplier and factory.

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

Our policies also address the freedom of association and worker representation/Freedom of Association and the Right to Collective Bargaining. Having the freedom to establish or join associations, does not mean that the suppliers or their employees on the production sites actively participate in such. Therefore, we actively support free trade union organizations, collective bargaining, and other forms of democratically elected worker representation. With our support, some of the factories have established labor unions. We provide the employees on the production sites of our suppliers with information and education about their rights. This includes both informative posters on the production sites and actual training and information meetings run by our compliance staff, to make sure everyone understands their rights and that they must contact our staff if they experience any issues.

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

At ITP Group, we are aware that risk spans to more than just risks for our organization – risk is much more complex than just that. Being aware of the risk of negative impact on people, society, and the environment is key for all companies wanting to carry out sustainable business conduct now and in the years to come. We have completed a sustainability risk assessment of our business conduct based on the OECD Guidance on due diligence. The initial steps of both identifying and prioritizing salient risks are done based on guiding documents received from Ethical Trade Norway.

We have continuously identified risks and kept track of supplier activities through our compliance database, our MIS system. The work completed this year has been scaled up, meaning that we have allocated resources to communicate more about our activities, risks, and progress on our risk management. A part of the important work on sustainability and responsible business conduct is to understand the importance of prioritization and action plans. Prioritizing risks ensures that the most salient risks are addressed first, and action plans contribute as templates for our employees to follow, to success with an adequate completion of responses to risk and sustainability activities. We will have a certain focus on management training and employee development in the coming years to increase preparedness for new challenges and uncertainties. Next, environmental concerns are unavoidable given the drastic climate changes faced throughout the world. Driven by our values and stakeholder expectations we have set out goals for ITP Group to reduce the risk of environmental impact where we can.

Workers in the Supply Chain:

We have conducted one-to-one interviews with employees on the production sites. We interview them about the factory compliance environment, and we provide on-site factory meetings and training for them to understand their rights. We always leave contact information on the production sites, to make it possible for employed individuals to report negative impacts or other issues if that may occur.

It is a high priority that the suppliers we collaborate with undertake their production in a safe environment. Our compliance team, for this reason, ensures that employed individuals at the production sites are provided with documented training sessions and educational information about safety. The subjects covered are, for example, how to carefully manage chemicals and other substances, safety briefings on machinery, and the importance of emergency equipment and emergency paths. Some of our SSD projects have also been initiated to improve the health and safety conditions for employees at our suppliers' production sites. One of our recent projects, The Polishing Project aimed to reduce dust pollution at a production site. It is a part of our strategy to make sure that SSD projects are not only initiated based on economic gain, but also with the purpose of benefiting the health of employed individuals and reducing negative environmental impact.

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

All employees, no matter their geographical location, shall comply with applicable laws and regulations, contractual obligations, international human rights, and other obligations that come with good business ethics and acknowledged norms for appropriate behavior. When working in an international company, employees can meet situations that require awareness of our company policies and business ethics. We have set out clear guidelines for our employees to follow in situations of doubt e.g. when wanted to act appropriately and with integrity in other cultures. Examples of subjects that may be perceived differently in other cultures could be gifts, facilitation payments, or bribery, which we do not tolerate at ITP Group. Furthermore, we want to contribute to the elimination of corruption in the industries where we are active, which is why we have a strict anti-corruption policy. ITP Group, including all employees, shall never offer or receive illegal or inappropriate monetary gifts or other remuneration to achieve private or business benefits in their own interest or in the interest of customers, agents, or suppliers. An in-depth description of these above subjects is outlined in the internal description of business ethics for employees.

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

Because we collaborate with external suppliers, we feel the need to uphold a strict Code of Conduct and have an ongoing dialogue about sustainable production. ITP Group and our subsidiaries make use of the same platform of collaborating suppliers. We strive towards lasting supplier relationships with suppliers who show a particular willingness and ability to create positive developments in the supply chain. The ITP compliance team and project managers are responsible for assessing and monitoring our suppliers or potential suppliers by conducting due diligence activities such as audits, self-assessments, and documentation reviews on the factories. All this information is stored and managed in our MIS system. For every new project, a risk analysis is performed by our project engineers, compliance team, and department managers. This includes considerations regarding both the sustainability of potential suppliers as well as their capabilities. A project is not initiated if a supplier is not able to deliver on our requirements related to people, society, and the environment. If substitutes are not found, our staff will start a dialogue on capacity building before continuing with the project.



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

Our work to cease/prevent/mitigate salient risks of negative impact on people, society, and the environment is twofold. First, we have our continuous tracking of our suppliers through dialogue, audits, and in some cases, CAPs, handled by our compliance team and project managers to reduce the risks of negative impact. Secondly, we have initiated several projects as a result of our due diligence practice. The activities linked to this goal setting is to be managed in different departments of our company.

Continuous tracking of suppliers:

All of our suppliers in Asia and their factories are registered in our MIS system. Every activity linked to activities in collaboration with these suppliers, such as PO or shipment, is linked to the MIS system. Likewise, all results from audits are linked to the MIS system and the given factory. The feedback from audits is managed with a color-coding system: Red= Critical issue are found and needs to be corrected, Yellow= some minor issues are found and need to be corrected, and Green= the supplier passed its audit. Following every audit, an Audit Report is also generated based on the information put into the MIS system. In every audit report, we note information such as:

- Factory information as contacts, certifications, turnover, staffing levels
- Supplier history
- The manufacturing process incl. the size of the production area, production capacity, and percentage of production made by sub-suppliers.
- Audit section score and color code added to the overall results of the audit considering child labor, forced labor, management practices, health and safety, wages, benefits & working hours, environmental protection, mold prevention, and dormitories and canteen if applicable.

The compliance team always attaches photos from audits to the audit reports and if a CAP has been made documentation on mending is also attached. It is our compliance team and the country managers, which are responsible for the supplier tracking.

Goals and projects emerged from our sustainability due diligence process:

The projects initiated based on the results of our sustainability due diligence process is carried out in several departments. Each project is described in our internal Sustainability Action Plan 2023-2024. In our action plan are both partial goals, responsibilities, and deadlines described. An example of these activities is the logistics department's responsibility such as packaging improvements and the sales department's responsibility for improving client dialogue on ethical trade and responsible purchasing practices.

For every activity initiated, the responsible department or manager shall continuously document the progress and challenges of the project. This must be done in a written project status document. The status and results of all larger-scale projects in the company linked to sustainability or compliance must also be reported to our CEO.

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

We are ISO 9001 certified by DNV GL, which means that our project managers follow an internationally accepted quality management system with set procedures for the documentation and handling of all our projects in Asia. We follow the ISO 9001 standards to ensure high-quality products and customer satisfaction as well as the documentation and experience needed for future development.

Within our internal compliance database of collaborating suppliers, called the MIS system, we keep track of all the information, reports, and certifications gathered from the suppliers. In 2022, ITP Group had commercial relations with 57 suppliers in China, 3 in Vietnam, and 2 in Poland. With a calculated average of 60 individuals working at each Chinese supplier and the addition of workers on collaborating production sites in Vietnam and Poland, approximately 4500 individuals have their day-to-day work at production sites collaborating with ITP Group. With this number of individuals employed by our suppliers, the need for a continuous focus on compliance is evident.

Our risk conduct and the measures that are put in place (as a part of our due diligence procedure) are continuously monitored and evaluated. This information is archived in our main software, the MIS system, where we also keep track of our suppliers history, certifications, audit results, etc. Furthermore, current and potential risks, such as violations against law regarding working conditions, and sustainability issues are registered. In the same manner, we also make sure that progress on these parameters is consistently registered in our MIS system.

A close-up photograph of a network switch or patch panel. The top part of the image shows the internal components of the switch, including green plastic ports and metal contacts. Below this, a row of red Ethernet cables is plugged into the ports. The cables are bundled together and extend downwards. The background is slightly blurred, showing more of the switch's structure.

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

Even though our staff regularly visits our suppliers, we still conduct audits where all parts of our Supplier Code of Conduct are run through. This is done to make sure that nothing is overseen and that our partners and their business conduct comply with the signed Supplier Code of Conduct. If needed, our staff will develop Corrective Action Plan (CAP) together with the supplier to prevent and reduce negative impact. The CAP is documented and stored in our compliance database, our MIS system. The scale and amounts of follow-ups will be set depending on the scale of the improvement needed.

We arrange on-site factory meetings where workers are interviewed about the factory compliance environment. We provide training for them to understand their rights and leave contact information on production sites, so workers, as a part of our whistleblower channels, can report if they are experiencing any potential negative impact.

We have not yet experienced any major issues where our remediation process has been activated. Smaller issues that have occurred have been correctly redeemed with a CAP and subsequent follow-up documentation in order to ensure improvement.

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

When ITP Group has held audits on a supplier production site, we attach the information and following audit reports on our MIS system. If any problem has occurred, the supplier is contacted and a CAP is created in dialogue with our compliance team. Any issues registered in our database will be included in the following due diligence risk assessment.

Our Sustainability Report is updated yearly. It presents the results of our sustainability due diligence activities. We inform our customers about the updated report, which they can find on our website.

Our website is also updated with an FAQ answering ethical trade questions that may occur. Likewise, customers can find an email to use for ethical trade inquiries. We advise stakeholders to contact us so that the inquiry can be fully described and stored in our system.

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

When the Transparency Act entered into force all ITP Group employees were informed about ITP Group's new routines for answering external inquiries related to ethical trade.

In short, all employees were told, that all inquiries/questions from stakeholders/Clients/Customers etc. that they cannot easily answer must be sent to this e-mail: info@itp-group.org, to make sure that the inquiry is handled correctly and answered by qualified employees. Furthermore, employees have received company guidelines on how to react if they are contacted in person or by phone. The guidelines ensure that stakeholders with questions that demand qualified and in-depth answers are directed to our website. The website is available in both Norwegian and English. It contains a FAQ where stakeholders might find the answers to their questions and more important stakeholders can easily find the e-mail address, to which we kindly ask them to write their questions. That is to ensure that the questions raised are both stored and answered by qualified employees.

A full-page background image showing the silhouettes of two people climbing a steep, rocky mountain. One person is higher up, reaching down to assist the other. The sky is filled with soft, white clouds, and the overall tone is blue and white, suggesting a clear but slightly hazy day. The image is used as a background for a document page.

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 (ITP Group and subsidiaries) activities are found to cause or contribute to a negative impact on people, society, or the environment, we will stop the activities and seek to provide a remedy. If our supplier is responsible for the negative impact, the supplier is responsible for providing remedy. However, in such cases, we will provide support to our supplier in terms of guidance and in areas where we find our competencies to be helpful. In all instances of core violation against our Supplier Code of Conduct or other salient instances demanding immediate action and/or remediation our CEO must be informed as well as the supplier management must be contacted and informed. Regardless of who has the responsibility a dialogue between the related parties must be established.

We have created a process description for remediation, that ITP employees must follow if a case of negative impact should occur. We know that no two cases are the same, therefore, our process description of remediation is developed as a framework, that can and must be adjusted to the circumstances.

ITP Group Process Description of Remediation

1) Violation identification:

Our compliance staff and potential third-party auditors identify the scale of violation and stop the incident. All stakeholders affected must be identified.

2) Communication regarding violations

ITP Group initiates dialogue with involved parties and readdresses the signed terms in our policy for responsible business conduct.

3) Assignment of Responsibility:

The responsible party for the violation is identified. ITP Group will choose an internal manager to be responsible execution of the remediation process.

4) Root cause identification:

ITP Group will initiate a thorough review of the supplier's business conduct and management systems to identify root cause(s).

5) Corrective Action Plan:

If needed a Corrective Action Plan (CAP) is made and deadlines for remediation are set.

6) Regular Audits & Correct Records:

The remediation process is followed up by regular audits and implementation of remediation activities. Records must be revised and completed with correct information.

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

We have not yet experienced any cases or instances of remediation. However, as part of our ongoing risk assessments, CAPs have been made in collaboration with our suppliers as a part of our ongoing work with audits, and the work on minimizing the risk of accidents at the supplier factories.

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

INTERNAL GRIEVANCE MECHANISM

With 63 employees worldwide we find it necessary that all employees know who to contact. All offices and employees are informed about their associated HR representative. This representative can be contacted by employees regarding inquiries, if employees want to share information with company management, or if employees have complaints. We value an open culture where employees are also welcome to contact other members of management if it is found necessary.

GRIEVANCE MECHANISM LINKED TO AREAS OF PRODUCTION

We endeavor long-term collaborations with our suppliers and do what we can to support grievance mechanisms and well-functioning communication channels.

We follow national laws and regulations regarding insurance coverage. The workers and local communities can contact us directly and get support. Contact information is visible on ITP posters on the supplier production sites.

Our local offices in Shanghai provide a valuable resource regarding the handling of inquiries from, for example, factory workers and other members of the local community. Having our own local offices and employees means that we have people who understand the local culture and speak Chinese as their mother tongue. Furthermore, our employees are fluent in English, ensuring that inquiries can be answered with ease, without any linguistic or cultural barriers.

To enhance security, we have established our own ITP office at the production sites at some of our collaborative factories.

All information is stored and updated in our MIS system.

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