



Due Diligence for Responsible Business Conduct

# Account reporting year 2022

for Norrøna Sport AS

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# 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**

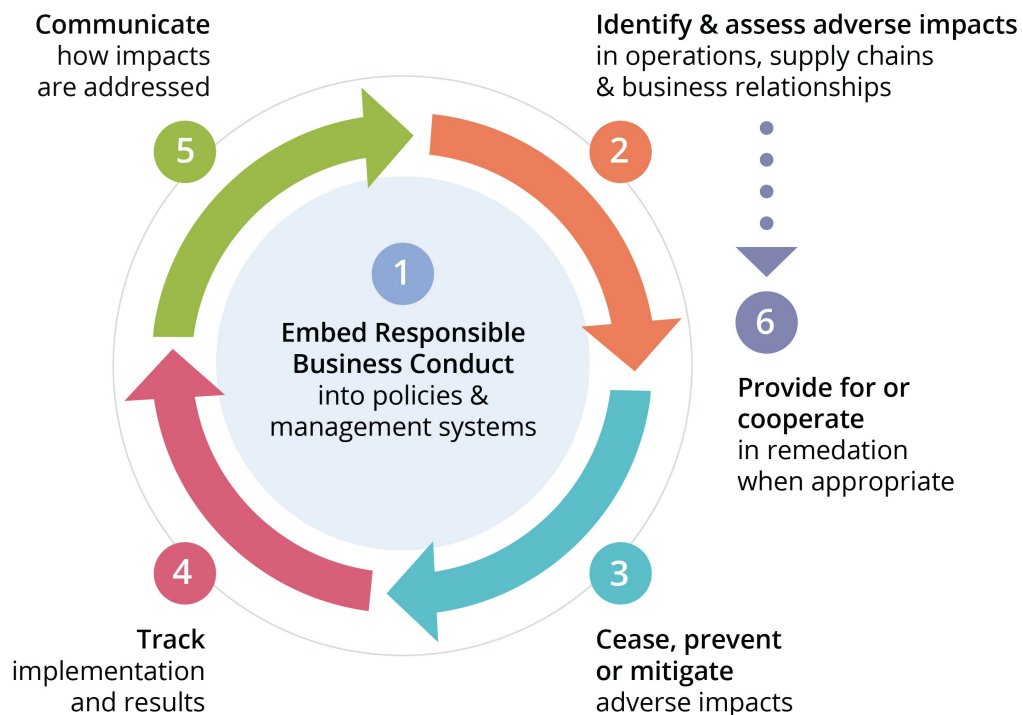
*Executive Director*

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

How did 2022 go?

With another year of limitations due to Covid, especially the first half of the year, we still managed to execute our plans for the year. This goes both for internal work in the Norrøna organization as well as executing plans for the different countries we operate in. As the Transparency Act entered into force on 1 July 2022, the preparation for this has also given focus to our work.

What we planned to focus on in 2022

Systemizing our social and human work in our value chain

Implement Norrøna Responsibility Roadmap 2029

Collaboration across the industry

Be better at communicating what we do

Some of our achievements in 2022:

Systemizing our social and human work within our value chain

Focus has been to improve and strengthen our work on human right due diligence, this include;

- working to identify how to gather more and better information about the situation at the factories and go

“beyond” the traditional social auditing to establish more robust approaches to address human rights violations in our supply chain. The traditional social audits are limiting, and we want to have closer dialogue with the workers. Focus has therefore been identifying external partners that can support us in improving the conditions for the worker, including capacity training, and improving the overall quality and access of grievance mechanisms.

- collaboration and partnership with expert organizations to tackle systemic issues with the aim of improving the whole industry and its legal framework.

- Improve value chain transparency- human right risks increase significantly in the lower tiers of the supply chain and we need better documentation, which includes certifications by third parties and partnership in order to reduce the risk lower tiers face in the supply chain.

Implement Norrøna Responsibility Road map 2029

In 2022, we finalized our 10 main responsibility goals towards 2029 and began creating the framework in which to measure them. An example of how we will work with our responsibility goals is our Zero Carbon Footprint project where we reviewed our scope 1, 2 and 3 carbon footprint from 2020 and divided all main impacts into groups throughout all departments within Norrøna. Through this project we will set clear reduction goals, assign specific responsibilities and an action plan towards progression.

Collaboration across the industry

The challenges pertaining to the environment and society are too complex for any one company. Norrøna realizes that we must tackle these issues together across our industry. In 2022, Norrøna invested heavily in collaboration and engaged to challenge our own industry. At the Sustainable Apparel Coalition Conference in Singapore, we asked participants to join us in investing more funding for improved, more regional data that is open sourced and to ensure data is easier to share.

At the Textile Exchange Conference in Colorado, USA, we pledged \$20.000 towards new Life Cycle Assessment studies on cotton production including soil health in addition to the traditional impacts. With this pledge we asked the larger companies to join and engage more.

At COP15 in Montreal, we asked to make reporting by businesses on their biodiversity impacts mandatory by 2030. We also stressed the importance of digital traceability of the value chain to ensure smaller businesses can survive the legislative requirements of tomorrow.

Within Fashion For Good, we have invested funds on two pilots to support innovation on PHA fiber with the aim of making synthetics from captured greenhouse gas to be biodegradable and recyclable.

Norrøna collaborates on strategic councils, work groups and supports positive change that is as transparent as possible. We are not afraid to pilot programs that can propel our industry forward in order to learn what works and what does not. Through these pilots, knowledge is gained and improvements will be made. We are of the



belief that our planet can not survive through stagnation so we must all work together towards positive change.

Becoming better at communicating our goals

Our 2029 Responsibility Roadmap is now out on our webpages. And how we work with our roadmap as an integrated part of our business is communicated through our own media channels and SoMe.

Our first goal in our Roadmap: 100% Zero Carbon and the initiatives on how we have taken to reduce our carbon footprint is communicated through our own website, SoMe channels, and sent out to our PR companies for republication in order to reach a larger audience.

We have increased the communication around our repair services and how to increase the lifespan of our products.

Transparency around the factories we work with referenced in step 1 is communicated and you can find more detailed information on some of the factories we work with on our web page. We will continue to work on gathering all the information on factories and have them published in 2023.

What areas will we focus on in 2023?

We will complete the framework of our 2029 Roadmap and begin measuring, assigning responsibilities and tracking our progress.

We will continue to improve our human rights due diligence, and, and work to promote industry collaboration and partnership with NGO and learn from best practices.

We will continue to be transparent and provide information to our stakeholders and customers and furthered information will be shared on our website.

We will continue to integrate our responsibility roadmap within our whole organization. The roadmap is also constructed to front load the work with legislations that we see coming up in the future, so the goal is that we are compliant to new legislations in good time ahead of it being implemented.

Jørgen Jørgensen  
CEO, Norrøna Sport

**" Norrøna will work on an improved collaboration across the industry, to build more robust and transparent social and environmental processes while reducing redundancy for the factories and suppliers. "**



Jørgen Jørgensen  
CEO

# Board Signature



Approval of Ethical trade annual report 2022 - Norrøna Sport AS.pdf

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**Signers:**

<i>Name/Phone</i>	<i>Method</i>	<i>Date</i>
Jørgensen, Jørgen	BANKID	2023-06-28 17:35
Thorstad, Olav Johan	BANKID	2023-06-28 16:10
Brekke, Nina Sandvold	BANKID	2023-06-29 12:30
Eriksen, Christian Stabell	BANKID	2023-06-29 13:51
Pradzynska, Anna Cecilia	BANKID	2023-06-28 18:45
Stålem, Hege Skarprud	BANKID_MOBILE	2023-06-28 15:50

Lysaker  
29.06.2023

# Company information and business context

## Key company information

### Company name

Norrøna Sport AS

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### Head office address

Vollsveien 13H, 1366 Lysaker

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### Main brands, products and services offered by the company

Norrøna. Technical products used for skiing, mountaineering, bicycling and hiking. Norrøna offers repair on all of our products.

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### Description of company structure

The company is family owned and was founded in 1929 by Jørgen Jørgensen. It is now run by his great-grandson, also named Jørgen Jørgensen.

Head quarter situated at Lysaker in Norway organized in 6 departments;

- RD&D (Research, Design and Development)
- Customer service and Repair
- Supply Chain
- Marketing
- Sales
- Share services ( HR, CSR, Finance, Business Development, Digital, Administration)

The management group consists of the CEO and a director representing each department in the organization. Norrøna has fully owned sales offices in Germany, Switzerland, France and USA as well as a garment factory in Lithuania. With a strong focus on own distribution, Norrøna have the opportunity to develop slow fashion and build the brand upon sustainable quality, rather than chase volumes and price at the cost of sustainability.

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### Turnover in reporting year (NOK)

631

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### Number of employees

98

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### Is the company covered by the Transparency Act?

Yes

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**Major changes to the company since last reporting period**

Norrøna group has had a shift in our corporate structure by singling out Norrøna Production as a separate entity , with 5 employees. For the 2022 reporting we will continue reporting as a single unit.

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**Contact person for the report (name and title)**

Siri Luthen, CSR responsible.

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**Email for contact person for the report**

siri.luthen@norrøna.no

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## Supply chain information

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

An important part of Norrøna sourcing model is that we work directly with our factories and material suppliers. We do in-house development at Norrøna HQ, and direct purchases of own developed products at nominated manufacturers in Europe and Asia. Norrøna also nominates the material suppliers of close to 100% of the finished goods. Related to the seasons SS22 and FW22/23, Norrøna`s total material spend covered 95,13% from nominated suppliers/materials whilst 4% was related to non-nominated material.

Of the non-nominated materials, 44% are related to embossing, embroideries and prints done either in-house at our manufacturers or outsourced by our manufacturers. We continuously strive to nominate all materials across our products and to increase the share of nominated suppliers and materials to ensure and improve the social, human and environmental factors, as well as ensure animal welfare across our value chain.

Norrøna prefers direct purchase and communication with both our manufacturers and suppliers. In a few cases, parts of the materials are traded through an converter. Despite this, Norrøna has free access and good knowledge of all factories that produce our products. This is regardless of whether the agreement indicates direct cooperation, or if it's through converter. It is ensured that both Norrøna directly and the local converter have a strong connection to the manufacturer and are followed up in accordance to established guidelines, rules and regulations.

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

19

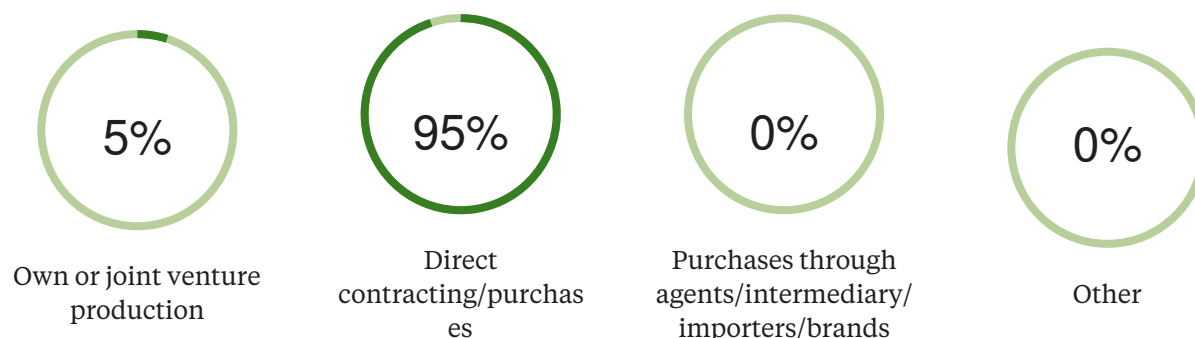
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### Comments

This reflects our cut and sew manufacturers. Some of our manufacturers have more than one factory. Currently we have nominated 72 material and trim suppliers.

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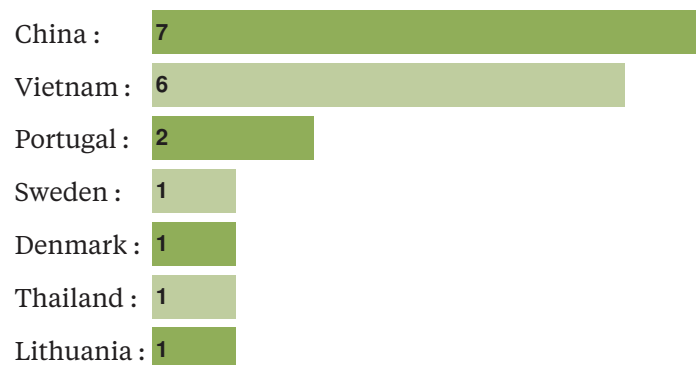
## Type of purchasing/ suppliers relationships



SS21 was the first season to produce in our own factory in Lithuania. To start with, the Norrøna factory are mainly producing baselayers and midlayers. This will reduce the current production quantities from Asia. The Norrøna factory will also help us reducing freight and shipping costs, emissions and lead time as well as give us the opportunity to manifest “our way of working” in relation to CSR and our co-worker’s job satisfaction, work condition and safety, environmental standards, and innovation. We hope that the finding and knowledge helps us to improve the conditions and routines at our other manufacturing partners, and lead us to improve the way we do business even more.

After three years, Norrøna Factory is now well established and fully operative as an independent manufacturer in our value chain. Apart from producing our inline products, we also work closely Norrøna factory in various projects where the aim is to reduce waste in production, automation project as well as further investigate repair in an fully circular perspective

## List of first tier suppliers\* (producers) by country



This is our manufacturing partners for garments, socks, hats, gloves, backpacks, wetsuits, sleeping bags, belts and goggles

**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

28 104



Number of suppliers this overview is based on

19

Numbers of workers per supplier (calculated average)

1480

Comments to number of workers

Some of our manufacturer have more than one factory. Factory sizes varies from 100 to over 4000 workers.

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

<b>Cotton raw material</b>	India Turkey USA
<b>Polyester and/or Polyamide</b>	China Spain Italy Japan South Korea Thailand Taiwan USA Vietnam
<b>Coated and laminated materials (Gore-Tex and Dri)</b>	Switzerland China Germany Japan South Korea Sweden USA
<b>Leather</b>	South Africa
<b>Down/feather</b>	China
<b>Wool raw material</b>	Australia New Zealand South Africa South America

Is the company a supplier to the public sector?

No

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## Goals and progress

### Process goals and progress for the reporting year

1

**Goal :** Less than 1% air freight  
Target 2022: <1%

**Status :** 17,2%. 2022 was a challenging year with interruptions and delays throughout the value chain. The delays gave ripple effects, and the garment manufacturers couldn't manage to deliver the garments timely enough due to the delays of materials and capacity constraints due to covid absence and forced lock downs. Further the transportation lead time on sea increased with several weeks which left us with no other option than using air freight to secure some deliveries to our stores for them to secure a minimum of garments available. Train has not been an option since the war in Ukraine started and this is usually our main option to use when production is delayed.

2

**Goal :** % of Norrøna employees commuting environmentally friendly in Norway including hybrid cars  
Target 2022: 100%

**Status :** 95% green commuting

3

**Goal :** Recycle waste produced at Norrøna HQ  
Target 2022: 90%

**Status :** 44, %

4

**Goal :** Norrøna House of renewable energy  
Target 2022: 100%

**Status :** 100 %

5

**Goal :** 3rd party verified Higg Index score for Brand Module  
Target 2022 90% social/ 90% Environmental

**Status :** 87,9% total Environmental  
90% total Social

6

**Goal :** % of factories completing the self assessment of Higg`s Index facility Module (FEM)  
Target 2022: 80% by volume



**Status :** Manufactures 79.6%  
Suppliers 88.70%

7

**Goal :** % of factories audited through Higg`s Index facility Module (FEM)  
Target 2022: 70% by volume

**Status :** Manufactures 41%  
Suppliers 75.20%

8

**Goal :** % of factories completing the self assessment of Higg`s Index Social & labor Module (FSLM)  
Target 2022: 60% by volume

**Status :** Manufactures 60.4%  
Suppliers 64.90%

9

**Goal :** Percentage of planned production being produced in low season to reduce excessive overtime and facilitate living wages  
Target 2022: 30%

**Status :** 57,31%. Produced outside peak season during 2022

10

**Goal :** Use of 3rd party chemical verification by purchase volume (Bluesign/Oeko-Tex & GOTS) :  
Target 2022: 100%

**Status :** 93,8% of main material 370 styles( total). We have not been able to measure the volume.

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## Goal for coming years

1

Less than 1% air freight  
Target 2023: 1%

2

% of Norrøna employees commuting environmentally friendly in Norway including hybrid cars  
Target 2023: 100%

3

Recycle waste produced at Norrøna HQ  
Target 2023: 90%

4

Norrøna House of renewable energy  
Target 2023: 100%

5

3rd party verified Higg`s Index Score for Brand Module  
Target 2023: 100 % completed and verified  
( We have decided not to include score because the the reporting system will change substantially from 2022).

6

% of factories completing the self assessment of Higg`s Index facility Module (FEM)  
Target 2023: 75% by volume ( manufactures) 90% by volume (suppliers)

7

% of factories completing the self assessment of Higg`s Index Social & labor Module (FSLM)  
Target 2023: 70% by volume ( manufactures) 70% by volume(supplier)

8

% of factories verified through Higg`s Index facility Module (FEM)  
Target 2023: 40% by volume( manufactures) 78% by volume (suppliers)

9

Percentage of planned production being produced in low season to reduce excessive overtime and facilitate living wages  
Target 2023: 30%

10

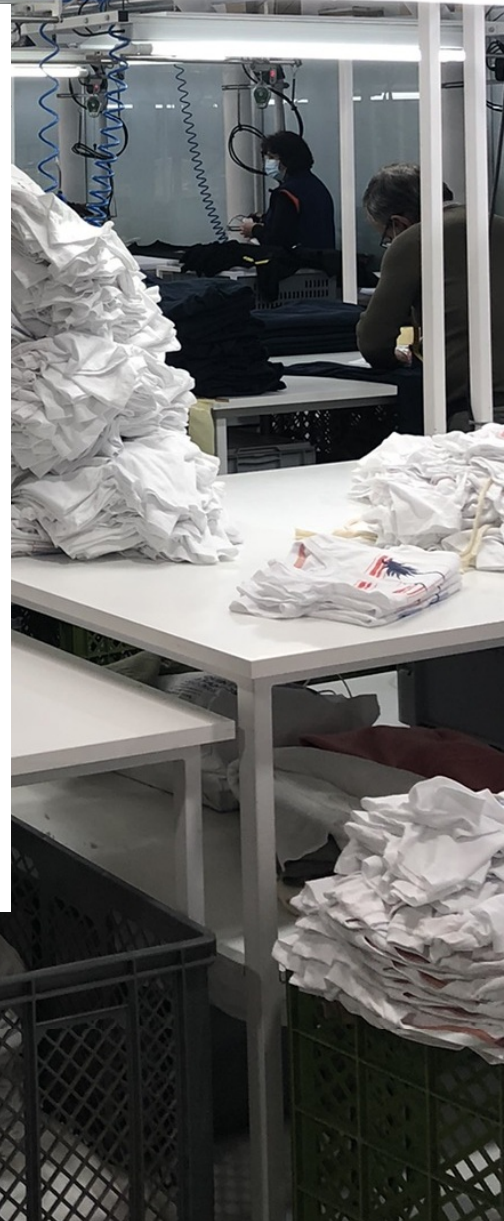
Use of 3rd party chemical verification by purchase volume (Bluesign/Oeko-Tex & GOTS) :  
Target 2022: 100%



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://www.norrøna.com/en-GB/about-norrøna/responsibility/corporate-responsibility/>

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

Norrøna Sport AS ambition is to be a leader in environmental and social responsibility and push our industry forward. In order to this, we have set out to accomplish following 10 goals that are published in our webpage:

1. Zero carbon footprint
2. 100% responsible materials
3. Zero waste
4. 100% of products will respect proper land use and biodiversity
5. 100% of products will respect animal freedoms
6. 100% of products are transparent, traceable, and accountable
7. Zero hazardous chemicals
8. 100% transparency and admirable working conditions for all workers
9. 100% of workers will have their voices heard
10. 100% of our sales will provide 1% to improve the planet and communities

Our policy for Responsible Business Conduct (RBC), is also published at our webpage, and is an expectation for ourselves and all partners we do business with. Aligning with the UN Guiding Principles on Business and Human Rights, we commit that people have an inalienable right to be treated with dignity, human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status, every individual is entitled to human rights without discrimination and these rights are all interrelated, interdependent and indivisible.

Norrøna Sport AS focuses on long term business partnership, and the importance of good planning and information flow with our partners. In dialogue with suppliers we will consider, if needed, to contribute with capacity building or resources that enable our manufacturers and suppliers to comply with Norrøna Sport AS`'s requirements related to Responsible Business Conduct and Norrøna responsibility roadmap. We expect our manufacturers and suppliers to work focused and systematically and comply with our Code of Conduct, which covers fundamental requirements on human rights, labour rights, anti-corruption, animal welfare and the environment. If the supplier, after several requests by Norrøna Sport AS, does not show the willingness to improve or ability to comply with Norrøna Code of Conducts, the contract may be cancelled. Norrøna exit policy states the different steps that are needed when ending a business relationship for reasons of labor rights violations or other reasons.

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

Our Policy for Responsible Business Conduct (RBC) are developed internally by the relevant resources in our organisation together with relevant stakeholder groups as Ethical Trade Norway, and follow recognized international standards such as the ILO conventions, OECD Responsible Business Conduct (RBC) guidance, and the UN Guiding Principles on Business and Human Rights.

The RBC is revised every year and approved by our top management, including the board. Our RBC are translated into seven languages to ensure the content is well understood across our full value chain. The RBC is publicly available at our website in all languages ( English, Thai, Chinese, Korean, Vietnamese, Lithuanian and Portuguese ). Norrøna has distributed and presented the RBC across our full value chain, both internally and externally, to set a common standard on what our manufacturers and suppliers can expect from Norrøna as well as what Norrøna expects from our manufacturers and suppliers.

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## 1.B Organisation and internal communication

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

Social, human and environmental work within Norrøna are integrated across our organisation. Norrøna decided to not use a "watchdog department" concentrating specifically on social, human and environmental issues, but rather integrate the responsibility across all departments. Every member of the company is responsible and measured on their part within the framework of their specific tasks.

The overall strategy for social and environmental responsibility sits within the Chief Sustainability Officer (CSO). Within this role is the responsibility for engaging with both internal and external stakeholders to push our company and the industry towards positive, strategic change and creating collaborations that will result in measurable action. The role is also responsible for developing innovation opportunities to reduce negative impact while supporting sustainable growth.

- The Operating Officer is responsible for HR on a corporate level and is responsible for all aspects of social and environmental performance within Norrøna's headquarters.
- The Director of Marketing is responsible for all aspects of social and environmental communications both internally and externally.
- Operationally the Director of Supply Chain is responsible for all logistics activities, including warehouse and transportation, being as sustainable and socially responsible as possible.
- The Director of RD&D is responsible for workers being paid a decent wage, all social and environmental issues within the facilities of our supply chain, and the development of more environmentally friendly products inclusive of materials.
- The CEO has overall responsibility that all aspects of our responsibility strategy are implemented.

In 2022 Norrøna further strengthening our work on social, human and environmental work with two new employees. The CSR responsible sits within the RD&D department. This role is assuring that Norrøna is responsible for working actively with human rights due diligence based on the OECD guidelines, and to make sure that Norrøna execute and report on Norrøna strategy as well as following existing and emerging regulatory requirements related to product/ material development and productions, and that Norrøna at all times is aligned with rules, legislation and expectations both internally at Norrøna as well as from the society as a whole.

The Sustainability Developer & Project Leader works across the entire organisation with project management and integration and execution of plans to reach strategic goals as well as lead Norrøna's responsibility timeline towards 2029. She is further responsible for securing and analyzing data for all initiatives in order to measure and verify progress according to relevant industry standards such as the greenhouse gas( ghg)- protocol, science based targets and additional updated international and domestic legislation.

Both of these roles holds a 100% position focusing on training, improving, developing, implementing and measuring our actions related to social, human and environmental management in our value chain.

### **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?**

Norrøna's four building blocks are Quality, Function, Design and Sustainability. Sustainability is at the core of our focus and ambition. The responsibility to include social, human and environmental aspects in decision making and actions is not set aside to one or more key employees. It is applicable to all Norrøna employees, and we work towards shared goals.

The importance of due diligence work is defined in our RBC and 2029 roadmap as well as through our company and strategy goals published at our intranet together with relevant KPI's. The due diligence routines are summarised and described in Norrøna routine for human rights due diligence. These tools are regularly used and referred to internally through meetings; as our monthly information meetings held by our top management. In order to maintain visibility, our sustainability requirements and goals in the Norrøna roadmap are currently being broken down into KPI's which individual members of each department's team are responsible for. All subgoals are not yet defined, some projects have started and some will be launched during the year. The status are reflected in Norrøna Roadmap baseline.

These KPI's are measurable and are part of the bi-annual review process. Together, all KPI's make up our annual plan to hit or exceed our sustainability targets. We do it in this way both to engage all members of the company in continuously improving performance towards better social, human and environmental actions, and to be more rational as a small/medium sized enterprise. A sustainability timeline has been developed to ensure key processes are aligned, to track internal progress, and identifying responsibility throughout the organisation. This timeline functions parallel to our organisational timeline and is available to all employees in order to coordinate continuous project and development work within sustainability initiatives on an annual basis. All departments share responsibility for reporting related to sustainability and the aim of this timeline is to ensure due planning and meeting deadlines.

Norrøna's project methodology aims to utilise all employees as resources to accomplish the goals of our 2029 responsibility roadmap. Approximately 20% of employees' available time is aimed to be made available to participate in projects across all departments, and many of the projects are related to the Responsibility Roadmap. All sustainability projects stem from our Responsibility Roadmap 2029 and consist of an internally developed project methodology to ensure due process as well as steady progress and decision making. Projects which succeed through this methodology stage will be implemented into operations practices throughout the organisation.

Our due diligence policies will be implemented through our on-boarding program of new hires, through each job description, KPI's and through our employer handbook from 2022 onwards. Top management put emphasis on the need for all employees to incorporate due diligence in core business decisions, corresponding with our 2029 road map, established company and strategy goals as well as through our policy for responsible business conduct (RBC).

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

Training of employees on responsible business conduct is performed regularly and when appropriate. Employees responsible for implementing human rights due diligence in the supply chain are regularly being trained in their area of expertise and are kept updated on industry standards. Training internally includes short introductions, presentations and more in depth capacity building led by the Chief Sustainability Officer, CSR responsible and the Sustainability Developer & Project Leader. We also actively use external training courses and training that are accessible through the memberships in Sustainable Apparel Coalition), Textile Exchange and Ethical Trade Norway.

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## 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?

Norrønas commitments are reflected in the responsible business conduct, CoC and our CSR roadmap from 2021-2029 as well as through our social and labor document enclosed.

A sustainability timeline has been developed to ensure key processes are aligned, to track internal progress, and identifying responsibility throughout the organisation. This timeline functions parallel to our operational timeline and is available to all employees in order to coordinate continuous project and development work within sustainability initiatives on an annual basis. All departments share responsibility for reporting related to sustainability and the aim of this timeline is to ensure due planning and meeting deadlines. Further details are described in Norrøna routine for human rights due diligence and action plan.

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### 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?

Norrøna 2029 goals are approved by top management and the board. The roadmap are broken down into KPI's which individual members of each department's team are responsible for. These KPI's are measurable and are part of the bi-annual review process. Together, all KPI's make up our annual plan to hit or exceed our sustainability targets. A baseline is developed for all the KPIs, which shows status for each KPI including priority in what are "in process" "on hold" or "delayed". The status for the 2023 the roadmap goals are annually presented to the board with a follow up, including priority and actions.

- Policy for Responsible business conduct ( RBC) documents are evaluated and approved by the top management each year.
  - Through implementing HIGGs index by improving social and environmental aspects for the company and business partners, suppliers and the products ( FSLM, FEM)
  - The Higg report and EH annual report allow Norrøna to track, measure, and share our sustainability progress for internal learning and highlight need for improvement.
  - Through internal information meetings twice per year, where management team and top management present the status per KPI, action plans and strategies set forward for the reporting year. Thereafter an follow-up session per department where each team/employee are to work on how to improve and focus to make sure the company as a whole reaches whats set forward.
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## 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?

Norrøna has the following requirements so that we and our partners comply with social and labor laws and help to improve the lives of all people associated with our company. Documentation of all factories, suppliers and contract partners:

- Codes of Conduct (1) within our product supply chain - across tier 1-2 supplies (minimum)
- Code of Conduct (2) for all employees and partners outside the production supply chain of our products.
- All employees of Norrøna sign employee CoC and acceptance of Employee Handbook
- Our 3rd party distribution Center signed CoC and is located in a low risk country ( Denmark ).
- Our logistic/transportation suppliers whether directly or indirectly have signed CoC or have strong CoC which we have reviewed (2020-21)
- All professional organizations and companies contracting work to us sign CoC or submit their CoC for our approval.
- Distribution and implementation of our policy for responsible business conduct (RBC) across all our nominated 1-2 tiers (minimum)
- Completion of HIGG INDEX Facilities Social & Labor Module (FSLM ) from all tier 1 & 2 partners (minimum).
- Third party verification of social and labor compliance or better - tier 1 & 2 partners (minimum).
- Active support of the United Nations 17 Sustainable Development Goals.
- Active support of the United Nations Global Compact Principles
- Active support of United Nations Guiding Principles On Business & Human Rights
- Active participation with the Ethical Trade Initiative or similar to advance Norrøna's performance as a good partner in terms of human rights and improvement of workers lives.

As a SME (small/mid sized enterprise), it is not possible for us to continuously inspect every supplier everyday, nor do we want that type of relationship with our suppliers who we feel are respected partners. To reduce risk we utilize resources upfront when choosing a factory or supplier to work with. We believe asking the right questions and documenting up front, building trust with the factories/suppliers and having a full facility inspection before we work together alleviates misunderstandings about the possibility of unfair or unsafe labor practices.

We believe that the quality of each worker's life has a direct impact on the quality of their workmanship on our products. Our strategy and processes require long-term partnerships with a close relationship. Due to our size and high quality demands, we do not work in the highest risk countries, nor high risk factories.

Current status and improvements:

Norrøna continuously improves our approach toward social and labor issues. We require facts and cannot accept assumptions. Better documentation of processes, procedures and measurements is the focus for improvement. Through the Higg Index Brand & Retail Module (BRM) and the Ethical Trade salient risk tool and ongoing due diligence, areas of improvement is identified including documentation, procedures and the scope of our responsibilities. Utilizing this knowledge, we improve documentation and archiving working for that our entire business is covered within our Codes of Conduct and human rights commitments.

Norrøna invested considerable resources reviewing that new potential factories initially meet our expectations in terms of quality, reliability and social adherence to our CoC.

- All new factories go through a rigorous process with the necessary documentation easily accessible.
- We will secure that all partner factories consistently meet robust guidelines to decrease risk to the business.
- In 2022 we did a comprehensive mapping of partners that can provide support, beyond traditional auditing. And that can also support with capacity building, training and offer 3party grievance mechanism at tier 1 level. As a result, we have decided to actively support the factories that are currently part of Better work program or other similar programs, and work proactively to ensure that more manufacturers commit to be part of this program. When sourcing for new factories, this will be an important factor when entering new partnership.
- All social & labor procedures and processes must be part of the KPI's and responsibility of top management.
- All social & labor procedures and processes must be part of the KPI's and responsibility of employees having

contact outside Norrøna.

The key is to access as much direct information as possible, systematize the info and then do a thorough risk assessment to reveal where to focus first. The aim is also to detect if there are possibilities to cooperate across brands/industry/trade unions/organisations to ensure one strong process at each facility instead of multiple routines from different brands/customers. This is described further in our routine for due diligence, questionnaire and grievance procedure enclosed.

To assess the status at each value chain partner and to prevent assessment fatigue, we use three verification tools:

1. HIGG FSLM and FEM: If the manufacturer or supplier have shared the report with Norrøna, this forms the basis of the info needed in our risk assessment used to uncover how to move forward with the suitable surveillance, and to ensure proper and functional mechanisms at site. The Higg FSLM is built on the converged framework of the Social & Labor Convergence Program (SLCP).

2. New 3rd party audit tool: Norrøna audits our manufactures( tier 1) regularly and we are currently looking at new routines, changing from every third year, to more often depending on risk identified. However, we want to move beyond traditional audits, and work together with expertise organisations that offer capacity training, direct dialogue with the workers and access to grievance mechanisms.

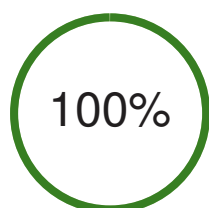
3. Questionnaire/Survey: In 2021 we developed a questionnaire to assess the current status of each facility in our value chain (Tier 1-3 ). This questionnaire was distributed during 2021 and is aimed to uncover current status on site, related to grievance mechanism, collective bargain, workers representation and Freedom of association. This have been an important source of information also in 2022.

Our strategy and processes require long-term partnerships with a close relationship. Products are normally placed at a factory and/or supplier for at least three years providing the workers with more security and the ability to ensure high quality. This in addition to supplier and manufacturer forecasts 9 months in advance of bulk production.

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## Indicator

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

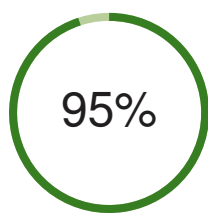


2022

Tier 1 level

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**COC signed from all suppliers/Factories**



2022

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**RBC shared with all new manufacturers and suppliers**



2022

## 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?

By working to achieve the goals in our Norrøna roadmap 2029 and to meet our obligations in the Transparency Act, we acknowledge the need to work with proactive partners that can support us in improving working conditions in addition to working to improve whole sectors and to push the industry forward. Therefore we done a comprehensive mapping of alternative partners that can offer support, beyond traditional auditing, capacity training, more direct contact with workers and access to 3rd party grievance mechanism. Working with external organisations is important in order to push the industry towards better working conditions, such as working towards living wages which requires structural change as well as working across brands. We also want to support initiatives to avoid audit fatigue and lack of coordination among brands.

New legislation in the US leads us to change our purchasing routines on cotton products going forward. The "Uyghur Forced Labor Prevention Act (UFLPA)" was put in effect June 21st, 2022 in the USA. UFLPA states that all goods produced wholly or in part in Xinjiang, China will be presumed to have been made with forced labour and will be barred from entry into the U.S., unless the importer can rebut the presumption with, among other required factors, "clear and convincing evidence" that the goods were not made with forced labour. The clear and convincing evidence will be a Transactional Certificate (TC) showing the materials full value chain from farm to finished fabric as well as the raw material origin. In order to have the correct verification through this TC, Norrøna needs to be the buyer of the material. This legislation focused on cotton, but it also kick started the process of improving our sourcing and purchasing routines across all materials to prove our value chain. Not only through scope certificates, but through direct purchase and eventually Transactional Certificates down to tier 4.

By continuously improving our data sources and audits with regards to environmental reporting, we have strengthened our internal knowledge of our CO2 emissions. We have identified important gaps where securing accurate data points in order to build, as well as rely on, as accurate of a baseline measurement along our entire value chain as possible. This baseline will be detrimental to implementing processes in order to reduce our carbon footprint as well as reaching milestones in our 2029 roadmap goals overall.

A modern, dark grey industrial building with large windows and a prominent white sign that reads "NORRØNA FACTORY". The sign features a stylized logo between the words. The building is set against a blue sky with scattered white clouds. The foreground shows a paved area with light-colored bricks.

# NORRØNA FACTORY

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
Grievance mechanism, workers representation, freedom of organisation and collective bargaining	Forced labour Freedom of association and collective bargaining Child labour Discrimination Harsh and inhumane treatment Wages Working hours Regular employment Marginalized populations Corruption	China Thailand Vietnam
Occupational health and safety in the supply chain	Harsh and inhumane treatment Occupational Health and safety Working hours	China Thailand Vietnam

Decent work for migrant workers	Forced labour Freedom of association and collective bargaining Child labour Discrimination Harsh and inhumane treatment Occupational Health and safety Wages Working hours Regular employment Marginalized populations Corruption	China India Thailand Vietnam
Excessive working hours in the supply chain	Forced labour Freedom of association and collective bargaining Harsh and inhumane treatment Wages Working hours Regular employment	China Thailand Vietnam
Modern slavery in the supply chain	Forced labour Freedom of association and collective bargaining Child labour Discrimination Harsh and inhumane treatment Occupational Health and safety Wages Working hours Regular employment Marginalized populations Corruption	China India Thailand Vietnam
Decent wages in the supply chain	Freedom of association and collective bargaining Wages Working hours Regular employment	China Thailand Vietnam

Discrimination	Discrimination Harsh and inhumane treatment Working hours Marginalized populations	China Thailand Vietnam
Violence and harassment	Forced labour Discrimination Harsh and inhumane treatment Regular employment Marginalized populations	China Thailand Vietnam
Greenhouse Gas Emission (Scope 1-3 emission)	Environment Emission Greenhouse gas emission Energy Waste Use of materials	Global
Microfiber pollution	Environment Emission Greenhouse gas emission Waste Water Use of materials	Global
Responsible sourcing of wood fibers ( forestry )	Forced labour Freedom of association and collective bargaining Child labour Harsh and inhumane treatment Occupational Health and safety Wages Working hours Regular employment Marginalized populations Environment Use of materials	Global

Plastic / polymers	Environment Emission Greenhouse gas emission Energy Waste Use of materials	Global
Animal welfare	Environment Animal welfare Use of materials	Australia China United Kingdom New Zealand South Africa South America
Water use in the supply chain	Environment Emission Greenhouse gas emission Energy Waste Use of materials	Global
Corruption	Corruption	Global

The salient risks listed are based on our salient risk and country risk assessment that covers 100% of our manufacturers as well as 76% of the production volume for our SS22 and FW22/23 collections. Furthermore the salient risk/country risk assessment covers 60% of the material spent in the same period. This in order to cover as wide an aspect of our value chain as possible.

The salient risks listed is defined based on known issues geographically across our industry and not necessarily a problem in our nominated facilities. Still the salient risk/country risk assessment puts focus on our actions and where to prioritize going forward as Norrøna recognize that we don't have the full status at each facility at any given time.

In 2022 the focus have been especially on mapping if the workers in our supply chain has access to grievance mechanism, and the social dialogue including workers representation at the facilities. These topics have been treated together as same risk area because trade union or works council can potentially be an important channel to receive and handle complains and a mechanism to improving the factory performance .

## 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.**

Norrøna actively uses the Salient Risk Tool developed by Ethical Trade. The risk analysis is updated annually and forms the bases for further risk assessment at a more detailed level. We engage with expert organisations such as EHN, Sustainable Apparel Coalition (SAC), Textile exchange, STICA, Bluesign, Better Works, BSCI, ELEVATE, relevant OECD forums and human right networks. To assess the status of each value chain partner and to prevent assessment fatigue, we use three verification tools. This forms the foundation for handling the risk and prioritizing dialogue as well as further measures.

1. HIGG FSLM: If a manufacturer or supplier has shared a report with Norrøna, this forms the basis of the information needed in our risk assessment used to uncover how to move forward with the suitable surveillance, and to ensure proper and functional mechanisms on site. The Higg FSLM is built on the converged framework of the Social & Labor Convergence Program (SLCP).

2. At tier 1, we are currently using Elevate for 3rd party audits, and in 2022 we audited 16 of 23 of the facilities. Not all factories are being audited, because they have been able to share audit reports from audit that have already been done in 2022 and we are working to avoid audit overlap, or they are being part of Better Work program which we have decided to support. The remaining are being audited in 2023 or 2024 depending on risk identified. This has been an important priority after COVID lock down and lack of access to the facilities the last two years. The information gathered from social audits forms an important basis for retrieving information about the current situation at the factories and the improvements that need to be done. The audits in Norrøna are completed regularly and we are currently looking at new routines, increasing from every third year, depending on risk identified at the factories.

3. Questionnaire/Survey: In 2021 we developed a questionnaire to assess the current status of each facility in our value chain (Tier 1-3). This questionnaire was distributed during 2021 and is aimed to uncover current status on site, related to grievance mechanisms, collective bargaining, worker's representation and freedom of association. This has also been an important source of information in 2022.

In the Norrøna roadmap we have set a goal that 100% of our products are transparent, traceable, and accountable. To reach our goals we work across the below principles:

- Full traceability and accountability from feedstock to customer.
- Evaluate environmental impacts
- Use transactional tracing on all materials and products inclusive of packaging.
- Use of GRS, RDS, RWS, GOTS as ways to trace the supply chain.

We are currently mapping and evaluating alternative certifications for the different materials that we are sourcing to further develop our sourcing policy. In order to reach the ambition to have full traceability in the whole supply chain. Additionally, we want to ensure that we are partnering with organisations who focus on working conditions all the way back to tier 4, where the risk of violations of human rights often are the highest.

In 2022, Norrøna presented 11 products with verified impact results on water usage, water quality, carbon footprint, fossil fuel use and chemistry use based on LCA data, using Higg Materials Sustainability Index (Higg MSI). The use of generalized data for specific product impact was however determined to be incorrect by the Norwegian Consumer Authority. The NCA concluded that Norrøna's marketing of products with environmental claims, by using data from the Higg MSI, is misleading to consumers and thus prohibited, and Norrøna was asked to change or remove the relevant marketing. The whole decision by NCA can be read at their webpage.

Norrøna still has a goal of being fully transparent with our products impact, and we are working together with Textile Exchange about doing regional LCA+ studies that will provide more specific, open sourced information for the basis of product impact scores. We will use absolute numbers for the impact measurements instead of comparisons and we continue to have close dialogue with relevant authorities to ensure our desire to be transparent does not breach any regulations or be deemed to mislead in any way. Until we have completed this process together with the external organisations and gained proper approvals, we have decided not to use the MSI data publicly. We will continue with our 2029 goal of being fully transparent, traceable and accountable and work to improve the underlying data and language around our communication.

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## 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.**

During 2022, Norrøna discovered a bribery attempt at one of our factories in China. This was uncovered by our 3rd party auditor Elevate.

When receiving the information, Norrøna immediately arranged meetings with the factory owner and his management team, emphasising that Norrønas Code of Conduct states unethical practices including bribery is not acceptable. However, we believe in co-operation and in cases of non-compliance we wish to work with our suppliers to prepare a plan for reaching the standards of our Code of Conduct. It's important for us that the manufacturer understands that the audit is not an approval process and that we want to work together with our partners to improve. During this process it was also important for Norrøna to ensure that the workers in charge of the audit were not punished, rather than trained in business ethics. This also goes for the management and the organisation as a whole.

We agreed on a follow plan which includes that the owner provides training to all the facility managers about business ethics, Code of Conduct and the importance of transparency.





### 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	<b>Grievance mechanism, workers representation, freedom of organisation and collective bargaining</b>
Goal :	Workers have access to grievance mechanism, workers representation, freedom of organisation and collective bargaining.
Status :	Freedom of association is very restricted in several of the countries Norrøna are working in, including risk of interference, manipulating, or control of the unions. It's also a risk that the workers are unclear how unions can support them. In Vietnam, where Independent democratic trade unions are not permitted to operate. China has not signed the ILO-conventions on forming unions and collective negotiations (C87 and C98). The state federation All China Federation of Trade Unions (ACFTU) is the only authorized trade union in China. All local and sectoral unions are obliged to be a member of the ACFTU, meaning that they are not independent, as they are indirectly controlled by the state. We have done a first mapping of our tier 1-3, reviewing status, based on social audits, FSLM reporting and our human right questionnaire, that was distributed in 2021 from tier 1-3. The mapping is an ongoing process, and findings, combined with analysis from relevant NGO`s, helps determine where to prioritize, and need for more analyse and information.

**Goals in reporting year :**

The fact that Covid-19 made it difficult for both Norrøna employees and our 3rd party auditors to enter the production sites, highlighted the need for remote solutions to amplify workers' voices during 2021. We therefore set the ambition to ensure the workers have an easy and anonymous channel to voice their concern, if necessary outside their own organisation, and to start implement a remote grievance mechanism at all relevant 1-3 tier partners, preferably through joint collaboration across the industry.

Our aim is to try and work with our partners to help remedy the grievance while continuing to protect the rights of the worker before taking any further actions. During this work, we decided to go a step further, not only checking the status of our tier 1 regarding workers situation and decided to dig deeper to also include tier 2 and 3. We find that to succeed in this field we need to go beyond auditing and collaborate with trade unions/ organizations and manufacturers/suppliers to raise competence and awareness among factory workers on their rights and responsibilities. Where workers cannot voice their concerns freely and there is no worker representation, Norrøna will initiate conversations with suppliers and manufacturers, promoting the value of worker representation and communicating our requirements, vision and intent.

The goal was divided into three different steps:

1. Gather data and analyzing the situation at tier 1-3 ( Status on access to grievance mechanism, and current status related to grievance mechanism, collective bargain, workers representation and freedom of association)
2. Analyse and map partners that can support Norrøna with capacity building, access to grievance mechanism, and social audits that include dialogue with the workers.
3. Develop action plan and start implementing and capacity building based on risk assessment and prioritization.

#### Completed measures and reasoning :

1. During 2022 we have analyzed the status of our tier 1-3 in our nominated value chain, by using information from social audits, human right questionnaire developed by Norrøna , and reports submitted through FSLM Higg. This information forms a baseline and guide us where we need more information, where is need for capacity building, and where is the need for prioritized at all our partners.
2. In order to be able to support at manufacturer and supplier level, including capacity building, training, access to grievance mechanism and also to get information from the workers at the facilities we have done a comprehensive mapping of potential external partners that will be able to support at different tier level, and have the expertise and local knowledge that is needed in high risk contexts. In this mapping we have also considered if there are possibilities to cooperate across brands/industry and evaluate if possible to use the same system partner/trade unions/organizations to ensure one strong process at each facility instead of multiple routines from different brands.
3. Based on this analysis Norrøna will further develop an action plan, which include capacity building and potential need for support from partners that are identified. One of the partners we have decided to move forward with is the Better Work program in Vietnam. Some of our factories are already part of this program and the Norrøna will support this partnership, and avoid overlapping audit. We will also actively work to support more factories to be part of this program. We have also identified additional partners but due to the capacity of the partners, it is not certain that we will get started before 2024.

#### Goals and activities for the coming reporting year :

1. Continue to assess the current status related to grievance mechanism, collective bargain, workers representation and freedom of association and possibly to help build their capacity and improve their performance, as well as reveal potential risk. This will be done in dialogue with our suppliers and manufactures. The HIGG FSLM reports as well as available social audits will be used as relevant info when doing the risk assessment.
2. Based risk assessment, we will further develop an action plan, which include capacity building and potential need for support from consultants or partners that are identified.
3. Continue identifying if there are possibilities to cooperate across brands/industry and evaluate if possible to use the same system partner/trade unions/organizations to ensure one strong process at each facility instead of multiple routines from different brands.

<b>Salient issue</b>	<b>Occupational health and safety in the supply chain</b>
<b>Goal :</b>	Prevent and address risk related to health and safety in the supply chain.
<b>Status :</b>	The garment and textile sector present health and safety risks for many workers. This is also risk that are closely connected to the the risk of overtime and vulnerable groups in the supply chain and discrimination of specific groups. To address occupational health and safety risk we systematically inspect our factories on safety standards to get more information about the current situation at the factories, and work with the factory to avoid harm to workers.
<b>Goals in reporting year :</b>	During Covid, there has been limited access to inspect our production facilities from both Norrøna directly or through auditors. An important priority has therefor been to make sure that our factories are being inspected, and that we follow up the the findings with clear timeline and a plan.

#### Completed measures and reasoning :

In 2022 we have been able to visit several factories ourselves, in addition to 3rd party auditing through ELEVATE. In 2022 we audited 16 of 23 facilities and, based on the findings in the reports we have dialogue with the factories about improvements that needs to be done and agree on a improvement plan. In addition to the audits we also visit the factories ourselves, and make use of checklist focusing on occupational health and safety standards. In 2022 we have visited several of the factories in Vietnam, Portugal and Spain. This have not been possible in China because of restrictions. We are also asking our manufactures and suppliers to report through FSLM self-assessment and verify the report by a third-party auditor. Based on the results in the audits, we will prioritize dialogue with the factories to make sure necessary progress have been done and decide if capacity building is needed, with support from external expert organizations.



Goals and activities for the coming reporting year :

1. Training our employees and improving our "on site" checklist that is used by Norrøna employees during factory visits.
2. Audits of factories, using third party third party audit.
3. Based on the results in the audits, we will prioritize dialogue with the factories to make sure necessary progress have been done and decide if capacity building is needed, with support from external expert organizations.
4. Tier 2-3: Further support suppliers to use FSLM and verify the reports.
5. Mapping certifications that are focusing on workers that are equivalent to key of the International Labour Organisation (ILO), United Nations Guiding Principles on Business and Human Rights (UNGPs), and and further develop a sourcing strategy for materials and use of certifications.

<b>Salient issue</b>	<b>Decent work for migrant workers</b>
<b>Goal :</b>	Decent work for migrant workers
<b>Status :</b>	We have identified migrant workers as a particularly vulnerable group in regions in parts of our supply chain. This is related both to international migrants and domestic migrants. The risk has especially been identified in India and China but is also applicable for other regions. Chinese migrant workers from the poor rural areas make up the majority of the workforce in the garment industry. Risk of exploitation of migrant workers is especially related to Code of Conduct clauses "Forced Labour", "Discrimination", "Regular Employment". However the issue also connects to most other clauses related to decent work.
<b>Goals in reporting year :</b>	Norrøna will continue to promote and select feed-stock with certifications that support minority and migrant workers concerning working and social conditions that are equivalent to key norms of the International Labour Organisation (ILO), United Nations Guiding Principles on Business and Human Rights (UNGPs).

#### Completed measures and reasoning :

1. We continuously map our supply chain for migrant workers, using information from social audits. In 2022, 16 out of 23 facilities have been inspected during 2022 by Elevate.
2. We done a mapping for which partners at tier 1-3 have grievance mechanism in place
3. We have identified external expert partners that can support with more comprehensive social audits, to gain more insight of the situation at tier 1, as well as training and setting up external grievance mechanism where needed.
4. We have started do to a mapping of third party certification that are that are equivalent to key norms of the International Labour Organisation (ILO), United Nations Guiding Principles on Business and Human Rights (UNGPs), including vulnerable groups such as migrant workers and something about implementation.
5. We focusing on building knowledge and experience on this issue and participate in forums to exchange information across organizations and stakeholders to advance on issues related to decent work for migrant workers.

Goals and activities for the coming reporting year :

1. We will update our policy on migrant labor based on our risk assessment and the increasing focus on this area. The policy will include details on our approach to the issue and operational procedures if we identify cases where migrant workers are involved in our supply chain.
2. Norrøna will engage and initiate cooperation with relevant organisations to extend the internal and external training. We will continue to build knowledge and experience on this issue and participate in forums to exchange information across organizations and stakeholders to advance on issues related to decent work for migrant workers
3. We continuously map our supply chain for migrant workers, using information from social audits, FSLM reporting and expert organisations.
4. We will update our sourcing policy, that include third party certifications that are focusing on working conditions, including vulnerable groups such as migrant workers.

<b>Salient issue</b>	<b>Excessive working hours in the supply chain</b>
<b>Goal :</b>	Prevent and address excessive working hours in the supply chain.
<b>Status :</b>	We are aware of excessive overtime as a risk in our supply chain. The risk of excessive working hours has especially been identified in China, and have been an extra challenge especially during COVID when the the power supply restrictions put forward by the Chinese government throughout the year, and a issues concerning delays of materials in the supply chain did most likely affect working hours additionally. Excessive overtime is strongly linked to workers' rights to a safe and healthy workplace, and lack of rest days increase the chance of accidents in the workplace. Excessive working hours is also linked to the issue of the legal minimum wages which often fail to provide enough income to meet basic needs.
<b>Goals in reporting year :</b>	Norrøna had goals in place since 2014 in relation to production produced during the low season. The ambition is to produce a certain percentage of goods outside the peak season to reduce the pressure on the factories, reduce overtime, ensure stable work throughout the year and provide predictability to factories and their workers.

#### Completed measures and reasoning :

1. Norrøna has a strong focus on close dialogue with all our suppliers and manufacturers to gain the best possible production cycles and predictability per season. Long and reliable partnership also supports honest, constructive and open dialogues. The ambition is to produce a certain percentage of goods outside the peak season to reduce the pressure on the factories for 2022 was 57,31% which is an increase from 2021 ( which was 41% off-peak production).
2. We have started mapping factories practices on the use of overtime by using the data from audits report and FSLM reporting, a priority based on the findings have been done, and based on this we have ongoing dialogue with the manufactures how Norrøna can help to reduce overtime.
3. We done a mapping for which partners at tier 1-3 have grievance mechanism in place, and identified partners that can support us in improving access to grievance mechanism where needed.
4. Norrøna have committed to participate in the Learning and Implementation Community (LIC), organised by the MSI Working Group on Responsible Purchasing Practices, which uses the the Common Framework for Responsible Purchasing Practices (CFRPP) as a reference point. About 35 garment brands, together with supply chain partners, are joining together regularly for 2 years, with the aim of implementing practical changes to purchasing practices, in order to give scope for improved supply chain working conditions.

#### Goals and activities for the coming reporting year :

1. Continue close dialogue and map factories practices and policy on the use of overtime.
2. Examine seasonal and departmental peaks in workload and production in cooperation with the supplier and manufacturer, based on close dialogue and data from uudit reports, FSLM reporting and self-assessments.
3. Further improve our internal purchasing practices to ensure a constructive spread of capacity throughout the year, and continue participating in the 2 year learning program about Responsible Purchasing Practices (RPP).
4. Improving access to grievance mechanism, with support from external partners and capacity building, to ensure workers can raise concerns. Tier 1-3

<b>Salient issue</b>	<b>Modern slavery in the supply chain</b>
<b>Goal :</b>	Prevent and address risks of modern slavery in our value chain.
<b>Status :</b>	We are aware of the risk of forced labour and modern slavery in regions where we have supply chains. The risk has been identified through assessments, and dialogue with relevant NGO's. The risk has especially been identified in China and India. The issue is related to Code of Conduct clauses ""Forced Labour"" and ""Child Labour"".
<b>Goals in reporting year :</b>	<ul style="list-style-type: none"> <li>1) Develop modern slavery policy and in a greater extend include it into our Code of Conduct.</li> <li>2) Amend our Code of Conduct and implement it towards all our suppliers and manufacturers</li> <li>3) Both Modern Slavery Policy and amended CoC to be translated to relevant languages.</li> </ul>

#### Completed measures and reasoning :

1. We have started to update our Code of Conduct, and the process of developing a modern slavery policy.
2. We have audited 16 of our manufactures , using Elevate in 2022, to further assess risk and identify potential risk of modern slavery.
3. We have started to map alternative certifications for sourcing material, which are focusing on workers' rights, including modern slavery and develop a sourcing policy based on this.
4. We are working with expert organisations such as Ethical Trade and relevant networks, to identify gaps in visibility, especially at the at lower tiers to identify the most vulnerable workers.



Goals and activities for the coming reporting year :

1. Develop modern slavery policy and in a greater extend include it into our Code of Conduct. Both ""Modern Slavery Policy"" and amended ""CoC"" to be translated to relevant languages.
2. Amend our Code of Conduct and implement it towards all our suppliers and manufacturers.
3. Continue to review whether suppliers have sufficient knowledge and understanding of modern slavery risks, and working with new partners that are providing more comprehensive audits, that includes more off-site dialogue with workers and capacity building and training.
4. Continue working and have dialogue about grievance mechanisms are put in place that ensure workers can raise concerns.
5. Work to increase the use of FSLM self-assessment and auditing, especially at tier 2-3 level.
6. Continue to map and identify gaps in visibility –especially at the at lower tiers and to better understand the situation for vulnerable workers.
7. Update our sourcing policy, that include third party certifications that are focusing on working conditions, including risk of modern slavery.

<b>Salient issue</b>	<b>Decent wages in the supply chain</b>
<b>Goal :</b>	Contribute to achieve living wages in our value chain
<b>Status :</b>	The legal minimum wages in the textile industry often fail to provide enough income to meet basic needs and for many workers, a job does not provide a way out of poverty for them and their families. Ensuring a living wage is an essential aspect of decent work and is defined by “the wage needed to provide the minimum income necessary to pay for basic needs based on the cost of living in a specific community”. Lack of living wage is also related to other issues such as overtime, discrimination and modern slavery.
<b>Goals in reporting year :</b>	<ol style="list-style-type: none"> <li>1.Wage status is assessed in detail for all of our cooperating factories.</li> <li>2. Use our leverage as a customer and long term partner to educate and amplify our policy related to living wages.</li> <li>3.Ensure Norrøna's purchasing practices are not preventing living wages in our value chain.</li> </ol>

#### Completed measures and reasoning :

1. We have started to analyze the wage status in detail for all our cooperating factories at tier1, to develop a better understanding of the wage system at the factories.
2. We have done a comprehensive mapping of partners that can support us with improving the wage level at tier 1 level, and that are working on a national and global level to improve the legal framework.
3. We have done a mapping for which partners at tier 1-3 have grievance mechanism in place, and identified partners that can support us in improving access to grievance mechanism where needed.
4. Norrøna are participating in the Learning and Implementation Community (LIC), organised by the MSI Working Group on Responsible Purchasing Practices.
5. Further analyze and improve use of potential third party certification for sourcing of material, that are focusing on decent working conditions, including decent wages.

Goals and activities for the coming reporting year :

1. Continue analyzing the wage in detail for all our cooperating factories at Tier1. Analysis and develop a better understanding of the wage system at the factories and the gap from living wage.
2. Analyze if Norrønas purchasing practices are preventing living wages in our value chain and evaluate if need for adjustment in making sure that Norrøna are paying the actual price allows for fair wage increases for employees.
3. Seek collaboration across brand to increase leverage and push for necessary changes, using our membership in Ethical Trade Norway, Higg and other relevant organisations.
4. Use our leverage as a customer and long-term partner to educate and amplify our policy related to living wages.
5. We will update our sourcing policy, that include third party certifications that are focusing on working conditions. Including decent wages.

<b>Salient issue</b>	<b>Discrimination</b>
<b>Goal :</b>	Workers shall be treated with respect and dignity
<b>Status :</b>	We are aware that migrant workers particularly vulnerable to exploitation and discrimination, they risk being paid lower wages and face specific barriers to articulating and demanding their rights as workers. Gender discrimination runs deep throughout in many of the countries that Norrøna are working in and women face many barriers to equality and economic empowerment. Women are particularly vulnerable to harassment and violence in the workplace, they are often paid lower wages than men for the same activities. And women are more often linked to precarious, informal or irregular employment.
<b>Goals in reporting year :</b>	Norrøna`s Code of Conduct will be improved during 2023 in order to increase the level of commitment doing business with Norrøna. This with the aim to leverage across the value chain.

#### Completed measures and reasoning :

1. We systematically inspect our factories by third party auditor Elevate. In 2022, 16 of our factories have been inspected, at tier 1. Based on this we have dialogue with our factories about the need for necessary improvements.
2. We are asking Norrøna supplier at tier 1-3 to report to use the FSLM self-assessment, and verify the report by an independent verified.
3. We done a mapping for which partners at tier 1-3 have grievance mechanism in place, and identified partners that can support us in improving access to grievance mechanism where needed, and support beyond traditional audits such as gender sensitive training at tier 1 level.
4. We are mapping alternative certifications for sourcing material, which are focusing on workers' rights, including access to grievance mechanism.
5. We are working with expert organisations such as Ethical Trade to better understand risk of discrimination in our value chain

Goals and activities for the coming reporting year :

1. Amend our Code of Conduct and implement it towards all our suppliers and manufacturers.
2. Strengthen risk assessment, to further identify risk that are particularly for vulnerable groups, including gender-specific risks, this includes increase dialogue with workers and using gender-responsive due diligence tools.
3. Work with expert organizations to better understand risk of discrimination in our value chain.
4. Prioritized based on risk assessment and develop a action plan that include capacity building and training, and access to grievance mechanisms.

<b>Salient issue</b>	<b>Violence and harassment</b>
<b>Goal :</b>	There shall be no discrimination or violence at the workplace
<b>Status :</b>	<p>Harassment is a high risk in several of the countries we are working and we aware of the high risk of violence and harassment in the lower part of the supply chain. Women who are low income workers, migrant workers and/or are employed informally are particularly exposed to risks of sexual harassment and sexual and (gender)based violence in the workplace. Minorities, including ethnic, religious and caste minorities, are often much more vulnerable to harassment and violence due to their “lower status”. Minorities may also have more difficulty accessing grievance mechanisms and may lack network and necessary information about where to seek support and help if needed. Challenges related to harassment and violence includes lack of awareness among workers on their rights and a lack of action from employers and buyers to identify and address harassment and violence in the workplace. Quality of data is challenging, because of social norms and lack of knowledge of rights and safe channels to report.</p>
<b>Goals in reporting year :</b>	Norrøna`s Code of Conduct are currently being updated in order to increase the level of comitment doing business with Norrøna.

#### Completed measures and reasoning :

1. We have audited 16 out of 23 facilities during 2022, with Elevate to identify which factories that can be in potential risk.
2. We done a mapping for which partners at tier 1-3 have grievance mechanism in place, and identified partners that can support us in improving access to grievance mechanism where needed, and support beyond traditional audits such as capacity training.
3. We are working with expert organisations such as Ethical Trade to better understand risk of violence and harassment in our value chain.



Goals and activities for the coming reporting year :

1. Work to improve and collect more quality data on harassment and violence, in order to prioritize actions where they are most needed. This include strengthen risk assessment, looking for risk that are particularly for vulnerable groups, including gender-specific risks, and increase dialogue with workers and using gender-responsive due diligence tools
2. Work with expert organizations to better understand risk of violence and harassment in our value chain.
3. Prioritized based on risk assessment a and develop a action plan that include capacity building and training, and access to grievance mechanisms.

<b>Salient issue</b>	<b>Greenhouse Gas Emission (Scope 1-3 emission)</b>
<b>Goal :</b>	100% carbon neutral company by 2029
<b>Status :</b>	<p>The textile and garment sector accounts for a significant proportion of global carbon emissions. There is a need for improve the data in the sector, but its estimate that the apparel industry could account for approximately 2-7% of total global emissions. In 2020 Norrøna calculated our Scope 1, 2 and 3 greenhouse gas emissions for the first time, and we repeated this process for 2022 as well as improved the quality of the data and been audited. Every department leader has specific KPI's supporting sub goals to move Norrøna towards becoming a carbon zero company by 2029. Through this project plan, every department and all employees should be directly involved in the reduction of our company's scope 1, 2 and 3 emissions.</p>
<b>Goals in reporting year :</b>	<p>All teams within R&amp;D and Supply Chain will dedicate additional time to participating in and contributing to external working groups, start-ups and new technology to generate ideas and samples that can be used in our collections without compromising on durability, design, or function.</p> <p>In 2022 we have dived deeper into the data quality of our co2 reporting, specifically focusing on production and carbon accounting standards for scope 3. This made significant changes to our 2020 co2 result which we have since concluded to alter according to improved accuracy and industry standards for 2021. We are still in a process of evaluating the baseline data which we have accumulated over the past years and analyse our findings in order to effectively further reduce our emissions. Until further, we have set yearly reduction targets ranging from 500 tons of co2e to 1000 tons of co2e per year until 2029. This detailed information will be made publicly available on our website during Q1 2023.</p>

#### Completed measures and reasoning :

1. Norrøna is a member of the Swedish Textile Initiative for Climate Action (STICA) where we measure our Scope 1 - 3 emissions. The 2021 result was finalised in December 2022 and shows 95% accuracy of the values measured. Our carbon footprint has been measured to be 8447 tons of CO<sub>2</sub>e. The measurement is available in the STICA 2022 progress report which is publicly available.
2. Norrøna continued its partnership with Fashion For Good and continues to work with innovative startups to help transform the textile industry. We also follow the corporate roadmap requiring 100% of our materials being 3rd party verified with partners such as bluesign to ensure chemical compliance, good water and air protection. We track our fibre use through the Textile Exchange Corporate Fiber & Material Benchmarking, and are piloting the Biodiversity Benchmark. In addition we are on the advisory committee for the new Textile Exchange Biodiversity Benchmark.
3. Norrøna has set a goal of zero carbon footprint by 2029. When evaluating our current footprint, we find that our materials account for over 55% of our total corporate carbon footprint. This is shared mostly through the fibre origins and the material and fibre processing. Our ultimate goal is to create carbon negative products. In order to achieve this goal, we must research, test and develop collaborations that help us use what are currently greenhouse gases, as the basis for manufacturing our materials. We must also work with partners to use carbon neutral sources of energy in our distribution, production and transportation.
4. To further reduce our product carbon footprint, Norrøna will continue to work on developing longer use products, and focus on creating a method to reuse and recycle our end of use products and materials into feedstocks for new production as efficiently as possible.

#### Goals and activities for the coming reporting year :

1. We will continue our partnership with the Swedish Textile Initiative for Climate Action (STICA) and improve our measurements of Scope 1 - 3 emissions. In 2023 we will also publish our measurements publicly and make it available to our customers and external stakeholders on our webpage.
2. We will continue our strategic partnership with Fashion For Good and Bluesign as well as Textile exchange, to ensure chemical compliance, good water and air protection and track our fibre use through the Textile Exchange Corporate Fiber & Material Benchmarking.
3. We will continue working with projects that are defined and important contributions towards the goal of zero carbon emission by 2029; these are: 1) Further development of green business travel, 2) Green commute by Norrøna employees, 3) Green shipping to factories, warehouse and consumers, 4) Renewable energy at HQ and offices and stores 5) Improved efficient energy use in our supply chain: tier 1, 2, and 3 level, and 6) Green material use.
4. Norrøna are committed to promoting sustainability by implementing a range of initiatives focused on the principles of reuse, resell, rent, take back, and refit. Our primary objective is to promote sustainability by encouraging users to extend the lifespan of our products, which we aim to make a core part of our business model. We have established a project working to enhance our existing programs for repairing and recycling products, and are changing and improving Norrøna's reverse logistics to make our initiatives as effective as possible. In the fall of 2023, we will introduce the option of buying used clothes from our brand in selected stores, further promoting the principles of reuse and resell. We recognize that this will require a significant shift in the way we operate and are committed to making the necessary changes to ensure the initiative's success. To ensure the successful implementation of these initiatives, we have established a dedicated project team that is working tirelessly to make them a reality

<b>Salient issue</b>	<b>Microfiber pollution</b>
<b>Goal :</b>	Reduce the risk plastic microfibers pose to marine environments
<b>Status :</b>	Our fleece garments are one source of these microfibers, but we also know that premium, high-end fleece products, such as Norrøna's, release far less microfibers than low-quality fleece garments. But this is no excuse, and we are working to find solutions to this issue.
<b>Goals in reporting year :</b>	Norrøna is concerned about the issues plastic microfibers pose to marine environments (and also in fertilized fields due to the use of sludge from water treatment plants), and we acknowledge that the washing of garments made of synthetic fibers are a contributor to this issue. We are also working to find good short term and long term solutions. Studies have revealed when washing garments made from synthetic fibers plastic microfibers are released, or shed. These fibers are smaller than 5 mm in length, and many of them are not captured in water treatment plans and they find their way into the oceans where they harm marine Wildlife. Research done in Norway suggests that the washing of synthetic garments is the fifth-largest contributor to these emissions with 110 tons per year (wear and tear of car tires are the biggest with 2250 metric tons every year in Norway, paint for boats and ships is second (650 metric tons), and plastic production is third (400 metric tons).

#### Completed measures and reasoning :

1. We are working with the German non-profit Guppy Friend, and sell their washing bags as we found it traps the plastic within the bag. After washing you should remove the plastic fibers and recycle them with the rest of your plastic. This represents a short-term solution
2. From a long-term standpoint, we will work with our fabric suppliers to make more durable fabrics, and consider alternative and new construction. Norrøna also has a large collection of wool garments, both base layer and insulation layers, and wool is a natural fiber that should be far less harmful if it finds its way to the ocean.
3. For the products that are prone to a higher microfiber shedding, Norrøna includes a sticker to inform our end consumer how to wash and tumble dry the garment to prevent the fiber release into the environment.

Goals and activities for the coming reporting year :

This is established as a separate project( no microplastic from products) within RD&D and we will focus especially on:

1. Developing a baseline, how much of our fabrics are most prone to release fibres during home laundering. Based on this we will evaluate new materials to be able to minimise the waste.
2. Install filters to trap the micro fibres with 90% efficiency in all Norrøna washing machines.
3. A separate project working on capturing plastic waste, that will include focusing on innovation but also identifying strategic partnerships.



<b>Salient issue</b>	<b>Responsible sourcing of wood fibers ( forestry )</b>
<b>Goal :</b>	Reduce the amount of virgin and non-traceable feedstock in our cardboard packaging as well as promote decent working conditions.
<b>Status :</b>	80% of all cardboard packaging have switched from virgin to recycled and FSC certified feedstock during 2021.
<b>Goals in reporting year :</b>	Change from virgin and non-traceable cardboard packaging to recycled and FSC certified. It is still some producers left to switch to nominated quality due to specific measurements etc. These are in progress. The supply of recycled wood pulp have been reduced during Covid and is resulting in higher prices and longer lead times. Still our ambition is the same.

#### Completed measures and reasoning :

During 2022 we have worked on reducing our CO emission, reducing waste and ensuring sustainable materials in our hangtags. By reducing size of the main hangtag, printing SKU information instead of using stickers, as well as reducing the weight of the paper and using single layer instead of laminated paper, we have reduced waste by 34% compared to the original hangtag and reduced CO2 emission with 8,9 tons

#### Goals and activities for the coming reporting year :

In 2023 we will implement the project we have done on reducing our CO emission, reducing waste and ensuring sustainable materials in our hangtags.

<b>Salient issue</b>	<b>Plastic / polymers</b>
<b>Goal :</b>	No single use plastic anywhere along our value chain by 2029
<b>Status :</b>	We changed from "virgin polybags" to "100% recycled post consumer polybags" on 80% of all our styles in 2021
<b>Goals in reporting year :</b>	<p>We work according to the following principles: All plastic used should be made from feed-stocks that can be:</p> <ul style="list-style-type: none"> <li>- Recycled</li> <li>- Decomposed</li> </ul> <p>We are evaluate shipping and packaging procedures for each of our suppliers based on below principles:</p> <ul style="list-style-type: none"> <li>- Establish plan with all suppliers to decrease or eliminate plastic use on shipping materials.</li> <li>- Specify all plastic must come from a recycled source and be recyclable.</li> <li>- Any plastic sent to factories must have a plan for collection and recycling.</li> <li>- Any plastic sent to our warehouse must have a plan to be collected and recycled before shipping to retailers or end-consumers.</li> </ul>

#### Completed measures and reasoning :

1. We have worked the use of the remaining 20% polybags by exploring if to change from one polybag per piece, or to use one assortment polybag per export carton to further reduce the plastic use.
2. Develop a routine of collecting and returning our polybags from warehouse and own stores to recycling deposits for further use.
3. Evaluate alternatives to LDPE polybags

#### Goals and activities for the coming reporting year :

We are currently working on reducing the use of polybag on the last 20% in our collections. We have done preparations during 2022 and our ambition is to execute the project in 2023. We have defined a separate project working on capturing plastic waste, that will include focusing on innovation but also identifying strategic partnerships.

<b>Salient issue</b>	<b>Animal welfare</b>
<b>Goal :</b>	Ensure that animals in our supply chain are treated humanely according to the five freedoms; Freedom from hunger and thirst, Freedom from discomfort, Freedom from pain, injury or disease, Freedom to express normal behavior, and Freedom from fear and distress. All materials initiating from animals must be a by-product from other industries
<b>Status :</b>	Norrøna has focussed on getting traceability within our animal supply chain. We use GOTS and RWS to help look after animal welfare in our wool supply chain, but we have work to do on our leather which we use in gloves.
<b>Goals in reporting year :</b>	As animals have no voice in terms of their well-being, we see it as our obligation to ensure that all of our animal products originate from animals that are treated well and that the process of attaining the products is done without causing any harm

#### Completed measures and reasoning :

**Wool:** The wool we use comes from sheep that are non-mulesed and traceable. All of our wool is either 3rd party verified & traceable or Responsible Wool Standard (RWS) certified. RWS is a certification that ensures the five animal freedoms are maintained as well as not over herding. 100% of our wool will be RWS certified or reprocessed. Norrøna also uses reprocessed wool in a few select products, and by doing this we further reduce the stress on animals and nature

**Down:** Norrøna only uses down that is Responsible Down Standard (RDS) certified which ensures that down and feathers come from animals that have not been subjected to unnecessary harm. All down in our supply chain comes from geese and ducks that are bred for food and none are force feed.

**Leather:** In some of our products we use leather (goat and sheep leather). We have a long history of working with Pittards as they have a good reputation. However, we do not know of any certification program in place to ensure the animal welfare of the animals prior to the slaughter house. We are reviewing the possibility of using RWS as an animal welfare certification for sheep leather, but goat leather is a bigger challenge which we are trying to find answers for. Norrøna is committed to verifying that all animals within our supply chain are treated humanely.

**Fur:** As part of our animal welfare commitment, we do not source fur.

Goals and activities for the coming reporting year :

We are working further to identify certifications and partnership in order to achieve our goal of being transparent, traceable and accountable, working especially on our value chain related to leather to improve traceability and sustainability.

<b>Salient issue</b>	<b>Water use in the supply chain</b>
<b>Goal :</b>	Reduce water usage in production
<b>Status :</b>	Project established( green materials)
<b>Goals in reporting year :</b>	Water is a key resource to maintain life on earth. It is therefore critical that we evaluate and reduce our total usage. This will be through reduction of wet processing within our value chain. Norrøna's water usage, which is still being developed, will be within our biodiversity goal in the 2029 Road Map.

#### Completed measures and reasoning :

Norrøna is currently evaluating wet processes and chemistry that will reduce eutrophication and water use. This will include long-term testing of dye stuff to replace synthetic dyes wherever possible. Our RD&D department will also research and test water reducing dye technologies and increased use of dope dyes. In this process we will work with innovators and current partners to test technologies in our laboratory , in the field and through washing to ensure that the lowest impacts are also fit for use.

After researching the different emerging dye methods that reduce the carbon emissions and water usage on colouring and placing finishes on our materials, we want to pilot best in class solutions for the different fiber categories. In this process we will work with innovators and test how the various dye technologies colour our materials, then both laboratory test, wash test, test production applications and wear test to ensure that the most promising dye technology is also fit for use.

#### Goals and activities for the coming reporting year :

Within the bigger project Zero Carbon/ Green Material we will work on CO2 dying, spin, dope and solution dying and spray dying in order to reduce the water use in our supply chain.

<b>Salient issue</b>	<b>Corruption</b>
<b>Goal :</b>	Reducing corruption risk in the supply chain
<b>Status :</b>	We are aware of the risk of corruption is high across Norrøna supply chain. At tier 1 level the risk is high in several of the countries we are working in. According to the Corruption Perceptions Index, the risk of corruption in China is high and the corruption in social auditing is a widespread problem, and therefore can be a serious barrier to detecting labor rights abuses. Corruption is also a pervasive in Vietnam's business environment. Both the public and private sector have a high level of risk of corruption, mostly in the form of gifts and bribe payments. Corruption is an also an issue in Thailand. Transparency International's 2022 Corruption Perception Index ranked Thailand 101th out of 180 countries with a score of 36 out of 100 (zero is highly corrupt).
<b>Goals in reporting year :</b>	Norrøna`s Code of Conduct will be improved during 2023 in order to increase the level of commitment doing business with Norrøna. This with the aim to leverage across the value chain.

#### Completed measures and reasoning :

1. Norrøna RBC and CoC clearly states our anti bribery and corruption policy, and all new manufacturers and suppliers must sign Norrøna code of conduct.
2. We have started the process of improving the current version of the Code of conduct , which includes inputs from external experts.
3. During the audit at on of our manufacturer in China there was a bribery attempt during the audit that was done by Elevate. We had several meetings with the management and the owner of the factory and Norrøna highlighted that the Code of Conduct states that unethical practices including bribery are not acceptable. However we believe in co-operation and in cases of non-compliance we wish to work with our suppliers to prepare a plan for reaching the standards of our Code of Conduct. Norrøna underlined that the audit is not an approval process and that we want to work together with our partners to improve, and therefore we agreed that the factory that the owner is in provides training to all the facility managers about business ethics, the CoC and the importance of transparency. During this process it was also important for Norrøna to ensure that the worker in charge for the audit was trained . We agreed on a follow up plan, that includes training in about business ethics, the code of conduct and the importance of transparency.



Goals and activities for the coming reporting year :

1. Amend our RBC and Code of Conduct and implement it towards all our suppliers and manufacturers.
  2. Strengthen internal process to evaluate corruption risk prior to entering into a supplier relationship (e.g. pre-qualification) when operating in high-risk countries. This includes clear procedures for choosing a supplier and for establishing “preferred supplier” relationships.
  3. Join and actively participate in collective anti-bribery initiatives and work with expert external organisations that provide training for employees in Norrøna and our manufactures and suppliers.
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## 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.

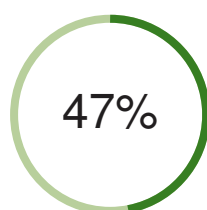
### 3.B.1 Reduction of nature- and environmental impact

Norrøna is a member of the Sustainable Apparel Coalition (SAC) and has been on the Product Module (PM) strategic council and Transparency work group. We are audited through a third party verifier on our BRM report. We also track our fiber use through the Textile Exchange Corporate Fiber & Material Benchmark, and the Biodiversity Benchmark. In addition we have been on the advisory committee for the Textile Exchange Biodiversity Benchmark. Norrøna is also a member of the Swedish Textile Initiative for Climate Action (STICA). Norrøna continued its partnership with Fashion For Good and continues to work with innovative startups to help transform the textile industry. We also follow the corporate roadmap requiring 100% of our materials being 3rd party certified. Through the aforementioned partnerships and verification we have been able to set baselines for our 10 goals and are currently developing targeted actions in order to reach milestones leading towards our overall targeted achievements.

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## Indicator

### Percentage of suppliers that measure their greenhouse gas emissions

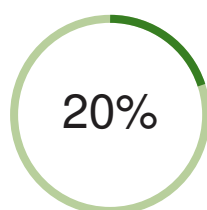


2022

7 of 15 reporting factories in tier 1 measure their Co2-emissions and have set sustainability related reduction targets (long term).

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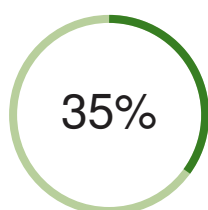
### Percentage of suppliers that use renewable energy



2022

Tier 1 factories with actual reported numbers (15 factories)

#### Percentage of suppliers with programmes or measures for responsible water treatment (use and discharge)

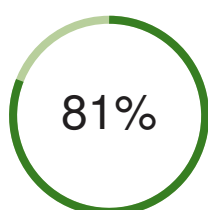


2022

Based on tier 1 factories with actual reported numbers (15 factories)

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#### Percentage of such suppliers with systems for handling of toxic waste

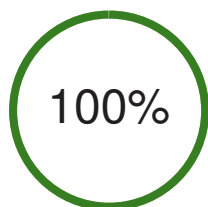


2022

Fabric suppliers who are bluesign partners (for materials)

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#### Percentage of suppliers whose production involves dangerous waste



2022

Collected from FEM assessments 2021, a total of 34 assessments were submitted, 11 assessments were self-completed and 23 were verified

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#### 3.B.2 Reduction of greenhouse gas emissions

In 2020 Norrøna calculated our Scope 1, 2 and 3 greenhouse gas emissions for the first time, and we have repeated this process for 2022 as well as improved the quality of the data and been audited. Norrøna is a member of the Swedish Textile Initiative for Climate Action (STICA) where we measure our Scope 1 - 3 emissions. The 2021 result was finalised in December 2022 and shows 95% accuracy of the values measured. This is publicly available in Stica progress report 2022. Every department leader has specific KPI's supporting sub goals to move Norrøna towards becoming a carbon zero company by 2029. Through this project plan, every department and all employees should be directly involved in the reduction of our company's scope 1, 2 and 3 emissions .

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

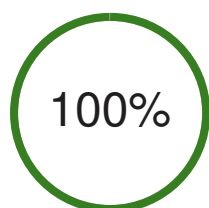
We honor our commitment to provide accurate information about style construction and materials. If we identify errors that are outside the factories control we do not hold the factory responsible for achieving a delivery on-time. We discuss together and agree on how to re-schedule based on their capability and respecting that we are not the only customer that they are supplying to. Financially, we have agreed payment terms with all factories and these are specific to the well being of each of these factories and their workers. We regularly have discussions on a top to top level relating to how they are managing in terms of financing the business. When necessary, we have offered financial assistance or a change in payment terms (for example, bridging finance when other large customers have defaulted on payments) and offered 3 different business models for the factory to choose from.

In 2022 we were heavily affected by lock downs due to the pandemic across our value chain, as well as power supply restrictions in China. The distribution to and from China were heavily affected and caused in many cases delays on components which in turn changed the production schedules for our suppliers and manufacturers. In times of uncertainty, we know predictability is a valuable factor, so we focused on being flexible on both deliveries and payment terms.

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## Indicator

### Percentage of payments to suppliers that are made on time



2022

Around 10% was pre payment, to support manufactures that have issues cash flow limitations during Covid last year, and during the reporting year. We have supported the situation by pre-paying our orders in advance with the prerequisite that Norrøna were to be presented the payroll receipts and documentation that the situation were remediated.

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### 3.B.4 Choice of products and certifications

Our design philosophy is "Loaded minimalism". We make products as clean as possible with all critical details, to ensure long lasting design, quality, function, as sustainable as possible. Norrøna use fabrics that meet high environmental and social, human and animal welfare standards that can be verified by 3rd parties (bluesign®, GOTS, Control Union, RDS, RWS, Oeko-tex®, FSC, GRS). We design for long term durability and are below referring to some of the fibers we purchase. The percentage are listed by weight of the fiber we purchase:

- 100% of cotton is organic (GOTS certified).
  - 6,3% of our wool is GOTS certified by weight of wool purchased
  - 84,7% of wool styles use RWS certified wool material
  - 1% of our wool is from reprocessed wool .
  - 100% of our down is RDS certified.
  - 71,4% of our DWR is FC free chemistry.
  - 98,7% of our materials have 3rd party chemistry certification
  - 82% of the polyester we use is recycled.
  - 84% of the polyamide we use is recycled.
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80% of the cardboard used in our export cartons are FSC certified and with 70-90% recycled content.  
80% of the polybags used in our collection is 100% recycled (post consumer ) and GRS certified.

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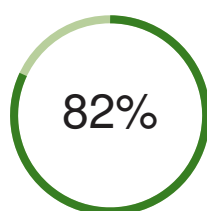
### 3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

In 2022, we have continued the work that was started in 2021, assessing current status related to grievance mechanism, collective bargaining, workers representation and freedom of association through meetings directly and through a questionnaire related to these topics, in addition the information we receive from third party audits by Elevate and FSLM reporting. In parallel we have identified partners that can support Norrøna with providing capacity and support concerning social dialogue , collective bargaining and access to grievance mechanism. This to put focus on the term as well as use our leverage as customer to show our principles and standards on this matters. The aim is to help build their capacity and improve their performance, as well as reveal potential risk.

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## Indicator

### Percentage of supplier located in countries with restrictions on trade union rights or collective bargaining

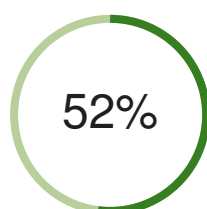


2022

The numbers are based on Tier 1 level. Freedom of association is very restricted in several of the countries Norrøna are working in, including risk of interference, manipulating, or control of the unions. It's also a risk that the workers are unclear how unions can support them. Vietnam present 46,5 % of volume produced for FW 22/23 and SS 23 at tier 1 level. China present around 36,2 % of volume produced for FW 22/23 , SS 23 at tier 1 level.

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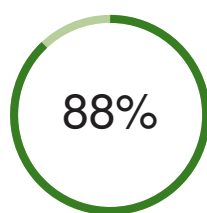
### Percentage of suppliers with well-functioning trade unions



2022

The data is based on the factories that was audited in 2022( 16 audits, and one shared audit report ). The audit does not say anything about the quality of the unions and how the workers have been elected.

## Percentage of suppliers with worker representation other than trade union



2022

The data is based on the factories that was audited in 2022( 16 audits requested by Norrøna, and one shared audit report). The audit does not say anything about the quality of the workers committees and how the workers have been elected.

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

Based on the findings from direct meetings, Norrønas own questionnaire/survey, HIGG FSLM reports and the Elevate audits, we will run a risk assessment to determine where to prioritize across tier 1-3. Norrøna has the ambition to move beyond traditional auditing, and we have done a comprehensive mapping of alternative partners that can offer support with capacity training, and more direct contact with our workers. Norrøna finds it important that this process are based upon cooperation with each relevant manufacturer / supplier / workers and other relevant system partners and stakeholders to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get supplier buy-in for greater supplier engagement.

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

Norrøna corruption policy that clearly states our policy and commitments to combat corruption. All employees are obliged to familiarize themselves with the handbook and Norrøna policies, including the anti bribery policy. The RBC and the Code of conduct is shared with all manufacturers and suppliers clearly states Norrøna policy concerning bribery, and the the code of conduct must be signed with all suppliers and manufactures before doing business with Norrøna. Before entering new partnership, we evaluate corruption risk prior to entering into a supplier relationship when operating in high-risk countries. Norrøna is also closely working expert external organisations that provide capacity training for Norrøna employees and corruption and anti bribery are included as part of the sustainability plan for employees.

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

Norrøna had goals in place since 2014 in relation to production produced during low season. The result for 2022 was 57,31 % off-peak production, a further increase of 16,31 % from 2021 ( 2021= 41 % off-peak production ). The ambition is to produce a certain percentage of goods outside the peak season to reduce the pressure on the factories, reduce overtime ensure stable work throughout the year and provide predictability to factories and their workers. Norrøna have focused on close dialogue with all our suppliers and manufacturers to gain the best possible production cycles per season. Long and reliable partnership also supports honest and open dialogues. When and if our partners are in a cash flow breach, we support by pre-payment or simply purchase the materials at our side to ease the pressure at their side.





## 4

# Track implementation and results

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



## 4.A. Track and assess

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

The overall strategy for social and environmental responsibility sits within the Chief Sustainability Officer (CSO).

Activities and performance on human rights issues are tracked and followed up by Norrøna's CSR responsible. She works closely with all members in our RD&D department who regularly visit and have a close dialogue with our manufacturers and suppliers. We have regular meetings about our responsible business policies and CSR policies to ensure all employees work and act according to these standards, including training and involvement of relevant departments. The CSR responsible detects the scale of issues and develop plans of how to improve our factories, time frame and the seriousness of issues. This is a running process throughout the year.

Norrøna's project methodology aims to utilise all employees as resources to accomplish the goals of our 2029 responsibility roadmap. Approximately 20% of employees' available time is aimed to be made available to participate in projects across all departments. All sustainability projects stem from our Responsibility Roadmap 2029 and consist of an internally developed project methodology to ensure due process as well as steady progress and decision making.

The Sustainability Developer & Project Leader works across the entire organisation with project management and execution of plans to reach strategic goals as well as lead Norrøna's responsibility timeline towards 2029. She is further responsible for securing and analyzing data for all initiatives, especially working on measuring the environmental and climate goals in order to measure and verify progress.

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

Through our follow up audits at our factories, we are able to identify and prevent repeat of weaknesses and to check that actual improvements have been done at factories. Both Ethical Trade Initiative, ELEVATE social audits, FSLM and FEM reporting and TUV (as our Higg BRM verifier) are important stakeholders in the work of improving our knowledge and work related to social and human management at site.

The KPI's that are developed based on Norrøna roadmap are measurable and are part of the bi-annual review process. Together, all KPI's make up our annual plan to hit or exceed our sustainability targets. The baseline that is developed for all the KPIs, and shows status for each KPI including priority in what is in process "on hold " or "delayed ". The status for the roadmap goals are annually presented to the board with a follow up, including priority and action plan.

We also work in close collaboration with different partners in order to maintain scientific goals. Examples of this are corporate fiber and fabric benchmark through Textile Exchange, greenhouse gas emissions, through The Swedish Textile Initiative for Climate Action (STICA), and material life cycle assessment using the HIGG MSI.





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

Norrøna logs salient issues through 3rd party audits and factory visits and meetings from our own employees. Workers are anonymously interviewed in the social audits that are done by Elevate, in groups and separately. We recognize the need for more communication directly with the workers, and this has been important when mapping alternative partners that can provide more comprehensive audits that also include workers' perspective on a larger scale. During 2022 we have done a comprehensive analysis of potential partners who can support us in improving and setting up grievance mechanisms at tier 1-3, and partners that can provide support in providing external grievance mechanisms, and how to handle potential complaints.

We promote and seek open dialogue. We aim to communicate with all affected stakeholders when specific cases or issues arise in the production of our products, including local NGO's, partnering organizations, trade unions, factory management, worker representatives and factory workers. When we are alerted to a case in one of our factories, we do onsite and offsite investigations, and seek to identify root causes of the incident by communicating with all parties involved.

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

Through our RBC, CoC and under the heading "our responsibility" on our Norrøna web page, we communicate our sustainability work with easy-to-follow graphs as well as more descriptive information. In addition to our detailed responsibility webpages, we also use our social media platforms to share concrete tasks we've completed towards improving our impact on the environment and society as well as communicate valuable partnerships made in help of achieving our goals. We publish the annual ET on the web page and share a summary from the report to make it available for external stakeholders.

As reflected in Norrøna's roadmap, we also have an ambition to be even more transparent about our supply chain, and share more information about our manufacturers and suppliers. In 2023, our goal is to share more information about all our Tier 1 partners, starting with the Norrøna Factory, which includes information and working conditions at the factory such as salary.

On our webpage, we are sharing information about the different partners that we are working with such as SAC and the different Higgs tools we use. In 2022, Norrøna presented products with verified impact results based on LCA data, using the Higg Materials Sustainability Index (Higg MSI). However, the use of generalized data for specific product impact was determined to be incorrect by the Norwegian Consumer Authority, and the NCA concluded that Norrøna's marketing of products with environmental claims, by using data from the Higg MSI, was misleading to consumers and thus prohibited: Norrøna was therefore asked to change or remove the relevant marketing. The information is currently taken away from our product pages and we have shared information both on our social media platforms and on our webpage, under the Higg Index heading, how we are working on the case.

In our retail stores, we host panels and presentations centered around the topic of sustainability. Our goal in bringing this discussion to our floors is to make ourselves more available to the consumer and keep the dialogue open for all those wishing to participate. Our Chief of Sustainability, Brad Boren, has also increased his visibility in larger Responsibility forums in an effort to create stronger partnerships. In 2022, we grew our team within the company and added two new employees whose main objective was to improve negative social and environmental effects. We introduced a new channel of communication with the Norrøna podcast and have dedicated episodes to the open dialogue of our roadmap goals. We also created our very first "sustainability ambassador" post to help motivate both our audience, and internal staff, to engage and inform on more conscious choices.

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

As required by the Transparency Act, we have set up a separate e-mail for external stakeholders for questions regarding how Norrøna addresses actual and potential adverse impacts. This email address is accessible on our website. The CSR responsible is answerable for handling these requests, and will seek advice from relevant colleagues when needed. Norrøna customer service is in dialogue with our customers daily. If customers have questions relating to a specific product or more general questions concerning sustainability, support is provided internally by the CSR responsible and/or other relevant colleagues. Based on the questions we receive from external stakeholders and customers, we are continuously working to improve the information provided on our webpage as well as ensuring it is easily accessible for our customers.



A close-up photograph of a sewing machine's needle and foot stitching a piece of light-colored fabric. The needle is in the middle of a stitch, and the thread is visible. The background is blurred, showing other parts of the sewing machine and some fabric scraps.

## 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 it is identified that Norrøna has caused or contributed to negative impact on people, society or the environment, Norrøna must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. This is further described in our 'Grievance Mechanism Procedure'.

Certain breaches more severe than others may require a proactive and systemic approach. A key part of our due diligence process is remediation support. We commit to follow up any situation closely and provide assistance where possible to resolve any case that may occur. If remediation support is necessary, we aim to identify, in cooperation with relevant stakeholders, the most appropriate way of addressing the issue that has been identified.

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

In 2021 we reported that through cooperation across our industry we were informed that one of our manufacturers did not pay their workers salary throughout 1,5 months during the spring and summer of 2021. Through open and honest communication, we supported the situation by pre-paying our orders 4-6 months in advance with the prerequisite that Norrøna was to be presented the payroll receipts and documentation that the situation was remediated. We have established a project to closely monitor, train and support the mentioned manufacturer and its workers to prevent this from reoccurring, and we have an ongoing dialogue with the relevant factory concerning cash flow, which resulted in Norrøna supporting the factory through pre-paying our orders 2 months in advance also in 2022, under the precondition that Norrøna was to be presented the payroll receipts.

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## 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

All production facilities/factories we cooperate with are required to develop internal complaints and grievances systems in order to enable workers to raise their issues to assigned persons/committees. The factories are required to have a system in place to ensure issues raised are resolved in a fair and efficient manner. Information about the complaints/grievance mechanisms and the process for addressing received complaints/grievances shall be accessible and easily available to all workers.

Regardless of internal routines, COVID-19 highlighted the need for remote solutions to workforce management in order to amplify workers' voices. Norrøna fears that the lack of external inspection reduces the social and human management for the workers and are working on ensuring this to be in place even when inspections and visits are not possible. Therefore, Norrøna decided to set an ambition in 2021 to ensure workers an easy and anonymous channel to channel their concerns, if necessary outside their own organisation.

In 2022 we have analysed the status of our tiers 1-3 in our nominated value chain, by using information from social audits, human rights questionnaires developed by Norrøna, and reports submitted through Higg FSLM. This information forms a baseline and functions as a guideline to where more information is required, where there is a need for capacity building as well as where there is a need for prioritization.

In order to be able to support capacity building and improve existing grievance mechanisms, as well as setting up access to external grievance mechanisms, we have conducted a mapping of external partners with expertise and local knowledge that will be able to support at different tier levels. In this mapping we have also considered if there are possibilities to cooperate across brands/industry and evaluate whether we can utilize the same system partner/trade unions/organisations to ensure one strong process at each facility instead of multiple routines from different brands.

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