

Report on

Responsible Business Conduct 2021

for Norrøna Sport AS



SUSTAINABLE GOALS



To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

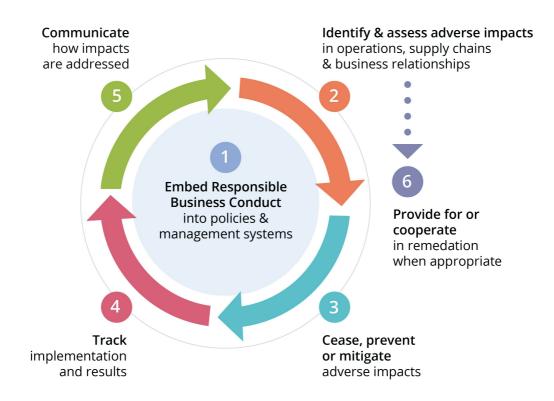
The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGP) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available 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 2021 go?

With another year of limitations with the Covid situation, the circumstances have been challenging but we are satisfied with the work we have been able to do this year.

Some of our focus areas for 2021 was:

- Improve and systemize our social work in our value chain.
- Improve our communication around the CSR work we do.
- Scope and implement our Norrøna Responsibility Road map 2029.

Other areas that we have done in 2021 is:

- We have been among the 3 first in the world to show Higgs Index score on a product level
- We have documented our Scope 3 carbon emission (2020) with 94% actual data
- We continue the work and use 3rd party verification with the Higg index (Brand & Retail Module) BRM
- We have continued to chair the Textile Exchange biosynthetic Round Table

- We continue to be on Level 4 Leader in our Material Change Index (MCI)

- We are part of the Textile Exchange Corporate Fiber & Material Advisory Group as well as the Advisory Group to launch the Biodiversity benchmark

- We have scoped out our Norrøna Responsibility Road map 2029, and prepared for implementation in 2022.
- We have built a Grievance mechanism and continue to improve implementation of it
- Approved the Norrøna Responsibility road map goals for 2029 with our Board of Directors.

Improve value chain transparency and forecast

We have improved our forecast to our partners in the value chain and are now giving the forecast 9 months before we place orders, to give our partners better predictability. We have worked on evening out production, placing orders earlier, and also later, to help factories to have a more even production throughout the year, and reduce the stress periods during peak production.

We also worked with our factories to help out in periods of cash flow squeeze, by purchasing more materials ourselves and helping with prepayments.

Grievance mechanism

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. We have an ambition to ensure the workers have an easy and anonymous channel to voice their concern, if necessary outside their own organisation. We started this work in 2020 and by 2022-2025 Norrøna has the ambition to implement a remote grievance mechanism at all relevant 1-3 tier partners, preferably through joint collaboration across the industry. Our aim is still 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.

The social and human management engagement are in general further strengthened by extending our organisation with new employees focusing on the social and human management aspect across our full value chain.

The Norrøna Factory

We finally got to visit the Norrøna Factory in Lithuania, and it is now well up and running. Our focus for 2021 has still been to get the factory up and running at a stable level, document processes and develop the culture at the factory. We have a goal to start measuring "Great Place To Work" scores, as we do with the other Norrøna Companies.

What areas will we focus on in 2022?

We will Continue the work of systemizing our social and human work in our value chain as well as Implement Norrøna Responsibility Road map 2029.

The work with the next phase of our Responsibility road map has started well but a lot of work still to be done in 2022. We have already defined concrete measurable goals. We need to measure where we are today (some work

left), decide goals per year all the way to 2029, place responsibility in our organisation for each task (so it is a commitment from everyone working in Norrøna), build a digital platform for all the responsibility data and implement a website to show transparency to our users.

Norrøna will work on a improved collaboration across the industry, to build more robust and transparent social and environmental processes while reducing redundancy for the factories and suppliers. In addition we will strive to be better at communicating what we do, and have more information about this on our website

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

Company information and business context

Key company information

Company name

Norrøna Sport AS

Head office address

Vollsveien 13H, 1366 Lysaker

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.

Description of company structure

The company is family owned and was founded in 1929 by Jørgen Jørgensen. It is now run by his greatgrandson, 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
- Finance
- Marketing
- Sales

The management group consists of the CEO and a director representing each department in the organization. Norrøna has fully owned sales offices in Sweden, Germany, Switzerland, Finland 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.

Turnover in reporting year (NOK)

615 000 000

Number of employees

105

Major changes to the company since last reporting period

There has been no changes in the organization, or company structure during 2021, but Covid-19 forced us to work remotely due to the global travel restrictions. We have not been able to travel to our suppliers and partners as scheduled, and some of our planned 3rd party CSR audits have been postponed. The physical presence to evaluate salient risk, have been replaced by desktop analysis based on the feedback given from our suppliers and manufacturers on a self assessment level. As a result of this, the close communication with our partners have been more important in 2021, and is even strengthened during the pandemic.

Despite the great uncertainty our industry was facing in the beginning of the pandemic, Norrøna worked hard to remain business-as-usual towards our business relations. In times of uncertainty, we know predictability is a valuable factor, so we focused on being flexible on both sides of the value chain. Norrøna managed to keep the production forecast during 2021 without cancelling any orders towards our suppliers and manufacturers.

Contact person for the report (name and title)

Kjersti Glosli, Head of sourcing, costing and quality

Email for contact person for the report

kjersti.glosli@norrona.no

Supply chain information

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

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 SS21 and FW21/22, Norrøna`s total material spend covered 95,13% from nominated suppliers/materials whilst 4,87% 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 production are traded through an agent. 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 our agent. It is ensured that both Norrøna directly and the local agents have a strong connection to the manufacturer and are followed up in accordance to established guidelines, rules and regulations.

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

20

Comments

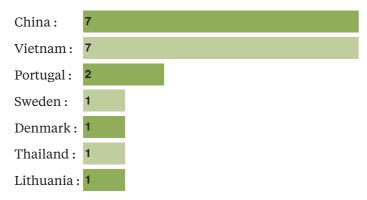
This reflects our cut and sew manufacturers. Some of our manufacturers have more than one factory. Currently we have nominated 49 material and trim suppliers.

Approximate ratio by sourcing options



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.

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

28104

Number of suppliers this overview is based on

20

Numbers of workers per supplier (calculated average)

1406

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 and associated geographies

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

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1	
Goal :	3rd party verified Higg`s Index Score for Brand Module Target 2021: 60% Social / 60% Environmental
Status :	87,9% Social (verified) / 85,7% Environmental (verified)
2	
Goal :	% of Norrøna employees commuting environmentally friendly in Norway including hybrid cars Target 2021: 100%
Status :	Not measured in 2021 due to health restrictions surrounding Covid.
3	
Goal:	Recycle waste produced at Norrøna HQ Target 2021: 90%
Status :	56%. Norrøna HQ are currently undergoing a major reconstruction which started Q2 2021.
4	
Goal :	Norrøna House of renewable energy Target 2021: 100%
Status :	100%
5	
Goal:	Less than 1% air freight Target 2021: <1%
Status :	1,3%
6	
Goal :	% of factories completing the self assessment of Higg`s Index facility Module (FEM) Target 2021: 90% by volume
Status :	Manufacturers: 80,40% Suppliers: 91,30%
7	
Goal :	% of factories audited through Higg`s Index facility Module (FEM) Target 2021: 60% by volume

Status :	Manufacturers: 38,40% Suppliers: 62,00%
8	
Goal:	% of factories completing the self assessment of Higg`s Index Social & labor Module (FSLM) Target 2021: 40% by volume
Status :	Manufacturers: 78,80% Suppliers: 61,70%
9	
Goal :	Percentage of planned production being produced in low season to reduce excessive overtime and facilitate living wages Target 2021: 25%
Status :	41% produced outside peak season during 2021
10	
Goal:	Use of 3rd party chemical verification by purchase volume (Bluesign/Oeko-Tex & GOTS) : Target 2021: 100%

Status : 98,7%

Goal for coming years



3rd party verified Higg`s Index Score for Brand Module Target 2022: 90% Social / 90% Environmental



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



Recycle waste produced at Norrøna HQ Target 2022: 90%



Norrøna House of renewable energy Target 2022: 100%



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



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



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



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

9

Percentage of planned production being produced in low season to reduce excessive overtime and facilitate living wages

Target 2022: 30%



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



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 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 succeeding, 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.

1.A Policy* for own business

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

https://www.norrona.com/en-GB/about-norrona/responsibility/corporate-responsibility/

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

Norrøna Sport AS ambition is to be a leader in environmental and social responsibility and push our industry forward. Our policy for Responsible Business Conduct (RBC) 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 has a zero tolerance policy so any violation of these human rights must be corrected immediately with a solid plan towards compliance or Norrøna will be forced to cease cooperation with the breaching party.

1.A.3 How has the policy/commitment been developed and how is it anchored 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. 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.

The purpose of due diligence is first and foremost to avoid causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships, meaning today's generation get their needs covered without compromising the ability of future generations to meet their own needs.

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 Director of Innovation & Sustainability.

- 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 living 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 order to maintain visibility, our environmental requirements and goals 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 environmental 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.

In April 2022 Norrøna are further strengthening our work on social, human and environmental work with two new members. One CSR responsible within RD&D department as well as one CSR business developer that will work on projects based across the organisation. Both will hold 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?

Norrønas 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 road map as well as through our company and strategy goals published at our intranet together with relevant KPI's. These tools are regularly used and referred to internally through meetings; as our monthly information meetings held by our top management.

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).

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

Focus, respect and knowledge is important if we want to achieve our shared goals. Training of employees on responsible business conduct is performed regularly and when appropriate. Employees responsible for implementing due diligence in the supply chain have been trained in their area of expertise and are kept updated on industry standards continuously.

During 2021 members in our organisation joined webinars regarding the new Due diligence law, as well as six webinars regarding the 6 steps in due diligence reporting, through Ethical Trade Norway. In addition Higg`s BRM report (Brand and Retail Module) are also founded on OECD responsible business guiding and members across all departments in Norrøna have both conducted the BRM report as well as being externally audited and trained in relation to this.

1.C. Plans and resources

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

With clear goals that are regularly evaluated and discussed across the organisation. It is also ensured through implementing our policy for responsible business conduct, CoC and our CSR roadmap from 2021-2029 as well as through our social and labor document enclosed.

These policies and strategies cover our focus and action plans. In addition, all factories are screened and inspected regularly, and a sound approach to sustainability and a responsible and fair treatment of workers (through practices, policies and initiatives) will weigh heavily in favor of that manufacturer in our screening. Norrøna promotes long term partnership and values to educate and develop our cooperation rather than seek new partners only on the benefit of price.

Norrøna works continuously to improve our purchasing practices. Important elements of this are overtime and stable workplaces at our suppliers. This we try to target with better planning.

During 2020 we implemented HIGGs index improving social, human and environmental aspects for the company and business partners, suppliers and the products as a whole. We continued this work throughout 2021. We also actively participate in several collaborations, such as Textile Exchange, STICA (Swedish Textile Initiative for Climate Action) and Fashion for Good.

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 in the board?

- Norrøna 2029 goals are approved by top management and the board. Annually roadmaps results are followed up throughout the year.

- 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 and BRM).

- 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.

- Supporting with more resources within CSR responsibilities in order to both develop, advocate new legislation's, implement new routines, train, support and educate on site as well as measure our actions across the full value chain

1.D Partnerships and collaboration with business associates, such as suppliers

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 (2020-21).

- 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).

- In 2021 we improved the auditing standard by using a new auditing tool by our 3rd party auditor ELEVATE.

- 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 avoid 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), areas of improvement is identified include updating documentation, procedures and the scope of our responsibilities.

Areas of the business not focused on are highlighted to ensure we are in compliance of our goals. Utilizing this knowledge, we will improve documentation and archiving to secure that our entire business is covered within our Codes of Conduct and Human Rights Commitment. We engage with Ethical Trade Initiative to reflect and improve on our current social & labor procedures.

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.

- We implemented a new auditing tool from ELEVATE in 2021 to decrease risk.

- We commit to implementing the Higg FSLM and will learn how to understand and use the new information.

- 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.

In 2021 we started the work on assessing the current status regarding grievance mechanism, collective bargain, workers representation and freedom of association at each production site in our value chain.

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 action plan for social and human management, questionnaire and grievance procedure enclosed.

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

1. HIGG FSLM: 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: To improve the status and information gathered from the 3rd party audits, we have decided to change to a more detailed auditing tool from Elevate starting from October 2021. As Norrøna only conducts 3rd party audits every 3rd year and is limited to our 1st tiers, we can not base upon this assessment alone.

3. Questionnaire/Survey: We have developed a questionnaire to assess the current status of each facility in our value chain (Tier 1-3), to ensure compliance with our Code of Conduct and policy for Responsible Business Conduct (RBC) and to ensure that our actions are not causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships. 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.

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.

1.E Lessons learned and changes in the reporting period

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

COVID-19 highlighted the need for remote solutions to workforce management in order to amplify workers voices. The ability to be on site was drastically reduced from march 2020 and even our 3rd party auditors were not able to conduct audits at the extent as planned. Norrøna fears that the social and human part have not been in focus the same way as if we had been present at the production site. Even so, Norrøna have focused on regular video meetings with our manufacturers, across levels in the organisation with the aim to reveal the situation and with the aim to support where possible.

Norrøna has also stepped up our work to train and improve the social and human management at each facility and are currently assessing the status related to grievance mechanism, collective bargaining, workers representation and freedom of association.

In relation to grievances, Norrøna Sport AS have the ambition to ensure the workers an easy and anonymous channel to canalize their concern, if necessary outside their own organisation. This is relevant not only at our manufacturers (Tier 1) but also down to Tier 3.

As for the social and human aspects, Norrøna recognizes and communicates the need for collaboration between brands (and other members of the value chain) also in terms of the environmental aspect. This in order to make a positive change within the textile industry.

As a smaller brand, we believe the best way to create radical change towards good within the textile industry is to be transparent, show progress and engage and challenge large brands in the places we collaborate. Therefore we actively participate in several collaborations, such as Textile Exchange, SAC (HIGG`s), STICA (Swedish Textile Initiative for Climate Action), and Fashion for Good.



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 relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. 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.

Salient issue	Related topic	Geograph y
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 India South Korea Lithuani a Pakistan Portugal Thailan d Taiwan Vietnam
Occupational health and safety in the supply chain	Harsh and inhumane treatment Occupational Health and safety Working hours	China India Japan South Korea Lithuani a Pakistan Portugal Thailan d Taiwan 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 South Korea Lithuani a Pakistan Portugal Thailan d Taiwan 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 India South Korea Lithuani a Pakistan Portugal Thailan d Taiwan 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 South Korea Lithuani a Pakistan Portugal Thailan d Taiwan Vietnam

Decent wages in the supply chain	Freedom of association and collective bargaining Wages Working hours Regular employment	China India South Korea Lithuani a Pakistan Portugal Thailan d Vietnam
Animal welfare	Environment Animal welfare Use of materials	Australi a China United Kingdo m New Zealand South Africa South America
Water use in the supply chain	Environment Emission Greenhouse gas emission Energy Waste Water Use of materials	Global
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

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 SS21 and FW21/22 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. This is why the work related to the listed salient issues is never finalized, but has to be top prioritized at all times. The salient issues are not listed in a prioritized order.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe 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.

Traceability & accountability goes above all. Without knowing the source, without digging down the value chain, we are not able to make decisions that benefit people, planet and products. The deeper we dig, the more is revealed and the more we are able to change for the better.

We identify salient issues in our business through an ongoing due diligence process. This includes salient and country risk assessment, supply chain audits, desktop reviews, worker and worker representative dialogue, surveys, stakeholder engagement, engagement with expert organizations like EHN, Sustainable Apparel Coalition (SAC), Textile exchange, STICA, bluesign, FLA, BSCI, ELEVATE, UN Global compact, OECD, networks and forums.

Social, human and environmental assessments throughout our supply chain gives us valuable insight. Based on the information gathered we develop country risk profiles, supplier profiles, product risk profiles and materials/fiber risk profiles.

Our goal for 2029 is "100% of products use Higg Index scores to provide traceability & accountability" & "100% of Norrøna supplier's facilities actively participate in the Higg Index FEM & FSLM". We are in good speed, and find that this will never be fully resolved. We just need to strive to be even better, without stop.

To reach our goals we work across below principles:

- Full traceability and accountability from feedstock to customer.
- Use of Higg Index MSI to evaluate LCA and chemical use.
- Evaluate environmental impacts not covered by the MSI
- Use of GRS, RDS, RWS, GOTS as ways to trace the supply chain
- Use transactional tracing on all materials and products inclusive of packaging.

Every product will include a Product Module score providing social, human and environmental results as soon as we find a suitable way of measure the below:

- Scores and environmental evaluation will be available to consumers for all products.
- MSI and Index shortcomings will be clearly stated on the website to help consumers.

We are currently working on full traceability and accountability of the facilities involved in our supply chain.

- Review FEM to evaluate production facilities.
- Review FSLM to evaluate the social and human management of workers in the facilities.
- The goal of the FEM and FSLM is to work together towards improvement.

Our goal is to be fully transparent with supplier information located on our website with their FEM and FSLM scores associated with each supplier. Long-term supply chain partners that seek help with improvement will be an important part of Norrøna's product and material selection process in the future.

Scores on the website will also include explanations to ensure we encourage open improvement with our suppliers that shows actual progress. Members of the supply chain team will be trained in 2021 on how to use the Higg Index as part of the evaluation process.

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other severe 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.

Through cooperation across our industry and through relevant stakeholders, we were informed that one of our manufacturers did not pay their workers salary through 1,5 month during spring and summer 2021. Norrøna immediately arranged meetings with the top management and owner to address the issue as well as get their side of the story. The Owner admitted there were cash flow limitations during Covid, which affected the workers. 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.

Furthermore, we have established a project to closely monitor, train and support the manufacturer and its workers to prevent this from happening again.

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 in¬fluence 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	Grievance mechanism, workers representation, freedom of organisation and collective bargaining
Goal :	Ensure that workers are properly represented and sound routines are in place for the benefit of the workers, throughout the full value chain.
Status :	Status during 2021 until 2022/Q2: Reviewing status at all partners from tier 1-3 in our nominated value chain. This is done through meetings, assessment through a Norrøna questionnaire combined with reports already submitted through HIGG FSLM, BSCI, ELEVATE, SEDEX etc. The findings, combined with the knowledge from relevant NGO`s, put the spotlight on the fact that the routines are not in place and the focus is not properly prioritized at all our partners.
Objectives 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. We have an ambition to ensure the workers have an easy and anonymous channel to voice their concern, if necessary outside their own organisation. We started this work in 2020 and by 2022-2023 Norrøna has the ambition to implement a remote grievance mechanism at all relevant 1-3 tier partners, preferably through joint collaboration across the industry. Our aim is still 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.

1) Questionnaire/Survey:

Assess 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. Both HIGG FSLM reports as well as available BSCI, ELEVATE, SEDEX audits will be used as relevant info when doing the risk assessment.

2) Risk assessment:

Based on the findings from the questionnaire/survey, HIGG FSLM reports and the ELEVATE audits, we will run a risk assessment to determine where to prioritize.

3) Partnering:

Detects potential system partners/trade unions/organisation where necessary. Detect if there are possibilities to cooperate across brands/industry and evaluate if possible to use the same system partner/trade unions/organisations to ensure one strong process at each facility instead of multiple routines from different brands.

4) Implementation through cooperation:

Start the cooperation with each relevant manufacturer / supplier and other relevant system partners/trade unions/organisation 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.

5) Measure:

Draws on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

Salient issue	Occupational health and safety in the supply chain
Goal :	Prevent and address risk related to health and safety in the supply chain
Status :	To address this issue we systematically inspect our factories on safety standards to ensure that the factory operation will not cause any harm to workers. We visit the factories ourselves in addition to 3rd party auditing through ELEVATE.
Objectives in reporting year :	During Covid, there has been limited access to inspect our production facilities from both Norrøna directly or through auditors. This is part of the reason why it is so important to amplify workers' voices through a 3rd party grievance mechanism as described before when the outside world can not inspect and audit the production facilities. Training of health and safety is also of major importance across all levels in the organisation.

1) We have further increased our requirements for health and safety through our 3rd party auditor ELEVATE

2) as well as training our employees and improving our on site checklist used by Norrøna employees during factory visits.

Salient issue	Decent work for migrant workers
Goal :	Prevent and address risk of exploitation of migrant workers, and facilitate responsible integration of migrant workers
Status :	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. The issue 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.
Objectives in reporting year :	Norrøna will continue to promote and select feed-stock with certifications that support minority and migrant workers such as FSC and GOTS as an example. These certifications set standard requirements 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) and Organization for Economic Cooperation and Development (OECD).

We continuously map our supply chain for migrant workers. 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. The policy will be published on our website.

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, including ILO, UNHCR, UNGP, OECD, multi-stakeholder organizations and industry peers.

Salient issue	Excessive working hours in the supply chain
Goal :	Work to prevent and address excessive working hours in the supply chain.
Status :	Norrøna had goals in place since 2014 in relation to production produced during the low season. The result for 2021 was 41% off-peak production, a further increase of 7% from 2020 (2020 = 34% 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.
Objectives in reporting year :	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 during 2021. The power supply restrictions put forward by the Chinese government throughout the year did most likely affect working hours additionally. Factories in certain provinces/regions were forced to stop production 1-2 days per week in periods, to reduce electricity use. Due to this, Norrøna have discussed the issue on a regular basis with our manufacturers and suppliers to remediate the pressure as much as possible by moving deliveries and adjusting orders.

Norrøna has and will continue to 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.

1) Assess factories policy on the use of overtime.

2) Examine seasonal and departmental peaks in workload and production in cooperation with the supplier and manufacturer.

3) Further improve our internal purchasing practices to ensure a constructive spread of capacity throughout the year.

Salient issue	Modern slavery in the supply chain
Goal :	Prevent and address risks of modern slavery in our value chain.
Status :	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".
Objectives in reporting year :	Address forced labour and modern slavery, in all forms, throughout Norrønas supply chains, with specific focus on migrant workers, minorities and other vulnerable groups.

1) Develop modern slavery policy and in a greater extend include it into our Code of Conduct.

2) Amend our Code of Conduct and implement it towards all our suppliers and manufacturers

3) Both Modern Slavery Policy and amended CoC to be translated to relevant languages.

Salient issue	Decent wages in the supply chain
Goal :	Contribute to achieve living wages in our value chain
Status :	We are aware of the risk of infringement on living wages in the markets where we source from. The risk is relevant in all of the countries listed. This is an issue that requires industry collaboration and the responsibility is shared with all international buyers. Providing living wages to factory workers in production countries cannot be solved by auditing factories for compliance alone. We also need to assess our internal purchasing practices.
Objectives in reporting year :	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". For many workers, a job does not provide a way out of poverty for them and their families. The right to a fair wage is a human right. Article seven of the UN Convention on Economic, Social and Cultural Rights states that everyone has the right to a just and favourable working conditions and to ensure that all workers have a fair wage and a decent living for themselves and their families.

1) Wage status is assessed in detail for all of our cooperating factories. Gaps in legal wage compliance are addressed and handled together with affected stakeholders.

2) Use our leverage as a customer and long term partner to educate and amplify our policy related to living wages.

3) Ensure Norrønas purchasing practices are not preventing living wages in our value chain.

Salient issue	Animal welfare
Goal :	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.
Status :	In addition to conventional wool supply from New Zealand, Australia, South Africa and South America, Norrøna is exploring whether to use Norwegian wool as well as Spanish wool in parts of our collection going forward.
Objectives in reporting year :	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.

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 still a new certification, so some of our suppliers are still in the verification process, but we plan to have 100% of our wool 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 an 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 chosen to work with Pittards as they have good systems to ensure a humane treatment of the animals, and sustainable treatment methods for the leather. Our sheep and goat leather are originated from South Africa and middle east.

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

Salient issue	Water use in the supply chain
Goal :	Reduce water usage in production
Status :	Project established
Objectives in reporting year :	We know that the dye method has a significant impact on the material carbon footprint. We plan to research and reach out to new emerging dye technologies that can significantly reduce the carbon emissions of our products. Of significant interest are new water-less dye methods that are not yet commercially available. We are currently researching to find partners to reduce the carbon impact of coloring our products for the different fiber types. By using bluesign verified partners, more than 80% of our materials are bluesign certified. The bluesign facilities are audited and taught how to reduce water usage as well as improve water quality of the water output.

After researching the different emerging dye methods that reduce the carbon emissions and water usage on coloring 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 color 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.

Salient issue	Greenhouse Gas Emission (Scope 1-3 emission)
Goal :	100% carbon neutral company by 2029
Status :	In 2020 Norrøna calculated our Scope 1, 2 and 3 greenhouse gas emissions for the first time. We are using this information to set up a coordinated project group consisting of all top management. Every department leader will have 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.
Objectives in reporting year :	All teams within R&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.

Norrøna is a member of the Swedish Textile Initiative for Climate Action (STICA) where we measure our Scope 1 - 3 emissions. The 2020 result was finalized december 2021 and shows 94% accuracy of the values measured.

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 fiber 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.

In order to support the UN Sustainable Development Goal nr.13 which is to "Take urgent action to combat climate change and its impacts", Norrøna has set a goal of being carbon neutral by 2029. Our ultimate goal is to create carbon negative products. In order to achieve this goal, we must research, test and develop ways to reduce and eventually invert methane and/or the CO2 output of our product development, manufacturing, distribution, use and end of life to create a carbon neutral supply chain. In this project, Norrøna will find and work with potential partners that can help make carbon negative fibers from both natural and synthetic sources. We will also experiment with construction techniques, transportation and factory locations to reduce and eventually eliminate the use of carbon in our products.

Salient issue	Microfiber pollution
Goal :	Reduce the risk plastic microfibers pose to marine environments
Status :	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.
	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 is a contributor to this issue. We are also working to find good short term and long term solutions.
Objectives in reporting year :	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). You can read about the Norwegian Environment Agency, its research project, and its findings on our website (https://www.norrona.com/en-GB/about- norrona/responsibility/microfibers/).

1) We are working with the German non-profit Guppy Friend, and sell their washing bags without profit 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) Norrøna has also contributed to, and is a member of the "Microfiber Consortium" started by the European Outdoor Group and Leeds University. This consortium will consider key questions regarding microfibers, and contribute with more research on how to solve this issue.

3) 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.

4) For the products that are prone to a higher micro fiber shedding, Norrøna includes as sticker to inform our end consumer how to wash and tumble dry the garment to prevent the fiber release into the environment.

Salient issue	Responsible sourcing of wood fibers (forestry)
Goal :	Reduce the amount of virgin and non-traceable feedstock in our cardboard packaging as well as promote decent working conditions.
Status :	80% of all cardboard packaging have switched from virgin to recycled and FSC certified feedstock during 2021.
Objectives in reporting year :	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 spesific measurmenets 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.

The switch from virgin to recycled and traceable quality did not only result in a change to a more environmental and welfare based alternative. By consolidating across manufacturers, we gained insight, knowledge of the industry as well as ensured more rational handling for both our partners and internally in Norrøna.

Salient issue	Plastic / polymers
Goal :	No single use plastic anywhere along our value chain by 2029
Status :	We changed from "virgin polybags" to "100% recycled post consumer polybags" on 80% of all our styles in 2021
Objectives in reporting year :	 We work according to the following principles: All plastic used should be made from feed-stocks that can be: Recycled Decomposed We are evaluate shipping and packaging procedures for each of our suppliers based on below principles: Establish plan with all suppliers to decrease or eliminate plastic use on shipping materials.
	 Specify all plastic must come from a recycled source and be recyclable. Any plastic sent to factories must have a plan for collection and recycling. Any plastic sent to our warehouse must have a plan to be collected and recycled before shipping to retailers or end-consumers.

1) Further change 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 deposit for further use.

3) Evaluate alternatives to LDPE polybags

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

Norrøna is a member of the Sustainable Apparel Coalition (SAC) and has been on advisory committees of The Brand & Retail Module (BRM) and Transparency. In 2020 we were one of a few companies to complete and fully verify our BRM through a 3rd party audit.

We also track our fiber use through the Textile Exchange Corporate Fiber & Material Benchmark, and are piloting the Biodiversity Benchmark. In addition we are on the advisory committee for the new Textile Exchange Biodiversity Benchmark.

Norrøna is also a member of the Swedish Textile Initiative for Climate Action (STICA) where in 2019 we measured our Scope 1 & 2 emissions and publishing our Scope 3 carbon emission (2020) with 94% actual data. (finished December 2021).

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.

3.B.2 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.

Despite the great uncertainty our industry was facing in the beginning of the pandemic, Norrøna worked hard to remain business-as-usual towards our business relations. In times of uncertainty, we know predictability is a valuable factor, so we focused on being flexible on both sides of the value chain.

3.B.3 Choice of product design and raw materials

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).

98% of our wool is traceable (our total volume is divided by 99% virgin wool, 1% reprocessed wool).

100% of our down is RDS certified.

70,4% of DWR that is FC free.

98,7% of materials are 3rd party certified (bluesign or similar).

82% of the polyester we use is recycled.

84% of the polyamide we use is recycled.

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.

3.B.4 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 2021 Norrøna started to assess current status related to Grievance mechanism, Collective bargain, Workers representation and Freedom of association through meetings directly and through a questionnaire related to these topics. 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.

3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Both HIGG FSLM and the Elevate audits will be used as relevant info when doing the risk assessment. 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. The next step is to detects potential system partners, trade unions and relevant stakeholders where necessary. Detect if there are possibilities to cooperate across brands/industry and evaluate if possible to use the same system partner /trade union to ensure one strong process at each facility instead of multiple routines from different brands if that is rational.

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.

3.B.6 Other relevant information concerning the company's work to cease, reduce and handle 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 2021 was 41% off-peak production, a further increase of 7% from 2020 (2020 = 34% 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

Activities and performance on social issues are tracked through 3rd party collaboration (ELEVATE) and followed up by CSR responsible at Norrøna as well as through each member in RD&D department through on site visits and dialogue with our manufacturers and suppliers. We have internal information meeting about our responsible business policies and CSR policies to make sure all employees work and act according to these standards.

Through annual audits and follow up audits of our factories we keep record of issues and action plans regarding findings and issues regarding human right and due diligence activities. CSR responsible detect scale of issues and make a plan of how to improve at factories, time frame and seriousness of issues. This is a running process all through the year.

In addition we ask each supplier and manufacturer to submit their answers on our questionnaire related to social and human management at their facility. Below is the extraction of our cover letter sent to our partners relating to this questionnaire:

"Norrønas Sport AS ambition is to be a leader in environmental and social responsibility and push our industry forward. Reducing harm to people, animals and the planet is not enough to improve the global crisis. We are committed to measurable improvements that will reverse the damage and suffering our industry has caused. Norrøna Sport AS commits to working actively with due diligence based on the OECD Responsible Business Conduct guidance.

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 enjoy human rights without discrimination and these rights are all interrelated, interdependent and indivisible.

The purpose of this questionnaire is to assess the current status of each facility in our value chain, to ensure compliance with our Code of Conduct (CoC) and policy for Responsible Business Conduct (RBC) and to ensure that our actions are not causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships.

In order to assess the status in regards to both Grievance mechanisms, Collective bargaining, Workers representation and Freedom of association at your facilities, Norrøna kindly ask you to do the following questionnaire.

If you have already done the HIGG facility Social and Labour Module (FSLM) for 2021, pls share the report with Norrøna and you will only need to answer up to 1/3 of the total questions in this assessment.

The Goal:

Mitigate harm and improve the social/human rights performance in Norrønas Sport AS supply chain. By conducting this questionnaire, Norrøna will in turn analyse the findings and together with the relevant partner, evaluate if there are improvements we can work on together, to improve processes in regards to Grievance mechanisms, Freedom of association, Collective bargaining and Workers representation at your facilities".

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

Both Ethical Trade Initiative, ELEVATE 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. 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.

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.



Communicate how 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 availble, 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 when managing negative impact

Norrøna logs salient issues through 3rd party audits and factory visits and meetings from our own employees. Workers are included anonymously in the audit check, in groups and separately.

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. We need to seek dialogue with 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.

5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks

Through our RBC, CoC and under the chapter "our responsibility" at our web page, in social media about concrete tasks we do to improve our impact on the environment.

To reduce our footprint and the industry's impact on the environment Norrøna chose to work with specific initiatives, vendors and standards.

Extracts from our RBC published on our Web page:

"Norrøna commits to transparently use a verified form of internal risk assessment through the Higg Index Brand & Retail Module to continuously improve our social and environmental strategies, processes and actions.

When involvement in adverse impacts cannot be avoided, we will use due diligence to mitigate them, prevent their recurrence and, where relevant, remediate them.

Norrøna Sport supports The UN Sustainable Development Goals (SDGs) which recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is one of the greatest global challenges and an indispensable requirement for sustainable development.

Norrøna Sport AS worked actively with the Sustainable Development Goals when defining our 2029 Corporate Road Map. This Road Map will guide processes and actions both internally and through our working partners to help improve life for people, animals and our planet.

As with our previous 2020 Road Map we will have an annual meeting with all our key partners to go through the commitments and appraise our performance together towards achieving the 2029 goals. This meeting will include successes, challenges and action points for the path forward. In addition, Norrøna is committed to transparent measurements and participation with the Ethical Trade Initiative, Fair Labor Association or FairWear as part our due diligence towards measurable improvements"



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 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

Once 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.

Some breaches may be more severe than others and require a proactive and systemic approach. A key part of our due diligence process is remediation support. We commit to follow up any situation closely and provide assistance where possible to resolve 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.

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

Through cooperation across our industry and through relevant stakeholders, we were informed that one of our manufacturers did not pay their workers salary through 1,5 month during spring and summer 2021. Norrøna immediately arranged meetings with the top management and owner to address the issue as well as get their side of the story. The Owner admitted there were cash flow limitations during Covid, which affected the workers. Through open and honest communication, we supported the situation by pre-paying our orders 4-6 months in advance with the prerequisite that Norrøna where to be presented the payroll receipts and documentation that the situation where remediated.

Furthermore, we have established a project to closely monitor, train and support the manufacturer and its workers to prevent this from happening again.

6.B. Ensure access to grievance mechanisms 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 appropriate

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 the issues raised are resolved in a fair and efficient manner. Information about the complaints/grievance mechanism and the process for addressing received complaints/grievances shall be available to all workers.

Regardless of internal routines, COVID-19 highlighted the need for remote solutions to workforce management in order to amplify workers voice. Norrøna fears that the lack of inspection from the outside world are reducing 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. Norrøna have the ambition to ensure the workers an easy and anonymous channel to canalize their concern, if necessary outside their own organisation.

To prevent multiple solutions w/in the same facility, Norrøna are currently assessing if there are possibilities to cooperate across brands/industry to ensure one strong process at each facility instead of multiple routines from different brands. We fear this will dilute the importance of an grievance mechanism and make it hard to follow up for the individual value chain partner.

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