



Report on

Responsible Business Conduct 2019

for Active Brands AS



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business is key for the achievement of the Sustainable Development Goals (SDGs). A well-functioning and responsible business community contributes to sustainable development through job creation and innovative solutions to global challenges. However, business operations can also have a negative impact on people, the planet and the society. Members of Ethical Trade Norway have committed themselves to work with due diligence for a more sustainable business practice.

The basis of this work is Ethical Trade Norway's Declaration of Principles, which covers the decent work agenda, human rights, environment/climate, anti-corruption and animal welfare. Members are obliged to report annually on challenges they face and on measures carried out to address these. The reporting template is this year for the first time based on the OECD due diligence model. It is new for us and new for our members. It is this report you are currently holding in your hands. The report is publicly available on our website.

The template seeks to respond to the expectations concerning due diligence for responsible business conduct as described in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Ethical Trade Norway's report covers essential elements of the Global Report Initiative (GRI) reporting framework and can be used as a progress report for the Global Compact.

Heidi Furustøl

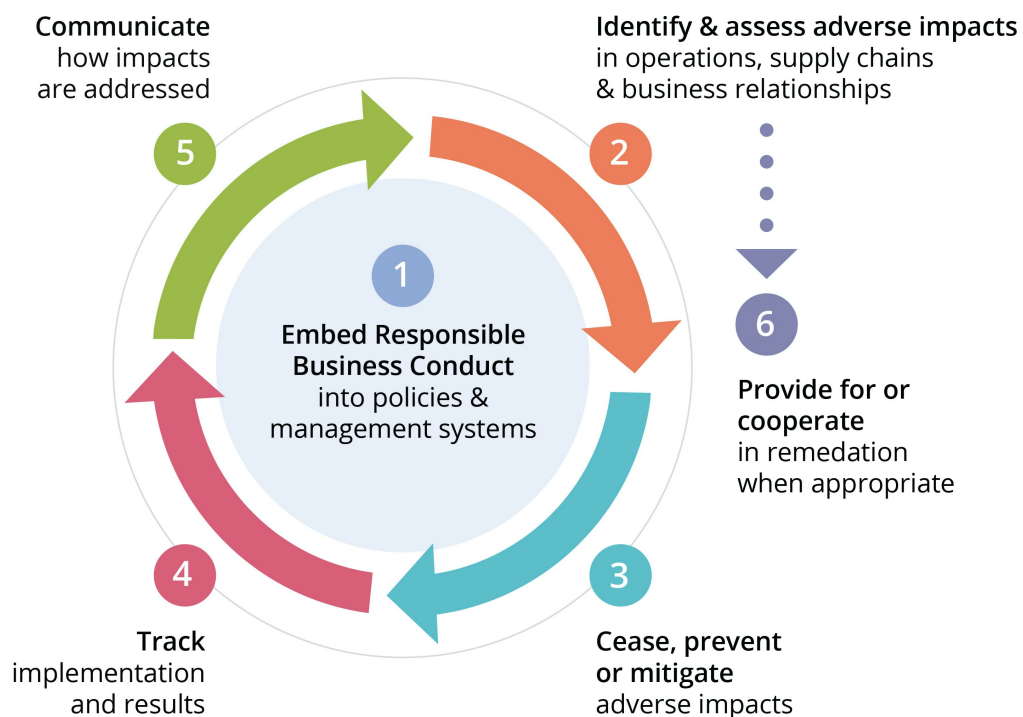
Executive Director

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

Active Brands ended 2019 showing a double digit growth in value. Our supplychain delivered to support the sales growth without compromising our focus and quality of our ESG activities.

We defined our annual ESG targets in various reports developed together with Etisk Handel Norge and E&Y and have been monitoring and reporting to the board our progress through our own internal quarterly ESG reports.

In key areas like animals welfare and increased usage of more sustainable raw materials, we have reached our goals with a good margin with the biggest individual project being the "Plastic Pledge" together with the Green Dot organization for the Kari Traa brand.

Our focus in to 2020 will be around earlier initiated initiatives and partners as BCSI and Etisk Handel and we will in addition run a climate risk model mapping process such as company's overall Co2 Emissions, introduced by our owners FSN and supported by E&Y.

Espen Krogstad

CEO

Company information and business context

Key company information

Company name

Active Brands AS

Head office address

Kabelgaten 6, 0580 Oslo, Norway

Main brands, products and services offered by the company

Kari Traa, Dæhlie, Sweet Protection, Johaug, Bula

Description of company structure

Active Brands is a leading supplier of premium brand goods to sports retail in the Nordic region. The brand portfolio consists currently of Kari Traa (women's sportswear), Bula (accessories), Vossatassar (kid wear), Johaug (women's sportswear), Åsnes (skis), Dæhlie (running and cross country ski wear), Sweet Protection (helmets, protection and apparel).

The company has offices in Oslo, Voss and Trysil in Norway, Shanghai in China, sales offices in US, Sweden, Denmark and Finland. Design and development of all products take place in Norway. Development and production is handled by the Shanghai office.

Operations contains of management 7 independent management teams (CSR/QA, Sourcing, Production, Purchasing, IT, E-Com and Logistics). The operation teams report to chief operation officer (COO) who reports directly to the CEO of the company. Different brands run under separate brand directors who report to the CEO.

Turnover in reporting year (NOK)

1 170 000 000

Number of employees

210

Major changes to the company since last reporting period (mergers, acquisitions etc.)

Contact person for the report (name and title)

Allen Farrokhi

Email for contact person for the report

allen@activebrands.com

Supply chain information

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

Most of Active Brand's first tier finished product suppliers are located in Asia, with whom Active Brands has long term collaboration with. All of Active Brands products are designed and developed together with its suppliers.

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

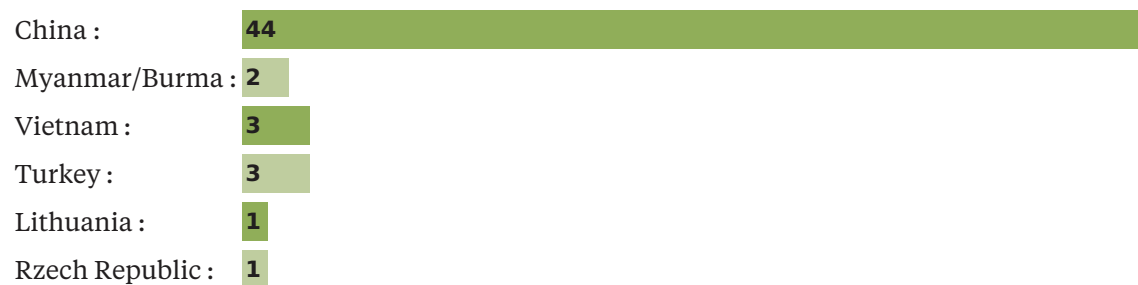
54

Comments to number of suppliers

Approximate ratio by sourcing options



List of first tier suppliers (producers) by country



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

Number of workers

53 000

Number of suppliers

53

Comments to number of workers

Based on a estimated 1000 workers from each supplier

Key inputs/raw materials and associated geographies

Wool	Australia
technical fabrics and trims	China

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

Goal : Focusing on New Supplier Markets and evaluating existing Supplier Markets with regards to workers welfare. Myanmar in Focus

Status : In December 2018, Active Brands received Ethical Trade's "Three Point Roadmap" for operating in Myanmar. Active Brand re-assessed its operation in Myanmar based on Ethical Trade's guidance and suggestions and continued operations in Myanmar with greater monitoring efforts.

2

Goal : Continuing the mapping of critical sub-suppliers with regards to workers welfare and environmental impact.

Status : During 2019, Active Brands has increased its assessment of sub-suppliers regarding environmental impact. With guidance from UN's "SUSTAINABLE DEVELOPMENT GOAL 12", the company's focus has been to increase the use of recycled raw materials, organic cotton and raw materials from animals treated humanely.
During 2019, all of Active Brands suppliers outside China has been inspected by Active Brands QA team, resulting in "Corrective Action Plans" which are followed up accordingly.

3

Goal : Internal CSR training with the goal of increasing number environmentally friendly products and services

Status : Trainings were performed on brand and department level (e.g. design and development team Kari Traa/customer service department).
-Active Brands CoC
-Quality System
-CSR engagements
-Anti-corruption policy
During 2019, a work group consisting of developers and CSR manager was formed aiming to increase the number of environmentally friendly products.

4

Goal : Defining and customizing CSR Soft Values for each brand under Active Brands' portfolio.

Status : Kari Traa
During 2019, Kari Traa engaged in 2 major campaigns to encourage women, aiming to promote positive body and self image: the "Wear You, Be Yourself" campaign and a campaign for the 2XL-4XL Baselayer collections.
Dæhlie
Focusing on sustainable materials as well as top notch performance. Designed and developed in 2019, jacket and pants "Raw 4.0", a set made of BlueSign fabrics, contains Responsible Down Standard certified down and it is waterproof using 100% PFC Free treatments.

5

Goal :

Reducing the amount of plastic waste by evaluating and changing the company's packaging solutions.

Status :

During 2019, Active Brands joined a project initiated by "Gönt Punkt Norways" to reduce the amount of plastic waste. Participating in "Plastløftet" and changing our packaging solutions led to a reduction of the company's plastic waste by 150.000 kg (150 metric tons).

Goal for coming years

1

During 2020, Active Brands will continue focusing on its 5 Key Goals set by the board of directors. for the next coming years the focus will be in 5 years long term goals including a reduction in emissions of GHG (Green House Gases).

2

Extended usage of materials that don't harm animals or the environment and extending product overall quality for longer lifetime.

20% of total number of styles shall contain sustainable materials over a 5 year period.

-Replacing all big bulk fabrics such as lining fabrics with Bluesign and or organic/recycled alternatives.

3

Respecting human rights and working conditions for all people involved in making of the products.

-Increasing the number of first tier suppliers that are involved in a 3rd party auditing scheme (BSCI/Sedex or equivalent) to above 70%.

-Including all critical suppliers into AB's CSR & QA Systems.

4

Active Brands should be amongst the most attractive places to work in the sporting goods industry.

5

Set high standards for business integrity and anti-corruption.

Continued training of management and employee level. The goal is to have a full day training for all AB's employees in Oslo and in Shanghai.

6

Brand management with focus on consumers' welfare

Ambition for 2020 is to see brands other than Kari Traa and Dæhli, participating in such campaigns.

Exploring alternatives for schemes providing product take-back for re-use, recycling or Repair.



1

Governance and commitment to responsible business conduct

Commitment to sustainability means that the business should have relevant policies and codes of conducts in place, as well as effective management systems for implementing them. Central to this is the company's work with due diligence. This means, among other things, the business need strategies and action plans for how the company identifies and manages its risk of negative impact on people, society and the environment, including through business relationships and in the supply chain. Systematic management of such risks will strengthen the company's contribution to the Sustainable Development Goals. Strong commitment from top-management, and clear division of the responsibility for conducting due diligence is key. Those involved need to know how to proceed. Sustainability should be an integral part of business operations. Essential to this is transparency on the company's commitments, challenges faced and measures undertaken to manage those challenges.

1.A Policy commitment

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

Active Brands publishes their list of supplier online. We also publish the list of suppliers through "framtiden i våre hender". Active Brands is a company under FSN's portfolio. FSN receives quarterly CSR reports from Active Brands which are published through FSN's own channels.

Company's engagements are publicly available on each brand's website:

<https://www.karitraa.com/no-no/blog/about-us/environmental-social.html>

<https://www.dahlie.com/no-no/environmental-social-responsibility.html>

<https://www.sweetprotection.com/no-no/responsibility.html>

<https://www.johaug.com/no-no/blog/about-us/environmental-social-responsibility.html>

1.A.2 How is the commitment/policy developed and how is it anchored in the company?

The company's policies regarding Social and Environmental Responsibility are developed by the CSR & QA team in the company. The CSR & QA Manager is a part of the company's management team. CSR & QA quarterly reports are presented to the board of directors every 3 months.

1.B Organisation and internal communication

1.B.1 How is the work with responsible business conduct organised within the company and why in this particular way?

QA and CSR team are a part of Operations inside the organization (Org. Chart attached). CSR manager reports to COO who reports to the CEO of the company. CSR department is included in the Operations for being able to have direct contact and collaboration with other impacting departments such as Production, Sourcing and Logistics. The CSR department is independent from Sales, Production and Purchasing departments with good oversight into the mentioned departments, which enables the CSR department to plan and implement needed changes with regards to sustainability and social responsibility.

1.B.2 How are employees made aware of the ways in which responsible business conduct should inform their decisions and actions?

In addition to the fact that CSR and QA manager is a part of the Operations Management Team, he reports to the board of directors on a quarterly bases. There is also a Quality and Sustainability Work Group consisting of the CSR and QA manager and 1 product developer from each brand. This group has a meeting every two weeks where the collections and product-lines are assessed based on the company's sustainability goals and routines which have been decided by the board. The Sustainability Work Group's major task is to share information and updates with the brands within the company.

Regular yearly training is arranged by the CSR and QA Manager for the entire company to inform about goals and changes in policies or regulations.

1.B.3 How does the company make sure employees have adequate competencies to work towards implementing responsible business conduct?

Besides the inhouse training held by the CSR and QA department, different employees within different departments and brands participate in a number of outside gatherings and training regarding Sustainability and Social Responsibility.

1.C. Plans and resources

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

The company sets yearly goals for short terms CSR strategies. Goals such as including 2nd and 3rd tier suppliers into company's CSR and QA Systems. The sort term goals are set together with operation management team and presented to the board of directors who approves and sets the budget for the short term strategy.

The board of directors steers over long term strategies set by the company. New supplier markets and assessments of them is financed by the board and assessed by the CSR manager. Long term goals such as reduction of GHG emissions, moving towards a more sustainable supply chain, promoting resource and energy efficiency are set and budgeted by the board of directors.

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

Company's management and Board of Directors are involved in every decision and strategy making process.

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

1.D.1 How does the company make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

Active Brands has long term collaboration with its suppliers. The company develops critical raw materials (mostly fabrics) with its fabric suppliers with focus on sustainability, life cycle and durability. Together with fabric supplier, Active Brands has developed a traceability scheme for wool (farm to finished product), cotton (farm to finished product) and recycled polymer (polymer supplier to finished product). the company has also worked actively to substitute conventional fabrics and replace them with Blue Signed certified fabrics, reducing the use of harmful chemicals, minimizing water waste and strengthening the working conditions for workers.

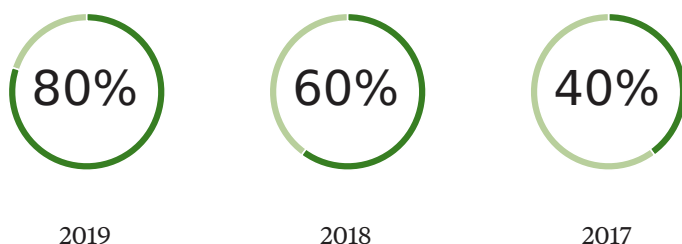
Indicator

Percentage of suppliers that have accepted guidelines for suppliers



As a minimum requirement for being a supplier to Active Brands, vendors and producers must agree to to Active Brands' Code of Conduct and compliance requirements.

Percentage of risk suppliers/sub-suppliers mapped on social and/or environmental sustainability



Active Brands maps all critical sub-suppliers. The stated percentage is an estimate for all sub-suppliers and not only critical sub-suppliers.

Percentage of suppliers with whom we have had a business relationship for more than three years



2019



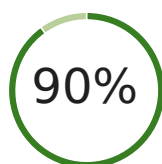
2018



2017

Active Brands has long term relationship with all its suppliers and we together have developed payment systems which makes payments smooth and on time.

Percentage of suppliers with other forms of worker representation



2019



2018



2017

The percentage refers to the number of the company's first tier suppliers who are a member of BSCI and have been audited by a third party auditing authority.

1.E Lessons learned and changes

1.E.1 What lessons has the company learned during the reporting period concerning sustainability, and what has changed as a result?

The biggest change in Active Brands' overall social and environmental strategy in 2019 has been the pivot towards a more long term strategy (5 year plan) than before.

A man with a slight smile, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera. He is in a factory or industrial setting, with blurred machinery and structures in the background. The lighting is soft, highlighting his face.

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 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 In the table below state the salient issues associated with the company's activities and business relationships, particularly in the supply chain and during the reporting period

Salient issue	Related topic	Geography
Discrimination of minorities.	Discrimination	Myanmar/Burma
Overtime in China is an issue and Active Brands is working tightly together with suppliers to minimize through better sourcing routines and long term production planning.	Working hours	China
Plastic waste in the company's packaging solutions was a major focus for Active Brands during 2019. The company managed to reduce its plastic waste by more than 70%. Active Brands has also initiated a CO2 Emissions measurement scheme. We are currently measuring the entire company's CO2 emissions based on production, transportation and energy consumption. The goal is to reduce CO2 emissions according to the Paris Accord.	Waste	Global
Active Brands has also initiated a CO2 Emissions measurement scheme. We are currently measuring the entire company's CO2 emissions based on production, transportation and energy consumption. The goal is to reduce CO2 emissions according to the Paris Accord.	Emission	Global
Active Brands is focused to reduce use raw materials leading to high amount of water waste. Brands usage of cotton is low and many of the collections containing cotton is made of organic cotton. The technical fabrics that are Blue Sign certified are preferred which minimizes waste of water.	Water	

Active Brands has some production in Myanmar. During 2018, the company received Ethical Trade's "Myanmar Roadmap, Operating in a High Risk Environment" and did a thorough assessment of the factory, ownership and the location of the factory. Active Brands also sent the factory's Chinese management team to "Myanmar, Managing Across Cultures Workshop" held in Yangon in November 2019.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe how the salient issues were determined, in terms of processes and sources of information, including any input from stakeholders

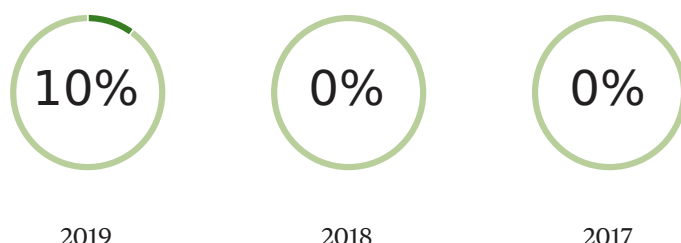
The discrimination case in Myanmar has been handled by many stakeholders. Customers, owners, board of directors, Norwegian governmental input and Ethical Trade policies and recommendations.

Overtime in China is a known issue due to many different regulation within the country and the number of working days in a week. Many provinces in China still have 6 working days and 1 weekend free day. This leads to a working week of 48 hours in some cases. The governmental regulation of maximum allowed 6 hours of overtime becomes tricky to handle.

The public and company's outrage over excessive usage of plastic in packaging and the company's own goals to implement sustainable solutions determined the change in our packaging solutions.

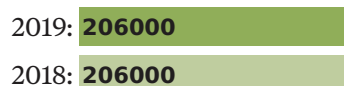
Indicator

Percentage of suppliers that measure their greenhouse gas emissions



Active Brands has initiated a scheme to measure GHG emissions through its own supply chain beginning with 2019 set as baseline.

Plastic Waste Reduction



During 2019, Active Brands managed to keep the amount of plastic waste from packaging at same level as the previous year despite increase in sales. For the coming year, Active Brands will reduce plastic waste by 70%.

ADDITIONAL SEVERE IMPACTS

2.A.3 Identify any severe impacts on people, society and the environment that occurred or were still being addressed during the reporting period, but which fall outside of the salient issues, and explain how they have been addressed.

A woman in a blue surgical cap and gown, looking down, in a hospital setting. The background is blurred, showing other people in similar attire and bright overhead lights.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings in a way that contributes to a sustainable and responsible business conduct. The most severe negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are less important or that they are not handled. The way the company is involved in the negative impact is central to taking the right action. Negative impact that the company causes or contributes to must cease, and the business must work to prevent and mitigate such risk. 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 adverse 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 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 SDGs.

3. A Cease, prevent or mitigate

3.A.1 For each salient issue in your supply chain, add a goal, status and describe specific actions and progress made in the reporting year

Salient issue	Discrimination of minorities.
Goal :	The company's engagement in Myanmar shall not in any form contribute to the conditions for the Rohingya minority in the Rakhine state of Myanmar. Active Brands has decided to monitor the situation closely by assessing its production in Myanmar in a way that the military in Myanmar is kept out as a stakeholder.
Status :	Active Brands production is located to areas outside the conflict area. Active Brands has also made sure that the military of Myanmar is not in any way participating as stakeholders in the production of the company's products.
Objectives in reporting year :	Assessing and documenting activities of development and building of new factories that could be involved in the company's production in the coming years.

Actions :

Active Brands has shared Ethical Trade's Roadmap for Myanmar with the Chinese management of the factories in Myanmar. The management of the factories have also participated in the courses held by Ethical Trade in Yangon. The Chinese management teams are willing to cooperate with Active Brands to make sure that the company's Myanmar Objectives are met.

Salient issue	Overtime in China is an issue and Active Brands is working tightly together with suppliers to minimize through better sourcing routines and long term production planning.
Goal :	Highlighting and handling the overtime issue for the suppliers that have been given poor rating due to excessive overtime.
Status :	Active Brands suppliers that are audited by a third party auditing institute are given a "corrective action plan" to prevent excessive overtime within 1 year. The Action Plan covers also Active Brands sourcing routines and not only the suppliers internal policies.
Objectives in reporting year :	Active Brands Sourcing Policies being lifted up to "Life of The Product" level where all involved departments work together to minimize number of orders which could lead to excessive overtime.

Actions :

A new working group has been created to set up routines within "Life Of The Product" project. The project includes all stakeholders such as design, development, sales and marketing, all affecting production and sourcing routines.

Salient issue	<p>Plastic waste in the company's packaging solutions was a major focus for Active Brands during 2019. The company managed to reduce its plastic waste by more than 70%.</p> <p>Active Brands has also initiated a CO2 Emissions measurement scheme. We are currently measuring the entire company's CO2 emissions based on production, transportation and energy consumption. The goal is to reduce CO2 emissions according to the Paris Accord.</p>
Goal :	To eliminate the usage of hard plastics in the company's packaging solutions.
Status :	As the end of 2019, Active Brands eliminated up to 99% of hard plastics in its packaging solutions, reducing its plastic waste amount by more than 70%.
Objectives in reporting year :	The new packaging solutions to become norm and adopted by all brands in throughout all product categories.

Actions :

The usage of hard plastics in packaging solutions have been banned. Active Brands has been in close collaboration with Grønt Punkt Norway to reduce amount of packaging waste in general and specifically plastic waste.

Salient issue	Active Brands has also initiated a CO2 Emissions measurement scheme. We are currently measuring the entire company's CO2 emissions based on production, transportation and energy consumption. The goal is to reduce CO2 emissions according to the Paris Accord.
Goal :	
Status :	
Objectives in reporting year :	

Actions :

Salient issue	Active Brands is focused to reduce use raw materials leading to high amount of water waste. Brands usage of cotton is low and many of the collections containing cotton is made of organic cotton. The technical fabrics that are Blue Sign certified are preferred which minimizes waste of water.
Goal :	
Status :	
Objectives in reporting year :	

Actions :

Other actions related to management of negative impact:

Describe general actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

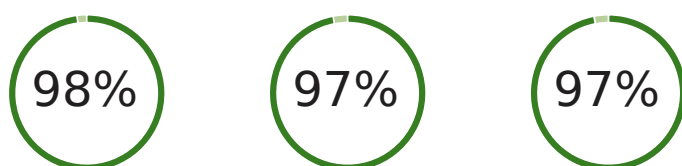
As in end of 2019, Active Brands started to use Greenhouse Gas Protocol Initiative's (The GHG Protocol) standard to report on the entire company's GHG emissions. The company has a offices and employees in North America, Scandinavia and China and GHG reporting will include all the locations Active Brands has a presence. This is a part of a continues efforts to aline greenhouse gas emissions with the 2-degree goal.

3.B.2 Adapting own purchasing practices (sourcing)

Active Brands has several ongoing projects for eliminating purchasing practices based on inadequate forecasts. Increasing the number of "carry over styles" and decreasing the number of "new styles" reflecting seasonal fashion trends aims to both prolong product life-span as well as reducing purchases on forecasts.

Indicator

Percentage of payments to suppliers that are made on time



Active Brands has long term relationship with all its suppliers and we together have developed payment systems which makes payments smooth and on time. During the Covid 19 pandemic, Active Brands have worked closely with its suppliers to make sure the payments are being made on time.

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

During 2019, Active Brands made a significant progress in including recycled polymers into its production line. Several collections were made by recycled materials and down. The traceability of recycled materials from recycling facility to yarn is important part of incorporating recycled polymers into the production and Active Brands has set up proper documentation systems in place.

Active Brands has also included critical sub-suppliers such as fabric and trim suppliers into its CSR and QA Systems. The critical sub-suppliers agree to the company's CoC, they fill out the Suppliers Assessment Questionnaire. Many are also inspected by Active Brands CSR and QA team.

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 those countries where collective bargaining is not allowed, Active Brands is keen to see active internal workers' unions and groups are built. Their leaders shall not be members of the management teams and they are chosen by the workers through votes.

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

Active Brands uses both Ethical Trade's and BSCI's initiatives to hold training for suppliers and workers in the supply chain. We regularly send out suggestions to our suppliers to participate in important training the two mention organizations hold.

3.B.6 Other plans and measures taken to deal with salient issue



4

Track implementation and results

Tracking implementation of actions and results is key to the company's due diligence process. For example, is the identifying and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect real 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 actions taken by the company alone or carried out in collaboration with others. Companies must have procedures and systems to track their implementation and results in order to assess them. The company's experience with due diligence is used to improve processes and results in the future.

4.A Monitoring and assessment

4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

Active Brands' performance and supply chain management with regards to social and environmental governance is closely monitored by FSN through Key Performance Indicators. Corrective Action Plans are followed up by the board of directors on a quarterly base and assessed by EY (Ernest & Young).

In the countries Active Brands has its productions, we see a steady increase in salary levels and improvements of the local environment. China and Vietnam are making great progress.

4.A.2 Describe how the company evaluates the effect of its own efforts, or those made by suppliers (and other business relations), to identify, prevent and mitigate salient issues

Active Brands performs supplier market assessments before entering a new supplier market. The factory of interest goes through a rigid qualification before first order. The factories are visited and inspected and the findings are continuously monitored to ensure suggested improvements.

A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at a large, round, metal tray with several circular indentations. The background is a blurred kitchen or industrial setting.

5

Communicate how impacts are addressed

Relevant external communication on company due diligence for responsible business conduct needs to build on specific activities and results. This include external communication of policies and codes of conduct, or processes and activities related to identifying and managing the company's actual and potential negative impact on people, society and the environment. Communication should also include findings, effects and results of concrete actions or activities.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing its salient issues

Investors are informed about the company's engagements on a quarterly bases through Board meetings. Active Brands holds yearly workshops for employees to inform about the goals and progresses made by the company.

5.A.2 Describe how the company communicates publicly about its own work on identifying and management of salient issues

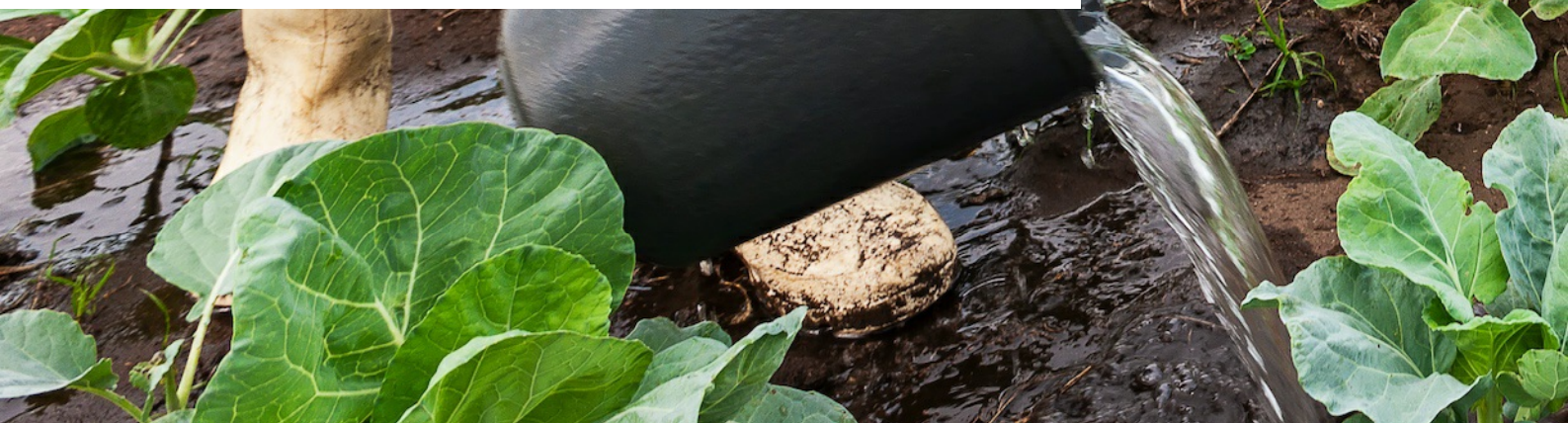
Besides the publications made online through brands' web-pages, Active Brands publishes 2 yearly reports which are publicly available.



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 to ensure remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. When appropriate, companies should provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints.



6.A Remediation

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

Active Brands has a procedure in place for reporting non-compliance. The non-compliance shall be thoroughly investigated with all stakeholders involved. the Non-compliance must be reported to the relevant management and up to CEO level. It is also investigated whether the public shall be informed and how.

Active Brands has a Zero Tolerance Protocol that must be followed by the inspector outside the normal inspection procedures. The situations are:

Child Labour

- Workers who are younger than 15 years old (or the legal minimum age defined by the country)
- Workers younger than 18 who are subjected to forced labour

Bonded Labour

- Not allowing workers to leave the workplace or forcing them to work overtime against their will
- Using violence or the threat of violence to intimidate workers to force them to work Inhumane Treatment
- Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion, and/or verbal abuse

Occupational Health and Safety

- Occupational health and safety violations that pose an imminent and critical threat to workers' health, safety, and/or lives

Unethical Behaviour

- Attempted bribery
- Intentional misrepresentation in the supply chain (e.g. hiding production sites, lacking a business licence, and purposefully under-declaring the size of the workforce)

6.A.2 Describe cases of remediation in reporting year, if relevant

6.B Secure access to grievance mechanisms

6.B.1 Describe what the company does to ensure that workers and communities have access to effective remediation mechanisms, when appropriate:

Through own inspections and third party inspection institutes, Active Brands monitors the suppliers' Grievance Policies. In countries where collective bargaining is not a norm, local workers groups and unions are encouraged and a system for employees to raise a problem or complaint to their employer must be in place. The supplier shall also be able to explain how the system works and how complaints are handled.

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