



Report on

Responsible Business Conduct 2019

for Pierre Robert Group



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

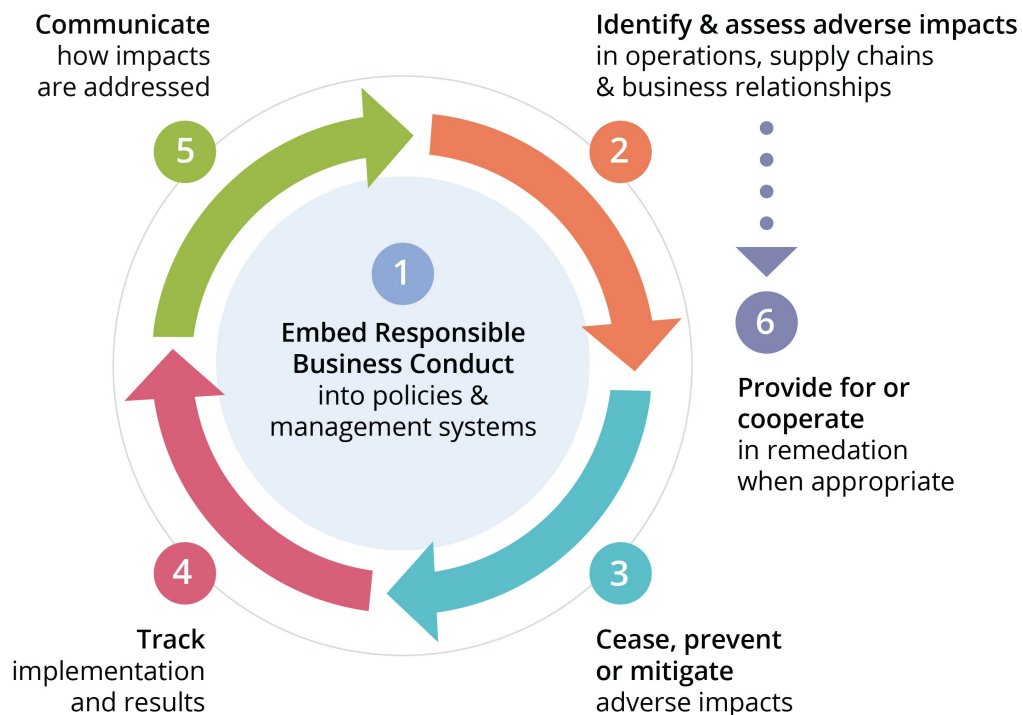
Executive Director

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

The challenges in the textile industry are many and complex. Pollution of freshwater, oceans and the environment, Co2 emissions, unethical working conditions, exploitation, child labour and over-consumption are some the issues we struggle with and have an obligation to prevent.

This is our 15th year as a member of Ethical Trade Norway. Though we still have a long way to go, over the past decade and a half we have made significant changes to the way we work with suppliers, produce our clothes and communicate with our consumers. Our aim is to become the Nordic favourite for sustainable fashion, making sustainably made clothing easy and accessible to everyone. With the UN Development Goals as a compass, our way of working touches on goals relating to poverty, health and well-being, gender equality, decent work and economic growth, responsible consumption and production, climate action, life below water, life on land, and partnerships for goals.

We believe transparency is key. Due to this, we support full disclosure of supplier information. Our website features detailed information about our suppliers' wages, annual leave and maternity policies. We also continue to work with QuizRR to promote workers' rights, and have played a key role in helping several of our suppliers become certified for the GOTS and Swan ecolabels; both of which encompass social aspects as well as environmental, as ethical trade and environmental concerns go hand-in-hand.

Nearly all of our cotton products (including 100% of our underwear) are now made of organic cotton, most of them GOTS-certified. Over 90% of our wool products bear the Swan label, and we make use of new and exciting materials like Tencel™, kapok, and recycled polyester and polyamide. We are on track to becoming 100% plastic-free, and to reduce the issue of microplastic in the ocean we are part of a research study led by NTNU and SINTEF. We are also working with Coop, Norsk Gjenvinning and Fretex in a test project to increase hosiery recycling.

Our way of communicating has also changed, and sustainability information now has top priority on our packaging, in-store material and ads. In order for consumers to make informed choices, we need to give them the necessary information to do so.

We are proud of the advancements we've made, though we ask ourselves – are we doing enough? Are we moving fast enough? It seems that we've reached a critical point in history where tough decisions need to be made for the good of people and the planet. However, we do believe we are moving in the right direction, and we hope that we can inspire others to come with us.

Read more at pierrerober.no.
Tine Hammernes Leopold,
CEO, Pierre Robert Group

" #WE COMMIT to promoting a sustainable textile industry "

Tine Hammernes Leopold
CEO

Company information and business context

Key company information

Company name

Pierre Robert Group

Head office address

Drammensveien 149, Oslo

Main brands, products and services offered by the company

Pierre Robert group designs, produces and sells basic textiles; socks, hosiery, underwear and sports garments under the brands Pierre Robert, La Mote, Black Horse, Norlyn and Finnwear.

Description of company structure

Pierre Robert Group (PRG) is a part of the Orkla Group. Our main distribution channel is in grocery stores/supermarkets in Norway, Sweden and Finland. We also have our own webshop, as well as distribution through select e-tailers and sport retailers. Pierre Robert Group's head office is in Oslo, with additional sales and marketing departments in Stockholm, Sweden and Helsinki, Finland. Our aspiration is to become the Nordic favourite for sustainable comfort.

Our sustainable strategy & commitments are set for 2025. The annual report for 2019 describes the goals and actions done during 2019.

PRG's mission statement is "We commit to creating quality basics – made with care and beloved for their comfort and style."

Turnover in reporting year (NOK)

630 000 000

Number of employees

198

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

630 MNOK is the turnover for 2019 for the Pierre Robert Group Nordic.

Contact person for the report (name and title)

Margrethe Vikanes, CSR & Quality Manager

Email for contact person for the report

margrethe.vikanes@pierreroberb.no

Supply chain information

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

Design, development and sourcing for all PRG brands is handled by the PRG head office in Oslo. We have an additional Chinese sourcing representative in Shanghai, assisting the Oslo office in the following-up of suppliers on quality, social- and working conditions. We communicate our code of conduct, conduct risk assessments, follow up and engage in improvement projects with all our suppliers. As we do not own our own factories, it is extremely important to us to source from suppliers that prioritise good and safe working conditions and take environmental responsibility. We collaborate both with traders* and with factories directly.

*Traders are local companies in close relation to the factories. Traders play an important role in developing and sourcing products in close collaboration with PRG and the suppliers.

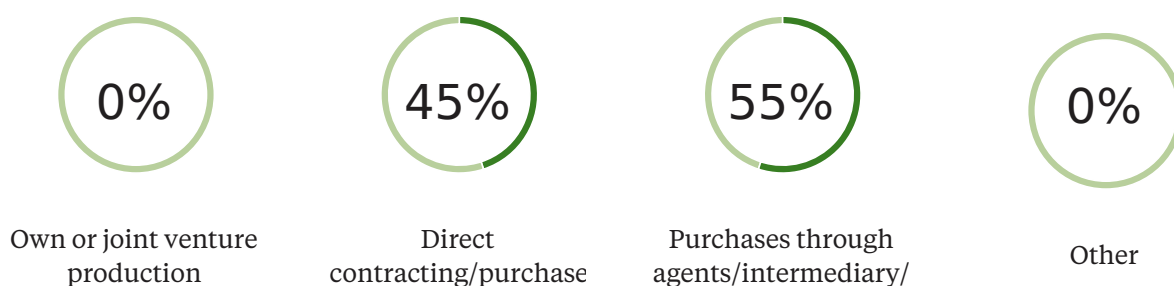
Number of suppliers with which the company had commercial relations in the reporting year

36

Comments to number of suppliers

36 suppliers producing textiles at totally 52 producers/factories.

Approximate ratio by sourcing options



*Traders are all local companies in close relation to the factories, and they all play an important role in developing and sourcing products in close collaboration with PRG.

List of first tier suppliers (producers) by country

China :	28
Italy :	8
Turkey :	5
Portugal :	2
India :	2
Netherlands :	1
Greece :	1
Bulgaria :	1
Cambodia :	1
Bangladesh :	1
Poland :	1
Pakistan :	1

The 5 sourcing countries from top of the list above, are supplying 91% of PRG's product spend in 2019. The remaning 9% are split between the 7 countries mentioned last.

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

8 551

Number of suppliers

36

Comments to number of workers

Number of workers are manually collected data from the 52 first tier producers/factories: We are working on an improved system to register this type of data along with other data related to the suppliers and their sustainability status.

Key inputs/raw materials and associated geographies

Organic cotton	China
Merino wool	South Africa
Polyamide, polyester, elasthan, lycra	Global
Tencel, Viscose (modal) from Lenzing licensee	China
Organic cotton	India

The list above displays the majority of raw materials PRG use in our products:

Organic cotton is certified by Global Organic Textile Standard - GOTS or Organic Content Standard - OCS.

90% share of Merino wool sourced for garments are certified by Nordic ecolabel Swan (Svanemerket) 100% of PRG's merino wool are sourced from non-mulesing farms.

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

- Goal :** 1. WE COMMIT TO A TRANSPARENT VALUE CHAIN WITH 100% TRACEABLE RAW MATERIALS.
*Establish a digital map or other solution for traceability and the sharing information about products, fibres, and production conditions to stakeholders (espec consumers in focus).
- Status :** Work started but not finalised which platform and solution, as there are many suppliers and versions available on the market. In addition, we have an ongoing ERP project and need to align with the project. To be continued in 2020.

2

- Goal :** 2. WE COMMIT TO SECURING WORKERS RIGHTS.
*Participate in project that maps the working conditions on South African merino wool farms and make plan for improvements where needed.
*Continue QuizRR collaboration on 2-3 years term 2018-2020 on selected suppliers: 2019 5 suppliers.
- Status :** Mapping of working conditions in South Africa wool farming, report is available on ETN pages: <https://etiskhandel.no/article/ullproduksjon-i-sor-afrika-en-kamp-mot-torke-og-rovdyr/> and here on the member pages: <https://etiskhandel.no/prosjekter/wool-and-mohair-from-south-africa/>
Improvement plan and actions will be work to be continued in 2020. 5 factories in China have implemented and completed QuizRR basic modules. The training was done by 1919 employees and they completed 7460 training sessions in total. Evaluation of the outcome and follow-up of the 5 factories for future actions will be continued in 2020.

3

- Goal :** 3. WE COMMIT TO ACHIEVING 100% SUSTAINABLE PRODUCTS, PACKAGING, POINT OF SALE MATERIAL AND OPERATIONS
*Establish task group to look at ways to limit our "super-sales" and possible counter measures for Black Friday .
*Limit seasonal alterations to reduce surplus.
*Minimize packaging and achieve plastic-free/recycled plastic packaging and operations.
*Work for 100% portfolio of sustainable fibres and solutions for our products in PRG (choose recycled, organic, environmental friendly fibres, reduce microplastic etc when possible); 3-year project.
*Work towards reducing the microplastic from our products.

Status :

- *Task group has been established and is working on measures to reduce the complexity in the assortment.
- *We have minimised plastic in product packaging and converted to recycled plastic where there are no other alternatives (on assortment packs for logistics purpose). *
- *We have increased the share of FSC certified packaging.
- *Share of Swan-labelled merino wool garments raised from 40% to 90%
- * Share of organic cotton products increased from 41% to 57% in PRG - 100% of Pierre Robert underwear are made of organic cotton.

4

Goal :

4. WE COMMIT TO A TOLERANT AND RESPECTFUL WORKING ENVIRONMENT WITH GOOD HES SYSTEMS

- *100% sorting waste from office and warehouses
- *Implement sustainability goals for all PRG employees in their appraisals ("my compass") process.

Status :

Waste sorting in offices and warehouse in place. We will continue to implement sustainability goals for all PRG employees in employee performance evaluation processes in 2020, rolling it out in the new PRG organisation from March 2020.

5

Goal :

5. WE COMMIT TO COMMUNICATING OUR OBJECTIVE ETHICALLY & TRANSPARENTLY INTERNALLY AND EXTERNALLY AND TO NOT GREENWASH

- *All employees should be knowledgeable about sustainability and our sustainability strategy.
- *30% increase in Pierre Robert/PRG PR coverage over 2018 with 40% of PR coverage to include sustainability keywords
- *Participate in Fashion Revolution and Tekstilaksjonen campaigns
- *Contribute to the public debate, highlight important issues and increase awareness
- *We actively communicate sustainability information to employees in presentations and via written information
- *67% increase in press coverage, 48% of coverage includes sustainability keywords
- *PRG participated in Fashion Revolution 2019 and published films from the factories including interviews with several workers on the fall 2019 wool collection.
- *Tekstilaksjonen fall 2019 was a greater success than ever . We published several SoMe posts and added content to our website, and participated in 3 public events arranged by Tekstilaksjonen.

Status :

*Our CEO in PRG has given several presentations for stakeholders & media on sustainable textiles and what the industry and consumers need to do to reduce the impact of clothing production and consumption. In addition we had several content stories on our website and have published SoMe content on sustainable consumer awareness. We also published an op-ed about womens rights in the textile industry, and have added sustainability information on our packaging. Our collaboration with Jenny Skavlan focused on reducing consumption, and we have started to raise awareness about the benefits of a capsule wardrobe through communication campaigns, on our website, and on our packaging.

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Goal :

6. WE COMMIT TO RAISING THE TEXTILE INDUSTRY STANDARDS FOR SOCIAL AND WORKING CONDITIONS

- *Contribute to that suppliers follow the improvement plans and actions for workers social and working conditions, health and safety.

Status : Regular follow up with existing suppliers. In 2019 there were conducted in total 57 factory visits and social audits.

7

7. WE COMMIT TO MINIMISING THE ENVIRONMENTAL FOOTPRINT OF OUR PARTNERS

Goal : *Start working towards 3 year goal of reducing the environmental impact in our production supply chain by 50% (1st tier and 2nd tier...) by measuring and tracking the footprint of our tights produced in Italy

*Start working towards 3-year goal of zero-waste supply chain

*Start working towards 3-year goal of 80% eco-certification of suppliers

*Majority of the factories have 100% waste-sorting systems and deliver their waste to recycling and waste handling to local entity. A full overview on share of recycling vs other waste handling will be mapped out in 2020.

Status : *Environmental mapping of the Italian factories was completed in 2019, and shows big variations in performance within use of clean/green energy & water consumption. *Measuring suppliers performance within reducing the environmental impact will continue in 2020.

*By 2019 40% (21 of 52) of factories had environmental certifications (like iso14001, ecolabel swan, GOTS, OCS, GRS)

8

8. WE COMMIT WE WILL WORK TO PROMOTE BEST PRACTISE FOR ANIMAL WELFARE IN WOOL FARMING

Goal : *Develop a plan for animal welfare and traceability based on i.e. Responsible Wool Standard or other relevant standards.

RWS and/or ZQ merino are the standards we have considered most relevant and we are aiming to find a way implement. Though has 2019 been a tough year for the wool market facing increased wool prices and weak NOK exchange rate have resulted in weaker product margins especially for wool products. PRG will work on a strategy for how we can implement a merino wool certification which will results in higher cost and how we can solv the commercial aspects and price level for our markets.

Status :

9

9. WECOMMIT TO INSPIRE TO A HEALTHY LIFESTYLE

Goal : *Get more people to be active and/or use the outdoors

*Contribute to a positive body image

*Though we sell wool garments intended for outdoor activities, we have not prioritized promoting an outdoor lifestyle in 2019, as other sustainability messaging was seen as more important

Status : *To promote body positivity we have taken steps to include more multiethnic models and a wider range of body sizes and shapes. We have a minimal or no retouching policy for models. At the end of 2019 we also signed an agreement with two paralympics ambassadors.

10

10. WE COMMIT TO MAKE IT EASY FOR YOU TO MAKE SUSTAINABLE CHOICES EVERY DAY

Goal : *Improve our sustainability information at POS (Point Of Sale) and on packaging

Status :

- * Nearly all of our communication campaigns in 2019 (excluding sport and hosiery) highlighted sustainability aspects - GOTS-certified organic cotton and Swan eco-labeled wool. In addition, we completed a 100% sustainability-focused campaign during Fashion Revolution week.
- * Sustainability information has been added to all new packaging where relevant, and has been included in POS material

11**11. #WECOMMIT TO PROMOTING A CIRCULAR LIFECYCLE FOR CLOTHES AND TO HELP YOU USE CLOTHING MORE SUSTAINABLY****Goal :**

- * Establish a task group to look at how we can help people repair our clothing
- * Establish a task group to look at how we can sell used wool clothing
- * Create a comprehensive online content hub for sustainability in regards to clothing
- * Continue Fretex collaboration to increase share of exhausted textiles to be recycled – explore and find similar solutions for collaboration in Sweden and Finland

Status :

- * We have not been able to prioritize the establishment of a repair system, but will continue working on this in 2020
- * We started including repair-thread with our wool collection, and published and promoted a video where Jenny Skavlan demonstrates how to repair a hole in a wool sweater
- * Our website includes other information on how to care for garments
- * We have not prioritised a system for reselling used wool clothing, but have partnered with Tise to resell returned items from our webshop
- * Our content hub on sustainability and clothing has been established, and is under continuous development
- * Collaboration with Fretex on recycling of exhausted textiles in Norway. Not yet found solution to colab in Sweden and Finland.
- * Our Black Friday messaging encouraged consumers not to buy more than the need, and included articles on why we need to have a Black Friday sale, and how you can shop more sustainably and sensibly during large sales like Black Friday

Goal for coming years**1****1. WE COMMIT TO A TRANSPARENT VALUE CHAIN WITH 100% TRACEABLE RAW MATERIALS.**

- 1.1 Continue work on strategy and solution for traceability for products, fibres, and production conditions to stakeholders (with consumers in focus).
- 1.2 Establish an improved internal system for detailed supplier data related to responsible sourcing and sustainable properties on products.

2**2. WE COMMIT TO RAISING THE TEXTILE INDUSTRY STANDARDS FOR SOCIAL AND WORKING CONDITIONS + SECURING WORKERS' RIGHTS**

- 2.1 Continue working to secure workers rights in year 2 as participant in working-condition research project on South African merino wool farms, and make plan for improvements where needed. Project is a collaboration with EHN, Norad and other textile brands.
 - 2.2 Continue QuizRR collaboration term 2018-2020 with selected suppliers: (2019 5 suppliers joined). Goal for 2020: 3-5 more
-

3

3. WE COMMIT TO ACHIEVING 100% SUSTAINABLE PRODUCTS, PACKAGING, POINT OF SALE MATERIAL AND OPERATIONS

- 3.1 Work to limit our large discount sales, and find possible counter measures for Black Friday .
- 3.2 Limit seasonal alterations to reduce surplus.
- 3.3 Minimize packaging and achieve plastic-free/recycled plastic packaging and operations.
- 3.4 Work for portfolio of 100% sustainable fibres and solutions for our products in PRG (choose recycled, organic, environmental friendly fibres, reduce microplastic etc when possible); 3-year project.
- 3.5 Work towards reducing the microplastic from our products.

4

4. WE COMMIT TO A TOLERANT AND RESPECTFUL WORKING ENVIRONMENT WITH GOOD HES SYSTEMS

- 4.1 Implement sustainability goals for all PRG employees in their employee evaluation appraisals ("my compass") process.

5

5. WE COMMIT TO COMMUNICATING OUR OBJECTIVE ETHICALLY & TRANSPARENTLY INTERNALLY AND EXTERNALLY AND TO NOT GREENWASH

- 5.1 Continue to make sure that all employees should be knowledgeable about sustainability and our sustainability strategy, goals and achievements.
- 5.2 20% increase in Pierre Robert/PRG PR coverage over 2019 with 40% of PR coverage to include sustainability keywords
- 5.3 Participate in Fashion Revolution and Tekstilaksjonen campaigns
- 5.4 Contribute to the public debate, highlight important issues and increase awareness

6

6. WE COMMIT TO MINIMISING THE ENVIRONMENTAL FOOTPRINT OF OUR PARTNERS (3 year goals set from 2019)

- 6.1 Continue working towards 3-year goal of reducing the environmental impact in our production supply chain by 50% (1st tier and 2nd tier...)
- 6.2 Continue working towards 3-year goal of zero-waste supply chain
- 6.3 Continue working towards 3-year goal of 80% eco-certification of suppliers (2019 there were 40%)

7

7. WE COMMIT WE WILL WORK TO PROMOTE BEST PRACTISE FOR ANIMAL WELFARE IN WOOL FARMING

- 7.1 Continue plan for animal welfare and traceability based on i.e. Responsible Wool Standard or ZQ merino.

8

8. WE COMMIT TO INSPIRE TO A HEALTHY LIFESTYLE

- 8.1 Contribute to a positive body image in choice of models, role-models, imagery and messaging through all communication.

9

9. WE COMMIT TO MAKE IT EASY FOR YOU TO MAKE SUSTAINABLE CHOICES EVERY DAY

- 9.1 Continue to improve our sustainability information at POS (Point Of Sale) and on packaging.
- 9.2 Continue to clearly communicate our sustainability strategy
- 9.3 Continue to communicate the importance of making wise and informed choices when purchasing new items

of clothing, and to make the necessary information to do so easily available

10

10. #WECOMMIT TO PROMOTING A CIRCULAR LIFECYCLE FOR CLOTHES AND TO HELP YOU USE CLOTHING MORE SUSTAINABLY

10.1 Continue to communicate how we to repair clothing.

10.2 Establish a task group to look at how we can sell used wool clothing.

10.3 Continue to create a comprehensive online content hub for sustainability in regards to clothing.

10.4 Continue to encourage people to recycle exhausted textiles.



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?

Link to Policy for own business:

<https://www.orkla.no/baerekraft/samfunnsansvar-i-orkla/samfunnsansvar-i-orkla/>

<https://www.orkla.no/baerekraft/samfunnsansvar-i-orkla/antikorrupsjon/>

<https://www.orkla.no/baerekraft/samfunnsansvar-i-orkla/menneskerettighetspolicy/>

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

Ethical trade and corporate social responsibility are important and high-priority areas of Orkla, and demands and expectations are set for each company to have implemented ethical trade and sustainability in their business processes. Orkla has a pronounced sustainability strategy that provides guidance to the companies, including PRG. The board of PRG is well informed about the work on ethical trade and supports ethical trade as a fundamental part of the business platform for PRG. PRG has set clear targets for sustainability work towards 2025, and specific measures have been defined for the next 3 years.

The overall policy for sustainable business is developed by Orkla and anchored with all business units. The policy for sustainable sourcing and operations is anchored with the board, management group and all employees.

Our goal is to be "The Nordic Favorite for Sustainable Comfort" and the sustainability strategy up to 2025 are based on our main commitment, "We commit to promoting a sustainable textile industry."

There are several goals and obligations in this:

#We Commit to playing fair and by the book:

#We commit to a transparent and 100% traceable value chain

#We commit to communicating our objectives ethically & transparently, and to not greenwash

#We commit to achieving 100% sustainable products, packaging and operations

#We commit to holding our partners to the same ethical standards as we do ourselves:

#We commit to raising the industry standard for social and working conditions and securing workers rights

#We commit to minimizing the environmental footprint of our suppliers

#We commit to promoting best practice for animal welfare

#We commit to always provide you with a more sustainable choice:

#We commit to making it easy and convenient for you to make sustainable choices every day

#We commit to promoting a circular life cycle for our clothes, and help you use clothing more sustainably

#We commit to encouraging a healthy and active lifestyle through our products, advertising and use of role models

Based on these commitments, we have set specific goals that are linked to activities in the short and long term from 2020-2021. The work is part of our business strategy and is anchored throughout the company.

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?

Responsibilities for responsible business practice in PRG:

-CEO, Tine Hammernes Leopold

-- Business Development Director, Atle Bjerkli

--- CSR and quality Manager, Margrethe Vikanes

And in general within Orkla and all business units;

<https://www.orkla.no/baerekraft/samfunnsansvar-i-orkla/samfunnsansvar-i-orkla/>

<https://www.orkla.no/baerekraft/samfunnsansvar-i-orkla/styringsrutiner/organisering-av-orklas-arbeid-med-samfunnsansvar/>

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

All decision makers in PRG have sustainability as part of the framework for decision making, all based in our sustainability commitments. Each department has an assigned sustainability representative, responsible for sustainability efforts within their department. Ethical trade and sustainability topics are regularly on the agenda for internal meetings for all employees.

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

All new employees get an introduction to sustainability in PRG, and the topic is frequently on the agenda in internal meetings. All employees are also given regular updates and news on the companies' sustainability work. It is compulsory for all new purchasers at PRG to attend training on IEH's basic and advanced courses in ethical trade. Practical training and follow-up of new buyers are carried out by the CSR manager.

All purchasers have an active role in securing ethical trade towards suppliers and products and attend various seminars and network meetings related to ethical trade. The purchasing department is also an internal driver for training and raising awareness of other departments in order to better safeguard and support the work done in ethical trade. There are dedicated one person in each department to be responsible to manage the sustainability work in their department.

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?

Ethical trade and corporate social responsibility are important and high-priority areas of Orkla, and demands and expectations are set for each company to have implemented ethical trade and sustainability in their business processes. Orkla has a sustainability strategy that provides guidance to the companies, including PRG. The board of PRG is well informed about the work on ethical trade and supports ethical trade as a fundamental part of the business platform for PRG.

PRG has set clear targets for sustainability work towards 2025, and specific measures have been defined for the next 3 years. The commitments are anchored with the management teams and all departments have participated in making an action list for their area of responsibility.

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?

Updates are given to the management team and board through regular meetings and business reviews. Typical topics are:

- status and priorities on sustainability projects, actions, collaborations etc.
- communication plans for sustainable products and sustainability work in PRG.
- strategy and plans for our future sustainability work and anchoring of decisions and priorities.

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?

Pierre Robert Group strives towards responsible business conduct that respects people, society and the environment. To achieve responsible business conduct we wish to work in close partnership with our suppliers and business partners. Pierre Robert Group considers collaboration to be a prerequisite for responsible business conduct, and key to the achievement of the UN Sustainable Development Goals.

Our suppliers and partners can expect from Pierre Robert Group that our purchasing practices strengthen, and do not undermine, their opportunity to deliver on our requirements related to people, society and the environment. Pierre Robert Group always seeks collaboration in order to achieve responsible business conduct. However, we will end business relationships or other forms of collaboration if our supplier or partner does not meet our expectations for responsible business conduct.

We communicate in written form and in meetings with the suppliers that we emphasize the importance of responsible business conduct as part of the collaboration with PRG. We collect and evaluate social and environmental information from the factory as a part of the sourcing process. All suppliers must sign and accept our Code of Conduct before orders are placed.

Feedback to the factories is provided in the form of written feedback, through supplier meetings, our own factory visits and continuous dialogue with the suppliers on areas of improvement and follow-up improvement measures from audits and our own visits.

All suppliers are requested to communicate CoC to their suppliers. This is emphasized in the further dialogue with the supplier, and is reinforced by the fact that selected sub-suppliers are asked to fill in SAQ and / or are visited by us. This is the standard follow-up routine for all new and suppliers and existing big or strategic suppliers.

We expect our suppliers and partners to work focused and systematically to comply with our Guidelines for Suppliers, hereunder our Code of Conduct, that covers fundamental requirements on human rights, labour rights, anti-corruption, animal welfare and the environment. Our suppliers shall:

- Follow our guidelines for suppliers (add link, if available), hereunder the code of conduct.
- Conduct due diligence for responsible business conduct. This involves; conducting risk assessments to identify potential negative impact on people, society and the environment and to stop, prevent and reduce such impact. The measures put in place must be monitored and their effect evaluated. The measures taken must be communicated to those affected by your actions. If the supplier is responsible for the negative impact/damage, they are responsible for providing remedy.
- Show willingness and ability to continuous improvement for people, society and the environment through collaboration.
- At the request of (company's name) be able to document how they, and potential subcontractors, work to comply with the guidelines.
- If the supplier, after several requests by (company name), does not show the willingness or ability to comply with the guidelines for suppliers, the contract may be cancelled.
- Have a system in place to manage complaints related to human rights, labour rights, the environment and corruption.
- Avoid trading with partners that have activities in countries where a trade boycott is imposed by the UN and/or Norwegian Government authorities.

At the request of Pierre Robert Group, the supplier must be able to document how they, and any potential subcontractors, work to comply with the Guidelines for Suppliers. This may be done through follow-up meetings and/or mapping of conditions in the supply chain. Should Pierre Robert Group request an assessment of subcontractors' compliance with the Guidelines, the supplier is required to provide the name and contact details

of subcontractors.

Link to our ethical guidelines: Supplier Code of Conduct https://www.pierreroberth.no/no_NO/ansvarlig-innkjoep-slik-jobber-vi-med-leverandoerene/Responsible_sourcing.html

Indicator

Share of suppliers which have signed and accepted ethical guidelines CoC.



2019



2018



2017



2016

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?

Some of our goals have been more time-consuming and difficult to reach than anticipated. However, we believe that by setting extra-ambitious goals, we are more likely to push ourselves and achieve more. We also believe that the goals and changes we are working towards are necessary. Thus, we will continue working towards our goals, even if they initially seem "impossible" and to do our best in the work for a more sustainable textile industry.

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
Extended use of overtime	Working hours	China
Extended use of energy from coal or oil sources and plastic from fossile sources.	Environment Greenhouse gas emission	Global
Water scarcity and water management	Environment Water	Banglad esh China India Pakistan
Microplastic from textiles	Environment Water	Global
Textile waste and recycling	Environment Waste	Global
Wages in the textile industry is not up to living wage in many cases.	Wages	Banglad esh China India Cambodi a
Health and safety for workers at factories	Occupational Health and safety	Global
Freedom of association	Freedom of association and collective bargaining	Global

Several of the above salient issues are present at global scale and PRG are adresssing these issues through the actions we do based on out commitments and UN development goals. Not all of the salient issues are possible for PRG to solve alone and these are challenges which needs to be adresssed through international collaborations, govenments and industry players.

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

PRG are mapping the textile industry's salient issues through various reports and information we get from independent sources, stakeholders and organisations. It is a continuous and dynamic process to evaluate the inherent risk of the industry and factors like country or region, raw material and production processes are important factors to take into account. The salient issues described above are the risks PRG see as most pressing issues in the textile industry 2019-2020. PRG's actions to reduce the impact of the salient issues are taken through our goals and commitments up to 2025. These are presented under coming year's goals. PRG will adapt to the development of these issues as we move on and prioritise necessary actions when needed.

Description of how risk evaluation during sourcing process is done in PRG:

When sourcing for new suppliers there are a set of minimum criteria the suppliers must meet in addition to how they perform in a risk assessment. In order to identify risk for both new and existing suppliers, we have implemented a method in the procurement process that consists of a mapping and evaluation that includes a three-step process.

1. An initial risk assessment is made based on parameters such as:

- Country of origin
- Inherent risk in the product
- Environmental impact
- Supplier's and management's awareness and attitude towards ethical trade, CoC, sustainability and the environment
- The total value and total volume of the product / order
- Duration of the business relationship between PRG and the supplier
- Previous social audits and PRG representatives visits at the factory

2. A total risk assessment is then performed based on the weighted parameters mentioned, as well as other criteria related to the product's standard and quality, production capacity and production quality control, price, etc.

3. To systematize the risk assessment, an Orkla Responsible Sourcing risk matrix has been established in which the aforementioned parameters are graded and evaluated. In addition, PRG's internal checklists, SEDEX or BSCI system are used for SAQ, verification of relevant certificates, meetings and / or own visits with the supplier.

4. CSR Manager and buyers do regular follow ups on present factories and CSR is always part of the agenda at supplier visits or meetings.

Sources of information we use for mapping risk per country / sector:

Sustainable Sourcing Map (risk analysis published by MCL Global)

Maplecroft risk index

Country reports on Human rights practices

Country Information ILO.org

The Ministry of Foreign Affairs' country notes on community response

Business and Human rights

Transparency international - corruption index

Information and resources from Ethical trade Norway

Other publicly available information and own / others' experiences

Reports from Amnesty international and other public reports within textile industry challenges like RISE: mistra future fashion report, KcKinsey: The State of Fashion, Considering Sustainability, Fashions new must have; sustainable sourcing at scale.

Kantar, Tekstilaksjonen.
Local representatives in the respective countries
3rd party Social audits at the suppliers

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.

Recent studies and mapping of the South African wool farming within labour conditions, environment and animal welfare, recently gave us an indication that the salient risks were lower than expected for several issues. Working conditions and animal welfare are among some of the issues which were mapped out and found less serious than expected. Nevertheless there are challenges which will be addressed and the project will continue in 2020 to look into mitigating actions and effect improvements. More info can be found in the report published here: <https://etiskhandel.no/article/ullproduksjon-i-sor-afrika-en-kamp-mot-torke-og-rovdyr/> and in english about the project here: <https://etiskhandel.no/prosjekter/wool-and-mohair-from-south-africa/> Updates will follow through 2020 on EHN's website.

We believe that the fashion industry's current focus on fast-changing trends, and encouragement of and dependence on over-consumption, is a major issue that needs to be addressed. Due to this, we have started to encourage people to consume less by buying less and choosing quality over quantity; choosing timeless, long-lasting pieces over short-lived trend pieces; shopping second-hand when possible; educating themselves about material qualities and production, and to even consider switching to a capsule wardrobe. It may seem contradictory for a clothing brand to ask consumers to buy less clothes, but we believe that this is a necessary step to change the way we as a society make and use clothing. On our part, we have narrowed our focus to quality materials, finding the perfect fit, and designing for versatility and timelessness. We want our basics to be versatile enough to be used with all clothes, in many combinations, again and again – no matter season or context. We also focus on producing clothing that is hard to or cannot be bought second-hand.

As a concrete step to move away from over-consumption and production we are working to move away from our current portfolio composition of 40% running items, to 80% running carry-over items. This will reduce complexity throughout the value chain, reduce stockpile issues related to dated items, and towards the consumer – place less emphasis on short-lived fast fashion trends.

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	Extended use of overtime
Goal :	Reduce the use of extensive overtime hours.
Status :	Adressing the issue with the relevant suppliers.
Objectives in reporting year :	Adressing the issue and find rootcause for use of extensive overtime and find possible solutions.

Actions :

Communicating with suppliers to find rootcause and agree on measures to reduce the overtime.
Rising awareness internally and have dialogue with suppliers and employees.
Assuring that PRG's purchasing practises and timeline from product development to order is communicated and anchored with the factory. For example placing orders in due time (according to expected timeline) makes the process for all parties involved more smooth.

Salient issue	Extended use of energy from coal or oil sources and plastic from fossile sources.
Goal :	To minimise the use of energy and reduce the energy sources from coal or oil. Reduce the need for oil as resource for plastic bags and textile fibres. Become plastic free in packaging. When plastic is not possible to replace and is necessary to use, it must be from recycled plastic or plastic from renewable or other sustainable materials.
Status :	Adressing the issue with the suppliers, started to map the type of energy used at Italian factories. Replaced virgin plastic with recycled plastic for arund 20% of the D-pack polybags and replaced plastic packaging with FSC paper packaging for several of our main brands and collections.
Objectives in reporting year :	To start mapping the type of energy used at selected suppliers, see how they measure it and learn how to measure and report it. Reduce use of plastic wherever possible and replace plastic with recycled paper or recycled plastic. Testing paper hooks to replace plastic hooks on packaging for GFT.

Actions :

Mapping and find methods for measuring the energy use in the supply chain and making it part of the criteria for choosing suppliers. As PRG is part of Tekstilaksjonen we are developing common KPI's for measuring the environmental impact of textile production among other with input from Stica, FIVH, Østfoldforsk, EHN and more. Studying the possibilities to use paper instead of plastic for webshop items - this is tested spring 2020 for Jenny Skavlan collections.

Salient issue	Water scarcity and water management
Goal :	Reduce the use of water in our supply chain
Status :	Implemented eco certifications in the supply chain wich have requirements for limiting use of water in production, like GOTS.
Objectives in reporting year :	To take the first steps to reduce the use of water through eco certifications for production in addition to choosing fibre which require less use of water in the production process.

Actions :

Adressing the issue and going forward to implement it to be part of the criteria for choosing suppliers. Focus on choosing fibres, materials and production methods and facilities which contribute to limit the water and climate impact.

Salient issue	Microplastic from textiles
Goal :	Minimise the microplastic release form garments being washed at home.
Status :	Selling Guppy Friend bag in our webshop as a mean for consumers to reduce the release of microplastic from home laundry.
Objectives in reporting year :	Participate in a 3 year research project by Sintef and NTNU and outcome and recommended actions will be suggested in 2020.

Actions :

See more info here for details of milestones in the project:

<https://www.sintef.no/en/projects/microfibre-evaluating-the-fate-effects-and-mitigat/>

Salient issue	Textile waste and recycling
Goal :	To minimise the textile waste from production, in the supplychain and from consumers.
Status :	Mapped majority of the factories waste handling system.
Objectives in reporting year :	To get an overview of waste handling systems at the factories. To design products with focus on minimising textile waste in production (ie when cutting textile fabric from design patterns).

Actions :

Mapping suppliers system for sorting and recycling textile waste. Build awareness among designers and implement in their design guidelines.

Salient issue	Wages in the textile industry is not up to living wage in many cases.
Goal :	Support initiatives in the industry and government to address the gap between (minimum) wage and living wage.
Status :	This topic is a complex and a challenge we can not solve alone. By adresssing the issue we hope to raise awareness among suppliers, brands and consumers.
Objectives in reporting year :	Include the topic in stakeholder dialogue. Keep the topic on the CSR agenda within the industry and brands.

Actions :

Have dialogue with suppliers and stakeholders to discuss challenges and solutions. Follow and support industry initiatives to influence stakeholders and governing authorities who can contribute to take actions to reduce the gap between minimum wage and living wage.

Salient issue	Health and safety for workers at factories
Goal :	Contribute to health and safety is safeguarded for factory workers and ensure that health and safety is on the daily agenda at the factories we manufacture.
Status :	Followed up regularly through audits and supplier meetings to ensure that corrective action is taken if there are any deviations from audits or own visits.
Objectives in reporting year :	Continue keeping the topic on the agenda with suppliers and factories and follow up after factory audits. Push and encourage the factories to always have focus to rise the level of health and safety issues among employees.

Actions :

Always first priority to follow up H&S issues after social audits and make sure the factory take actions to improve and/or correct.

Salient issue	Freedom of association
Goal :	Support that workers are free to join labour associations and engage as worker representatives as they are entitled to.
Status :	Followed up through audits and in supplier meetings.
Objectives in reporting year :	Rise awareness among workers through Quizrr training program. Address the issue within the industry and with other textile brands through Ethical Trade Norway's organisation and initiatives.

Actions :

Completed the Quizrr "rights and responsibilities" module training with 5 factories in China and by that increased the knowledge among 1919 factory employees. See also more info on this topic in the next section "Other actions related to management of negative impact".

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

Reduce the use of energy, water and chemicals in our supply chain by implementing environmental certifications in the supply chain and dialogue with suppliers to address these issues. Increasing the share of eco certified products and factories.

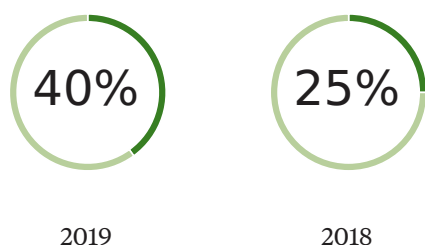
Indicator

Number of Nordic Swan Ecolabel certified factories



Both factories are located in China.

Share of factories with eco or environmental certifications like ISO 14001, GOTS, Nordic Swan Ecolabel, OCS, GRS



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

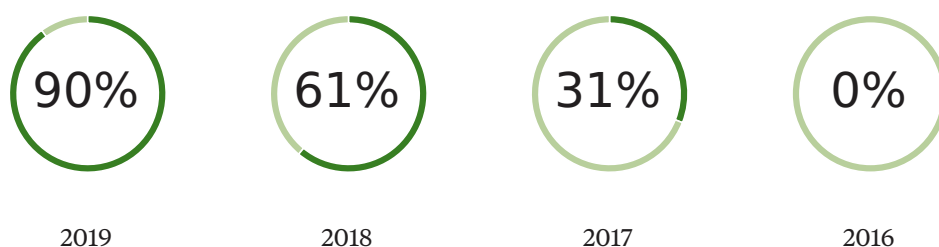
PRG has practised predictable purchasing practises in the last decade and we have had dialogue with the suppliers on how we are performing. But we still see a need to continue building awareness internally on how the purchasing practises can have a negative or positive impact on the working conditions at the factories. And we need to get input from suppliers on how to improve our practises and how to make further improvements within reducing use of resources and input factors to the products and production.

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

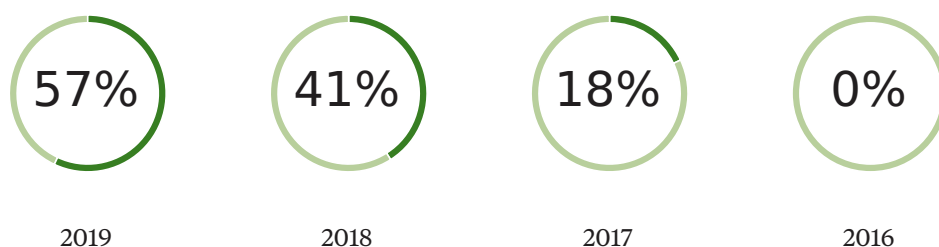
Increase the share of products with sustainability/environmental certification. PRG's commitment is to have 100% sustainable products and packaging within 2025.

Indicator

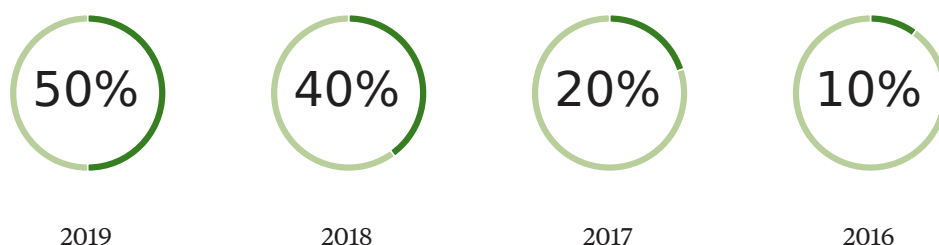
Share of merino wool garments with Nordic Swan Ecolabel certification



Share of cotton products with certified organic cotton; GOTS or OCS certification



Share of packaging made from sustainable material FSC or FSC mix paper.



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.

Rising awareness with the suppliers and employees within these topics - through dialogue and using quizRR training modules. See next point.

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


QuizRR training tool: 5 factories and have completed the modules on Rights and Responsibilities, Worker Engagement, Wage Management - see quizRR website for more info on the training tool;
<https://www.quizrr.se/why-quizrr/>

This means that 1919 employees have completed a total of 7460 training sessions.

Indicator

Factories with QuizRR training system implemented

2019: **5** 

2018: **1** 

2018: QuizRR was piloted at one factory in China.

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

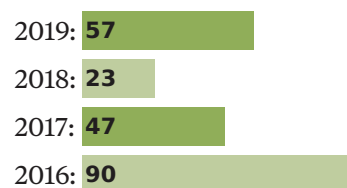
4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

Activities and performance with respect to our due diligence activities in the supply chain are tracked on a regular basis by the CSR Manager. Data and information on each factory related to human rights, workers' rights and environmental issues is collected and reviewed. In addition certifications such as GOTS and Nordic Swan Eco label have strict requirements and positive effects on working conditions and workers rights. Local activities like Quizrr program and other improvement actions are monitored continuously and reviewed on an annual basis, by the CSR Manager with input from relevant internal and external stakeholders.

Supplier evaluation is executed annually where supplier relationships are being evaluated based on the most important criteria: CSR performance, quality assurance performance, sustainability performance, production and delivery performance, communication skills and eco-certifications.

Indicator

Number of suppliers monitored and assessed by own visits and third party audits:



Numbers above are the sum of our own completed suppliers visits and 3rd party social audits.

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

Collect information and dialogue with suppliers and stakeholders.

Sourcing coordinator in Shanghai is in close dialogue with the suppliers and textile industry in Asia.

Supplier visits

Social Audits by 3rd party auditors

Audits on certifications like GOTS and Nordic Swan Ecolabel

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

PRG are in dialogue with our suppliers and factories on how the production has an impact on people and environment. This is always a topic in meetings and visits with the suppliers and factories. We encourage suppliers and factories to improve any areas related to their impact on people and the environment and we have, by introducing eco-certifications like Nordic Swan ecolabel and GOTS, improved and assured that the production is set up to reduce the social and environmental impact. In social audits we encourage factory to let the auditee perform interviews with the workers as part of the social audit. In addition we have introduced the QuizRR training system as a tool to build capacity and rise awareness among workers about their rights. Our local representative in Shanghai has been involved in setting up the Quizrr training and assisting the workers and managers implement the training program in the factory.

We strive to be transparent to all stakeholders about our work with sustainability, and aim to include important information on our website, POS, in social media, press contact and as of 2019 – also in our advertising. If an issue does arise, we will of course also use any means of direct contact to communicate with our stakeholders, and the form of messaging may differ – but because we have an openness policy, the content of our messaging will more or less be the same, regardless of stakeholder.

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

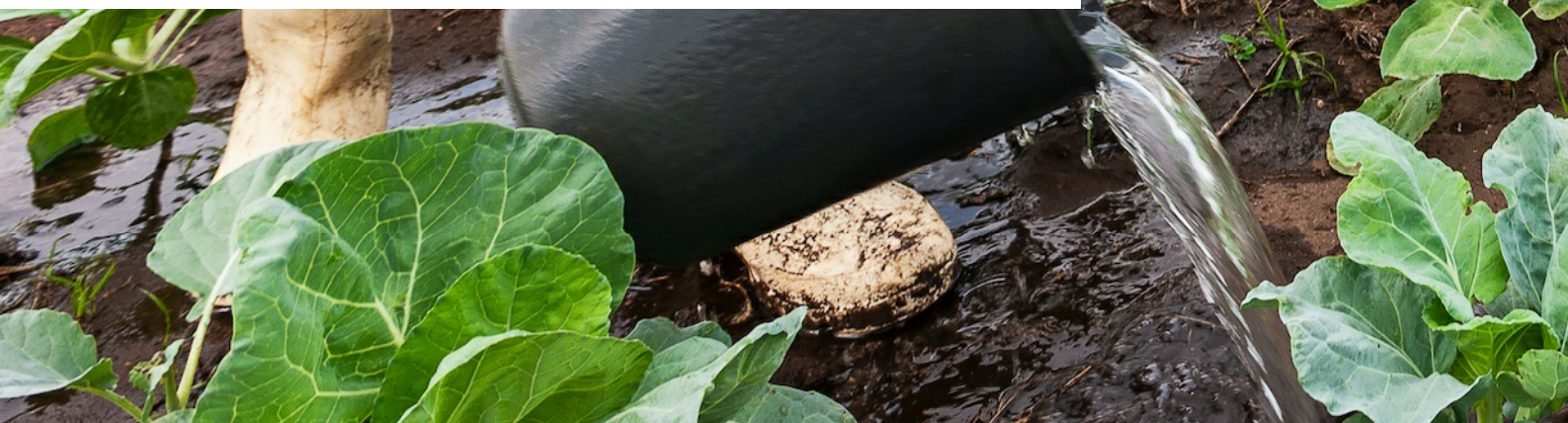
Information about our strategy, focus areas and our challenges, choice of materials, factories and more can found on our website. In addition to this however, we have started to include information a wide range of sustainability information on our packaging and in-store point of sale material. We have also started to include sustainability information and messaging in our overall communication and advertising, and are actively participating in various foras, at seminars etc. We are seeking to take a visible leading role within sustainability in the Norwegian fashion/textile industry.



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

PRG has an obligation to remedy any negative impact and damage from our production. The policy is uploaded in area, ref. 1.A.1.

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

There has not been any cases of remediation in 2019 which PRG have been involved in.

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 the employees training with quizRR tools and in dialogue or meetings with the suppliers we raise awareness of complaint mechanisms. Factory management engaging with workers' representatives to establish a process through which they can raise complaints to the enterprise, will be an expected outcome of this.

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