



Report on

Responsible Business Conduct 2020

for Norrøna Sport AS

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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

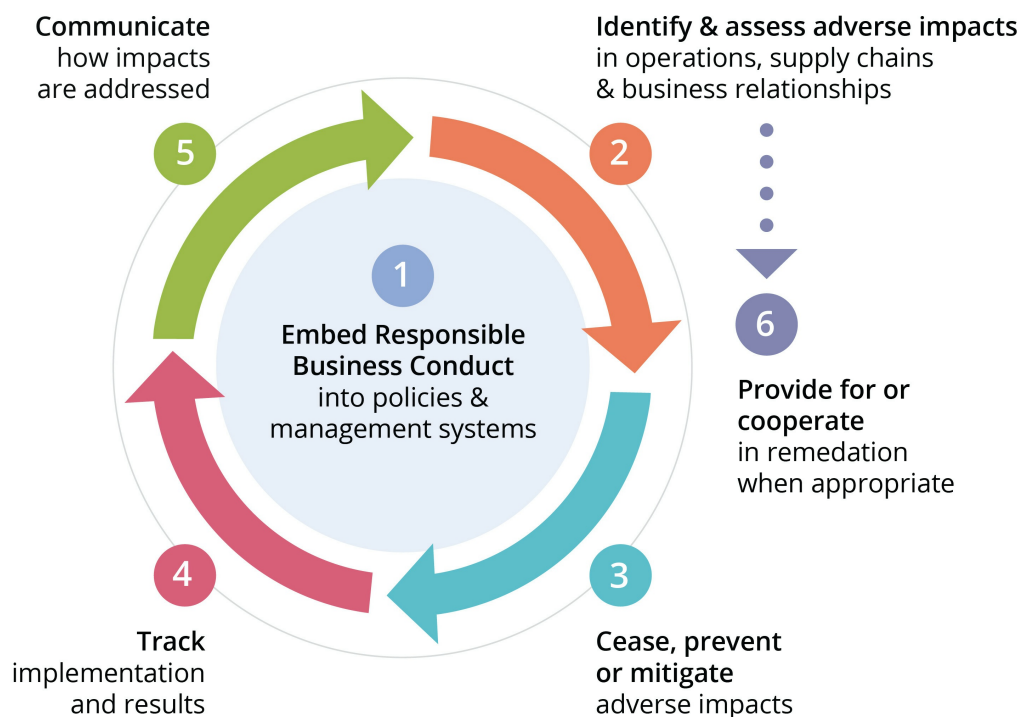
Executive Director

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

In 2014 Norrøna developed Our first CSR roadmap for the period of 2015-2020. We have now come to the end of this road map. We have learned that this method works well and with this kind of system we are able to implement and execute change on a broad scale.

We set very high and demanding goals and we want all our targets to be challenging so we push ourselves hard to move forward fast. These demanding targets obviously make it hard to reach all our goals every year, but we think it is more important to push ourselves than to reach every sub goal every year. We link all our environmental and social ambitions to both our departmental and individual sub goals in the company. By doing so we see that we raise the awareness in the organization, and they help us integrate CSR throughout the value chain. The stretch goals help us stay focused and support our ambition to be among the leaders in our sector.

We have seen in this 5 year period that we can reach very ambitious goals, and when we now start to work on the next Norrøna CSR road map, the goals are a lot more ambitious, and will need more focus, resources and manpower to be achieved. For the upcoming years, we will continue to follow our CSR roadmap, and we will be complementing the existing goals with new ones.

The next road map period is from 2021 to 2029. In 2029 Norrøna is 100 years old, and we hope by then that our company has completed the development to a fully sustainable company without any harmful footprint. Our ambition for 2029 is the following; We are a leader in environmental and social responsibility within our industry, by de-carbonizing our economy, developing circular business models and improving communities. Our goals for this period are linked and connected to the UN's 17 goals. During 2020 we have been part of piloting the Higgs index, also including all the manufacturers we work with. This will be a good tool in both benchmarking how we work and finding ways to improve. The first phase of the Higgs implementation is done, and verified by 3.party auditors, so we achieved our goal for 2020 in relation to Higgs.

We also started up our own Norrøna Factory in Lithuania. During the spring of 2020, we opened up a fully owned garment manufacturing facility in Lithuania. This will also give us the opportunity to manifest "our way of working" in relation to CSR and our co-worker's job satisfaction, condition, safety, environmental standards, and innovation. The covid situation has naturally created a more complicated start up of the factory, like the situation that we have not been visiting yet.

For the areas that we will focus on for 2021 there are some clear improvement areas. These areas have been addressed by the Higgs process and also pointed out by ourselves, and also based on work we have started in 2020.

These areas are.

1. Improve and systemize our social work in our value chain.
2. Be better at communicating what we do, and have more information about this on our website.
3. Implement and scope out the 2021-2029 Norrøna CSR road map.

Publishing our goals and our progress helps us maintain transparency and keep us accountable, and helps the consumer to make conscious decisions on our products with regards to CSR. We will continue to work on this and also improve it for 2021.

Jørgen Jørgensen
CEO, Norrøna Sport

" The next road map period is from 2021 to 2029. In 2029 Norrøna is 100 years old, and we hope by then that our company has completed the development to a fully sustainable company without any harmful footprint. "

Jørgen Jørgensen
CEO

Company information and business context

Key company information

Company name

Norrøna Sport AS

Head office address

Vollsveien 13H, 1366 Lysaker

Main brands, products and services offered by the company

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

Description of company structure

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

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

- RD&D (Research, Design and Development)
- Customer service and Repair
- Supply Chain
- Finance
- Marketing
- Sales

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

Turnover in reporting year (NOK)

600 000 000

Number of employees

102

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

There has been no changes in the organization, or company structure during 2020, but Covid-19 forced us to work remotely due to the global travel restrictions. We have not been able to travel to our suppliers and partners as scheduled, and some of our planned 3rd party CSR audits have been postponed. The physical presence to evaluate salient risk, have been replaced by desktop analysis based on the feedback given from our suppliers and manufacturers on a self assessment level. As a result of this, the close communication with our partners have been more important in 2020, and is even strengthened during the pandemic.

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

- Norrøna managed to keep the production forecast during 2020 without cancelling any orders towards our suppliers and manufacturers.

- At the same time we helped our customers to postpone or cancel their orders when necessary.

Contact person for the report (name and title)

Monika Hedemark

Email for contact person for the report

monika.hedemark@norrøna.no

Supply chain information

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

In-house development at Norrøna HQ, and direct purchases of own developed products at nominated manufacturers in Europe and Asia.

Norrøna also negotiate and nominates the vendors of fabrics and trims for close to 100% of the finished goods.

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

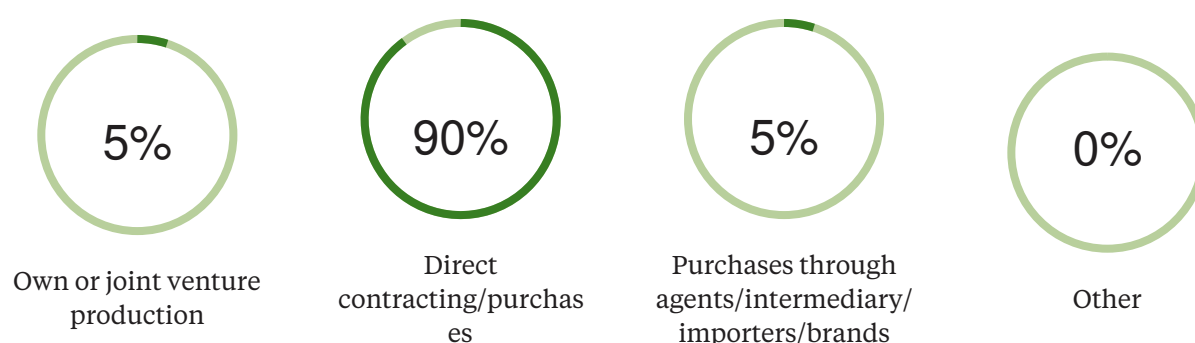
Number of suppliers with which the company had commercial relations in the reporting year

20

Comments to number of suppliers

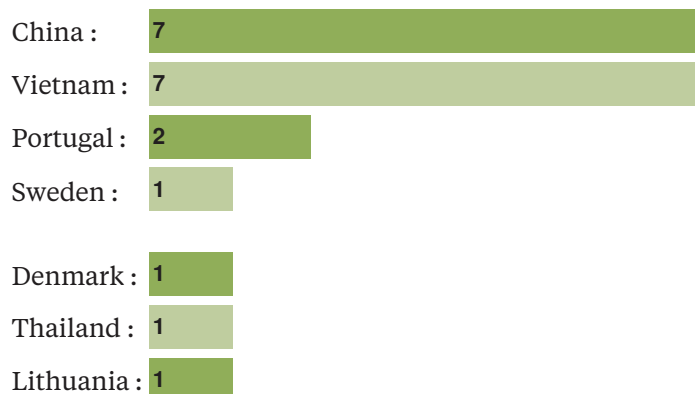
This reflects our cut and sew manufacturers. Some of our manufacturers have more than one factory. Currently we have nominated 46 material and trim suppliers.

Approximate ratio by sourcing options



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

List of first tier suppliers (producers) by country



This is our manufacturing partners for garment, socks, hats, gloves, backpacks, wetsuits, belts and goggles

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

28 104

Number of suppliers

20

Comments to number of workers

Some of our manufacturer have more than one factory. Factory sizes varies from 100 to over 1000 workers.

Key inputs/raw materials and associated geographies

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

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

Goal : % of Norrøna employees commuting environmentally friendly (min. 75% of the time): 100%

Status : In 2020 many of the employees have been working from home and we have not done the survey in 2020.

2

Goal : 1% for nature

Status : Basecamp Explorer Foundation 646 732 nok
Empower AS, Circular Cleanup Pilot Project 50 000 nok
Stiftelsen WWF Verdens Naturfond 550 000 nok
Fashion for Goods 35 550 nok
Norges Miljøvernforbund 626 657 nok

3

Goal : Recycle all waste produced at Norrøna HQ by 2020: 100%

Status : 50%

4

Goal : Less than 1% air freight

Status : We managed 1,8% in 2020

5

Goal : 3rd party audit of all factories according to social and environmental standards: 100%

Status : We managed 40% of the planned audits in 2020 as several of them had to be postponed due to Covid-19

6

Goal : Open factory list: 100%

Status : We managed 100% in 2020

7

Goal : % of cotton products being made by certified organic cotton or reprocessed cotton: 100%

Status : We managed 100% in 2020

8

Goal : Polyester fabrics used will be made with a minimum of 50% recycled fibres: 100%

Status : We managed 83% in 2020

9

Goal : Other synthetic fabrics being made with a minimum of 50% recycled fibres: 100%

Status : We managed 93% in 2020

10

Goal : Use of fabrics that can be verified by 3rd party : 100%

Status : We managed 98% in 2020

11

Goal : Exclusive use of RDS down: 100%

Status : We managed 100% in 2020

12

Goal : Exclusive use of traceable or reprocessed wool: 100%

Status : We managed 98% in 2020

13

Goal : Norrøna only wants to use Responsible Wool Standard (RWS) certified wool or 3rd party verified to a more robust standard: 100%

Status : We managed 93% in 2020

14

Goal : Elimination of fluorocarbons from our products: 100%

Status : We managed 77% in 2020

15

Goal : Repairs of old Norrøna products: over 10.000/year

Status : We managed 94% in 2020

Goal for coming years

1

100% of all materials comes from recycled, organic or reprocessed or sustainable bio-synthetic feedstock.

2

85% of materials used in Norrøna products will be recycled, reprocessed or reused

3

No single use plastic anywhere along our value chain

4

100% of products will have proper land use & include the five animal freedoms

5

100% carbon neutral company by 2029 exclusive of carbon credits

6

No hazardous chemicals released in air or water from any part of our product supply chain

7

No deforestation permitted on farming or grazing that is involved with Norrøna products.

8

Zero percent of products goes to waste or provides no value

9

100% traceability and accountability on all products using Higgs Index scores

10

100% of Norrøna suppliers actively participate in the Higgs FEM & FSLM

11

Any leather used comes from LWG level silver or above or Textile Exchanges Responsible Leather Standard (RLS).

12

100% product information including materials/manufacturing available on product.

13

Reduce inefficiencies which have an environmental impact by a minimum 15% per year.

14

Product customization to be closer to consumer & control number of standard styles offered

15

All workers involved in any part of our products/packaging will have a free, easy & safe way to file a claim to us

16

All parents involved in producing our products must be able to communicate and know their children are safe

17

100% of products made using traceable method to ensure meeting the UN SDG's, No Poverty, Zero Hunger, Gender Equality goals



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?

Norrøna Sport AS ambition is to be a leader in environmental and social responsibility and push our industry forward. Responsible business conduct (RBC) is an expectation for ourselves and all partners we do business with. Aligning with the UN Guiding Principles on Business and Human Rights, we commit that people have an inalienable right to be treated with dignity, human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status, every individual is entitled to human rights without discrimination and these rights are all interrelated, interdependent and indivisible.

Norrøna has a zero tolerance policy so any violation of these human rights must be corrected immediately with a solid plan towards compliance or Norrøna will be forced to cease cooperation with the breaching party.

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

Norrøna Sport AS commits to working actively with due diligence based on the OECD Responsible Business Conduct (RBC) guidance. The purpose of due diligence is first and foremost to avoid causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships, meaning today's generation get their needs covered without compromising the ability of future generations to meet their own needs.

Norrøna commits to transparently use a verified form of internal risk assessment through the Higg Index Brand & Retail Module to continuously improve our social and environmental strategies, processes and actions. When involvement in adverse impacts cannot be avoided, we will use due diligence to mitigate them, prevent their recurrence and, where relevant, remediate them.

Norrøna Sport supports The UN Sustainable Development Goals (SDGs) which recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is one of the greatest global challenges and an indispensable requirement for sustainable development. Norrøna Sport AS worked actively with the Sustainable Development Goals when defining our 2029 Corporate Road Map. This Road Map will guide processes and actions both internally and through our working partners to help improve life for people, animals and our planet.

As with our previous 2020 Road Map we will have an annual meeting with all our key partners to go through the commitments and appraise our performance together towards achieving the 2029 goals. This meeting will include successes, challenges and action points for the path forward.

In addition. Norrøna is committed to transparent measurements and participation with the Ethical Trade Initiative, Fair Labor Association or FairWear as part our due diligence towards measurable improvements. Our Responsible Business Conduct (RBC) as well as our strategies are evaluated each year and approved by the CEO.

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?

The work for social and environmental issues within Norrøna are integrated within the overall job description of specific roles. The company decided instead of having a separate watchdog department concentrating specifically on social and environmental issues, every member of the company must be responsible and measured on their part within the framework of their specific tasks.

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

In order to maintain visibility, our environmental requirements and goals are broken down into KPI's which individual members of each department's team are responsible for. These KPI's are measurable and are part of the bi-annual review process. Together, all KPI's make up our annual plan to hit or exceed our environmental targets.

We do it in this way both to engage all members of the company in continuously improving performance towards better environmental actions and to be more effective as a small/medium sized enterprise.

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

Through our on-boarding of new hires, through each job description/contract, KPI's and information meetings and company strategies.

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

Training when on-boarding new employees. 1-2-1 conversations between employees and managers on a monthly basis. Appraisal talks every year between managers and employees where evaluations of values and working principles and how to reach goals and activities are in focus.

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?

With clear goals that is regularly evaluated and discussed across the organisation. It is also ensured through implementing our responsible business conduct, CoC and our CSR roadmap from 2021-2029 as well as through our social and labour document enclosed. These policies and strategies covers our focus and action plans.

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

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

During 2020 we implemented HIGGs index improving social and environmental aspects for the company and business partners, suppliers and the products as a whole.

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?

- Norrøna 2029 goals are approved by top management and the board. Annually roadmaps results are followed up throughout the year.
 - Responsible business conduct (RBC) document are evaluated and approved by the top management each year.
 - Through implementing HIGGs index by improving social and environmental aspects for the company and business partners, suppliers and the products.
-

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?

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

Documentation of all factories, suppliers and contract partners:

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

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

We believe that the quality of each worker's life has a direct impact on the quality of their workmanship on our products. Our strategy and processes require long-term partnerships with a close relationship. Due to our size and high quality demands, we do not work in the highest risk countries, nor high risk factories. We have open book costing with our suppliers allowing all stakeholders the ability to know what the expectations are up front.

Current status and improvements:

Norrøna continuously improves our approach toward social and labor issues. We require facts and cannot accept assumptions. Better documentation of processes, procedures and measurements is the focus for improvement. Through the Higg Index Brand & Retail Module pilot, areas of improvement identified include updating documentation, procedures and the scope of our responsibilities.

Areas of the business not focused on are highlighted to ensure we are in compliance of our goals.

Utilizing this knowledge, we will improve documentation and archiving to secure that our entire business is covered within our Codes of Conduct and Human Rights Commitment.

We engage with Ethical Trade Initiative to reflect and improve on our current social & labor procedures.

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

- All new factories go through a rigorous process with the necessary documentation easily accessible.
- We will secure that all partner factories consistently meet robust guidelines to decrease risk to the business.
- We implemented a 3 year factory social audit in 2018 renewal process from 5 years to decrease risk.
- We commit to implementing the Higg FSLM and will learn how to understand and use the new information.
- All social & labor procedures and processes must be part of the KPI's and responsibility of top management.
- All social & labor procedures and processes must be part of the KPI's and responsibility of employees having contact outside Norrøna.

Our strategy and processes require long-term partnerships with a close relationship. Products are normally

placed at a factory and/or supplier for at least three years providing the workers with more security and the ability to ensure high quality.

Indicator

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



We coordinate information through an annual supplier survey which provides the acceptance of code of conduct and other good business practises.

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?

Norrøna recognizes and communicates the need for collaboration between brands (and other members of the value chain) in order to make a positive change within the textile industry. As a smaller brand, we believe the best way to create radical change towards good within the textile industry is to be transparent, show progress and engage and challenge large brands in the places we collaborate. Therefore we actively participate in many collaborations such as Textile Exchange, SAC (HIGGS), STICA (Swedish Textile Initiative for Climate Action), and Fashion for Good.

We develop our experiences working with sustainability and especially sustainable materials to improve both our successes and our failures. For us as a responsible outdoor brand it is critical to have 3rd party verification for all our materials such as RWS, RDS, Bluesign, oeko-tex etc. to prove the extra money we are spending are going towards positive change.

During 2020 we faced a closed borders due to Covid-19. The ability to be on site was drastically reduced from march 2020 and throughout the year. Even our 3rd party auditors was not able to conduct audits at the extent as planned. Although we have not seen any sign of it, we have to expect that the social and human part have not been in focus the same way as if we had been present at the production site.

Even so, Norrøna have focused on regular video meetings with our manufacturers, across levels in the organisation with the aim to reveal the situation and with the aim to support where possible. The situation experienced in 2020 (and still are facing in the 1st quarter 2021) are disturbing, and we are looking forward to step up and regain our visits going forward.

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
Packaging (cardboard)	Freedom of association and collective bargaining Working hours Marginalized populations Environment Energy Waste	China Indonesia Malaysia Thailand Vietnam
Packaging (Plastic)	Environment Animal welfare Emission Greenhouse gas emission Energy Waste Use of materials	Global

Traceability & Accountability	Forced labour Freedom of association and collective bargaining Child labour Discrimination Discrimination(deleted) Harsh and inhumane treatment Occupational Health and safety Wages Working hours Regular employment Marginalized populations Environment Corruption Animal welfare Emission Greenhouse gas emission Energy Waste Water Use of materials	Global
Carbon emission	Environment Emission Energy Waste Water Use of materials	Global
Water usage	Environment Energy Water	Global

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

Cardboard:

Norrøna fear that products extracted from trees do not come from sustainable forestry, but rather from tropical vulnerable areas. We therefore wanted to ensure sustainable business practices related to components that originate from forestry. In specific we have, among other things, considered the value chain around cardboard packaging. Through information and dialogue down the value chain as well as through relevant NGO`s, we have accumulated knowledge that has made us aware of potential challenges related to both the environment, wildlife and working conditions. For Norrøna it was important to ensure that the raw materials were not extracted from vulnerable forest areas, but also to ensure good working condition and labor rights, and that the production process gave the least possible environmental footprint.

We therefore work according to the following principles:

- Cardboard / paper packaging only from FSC certified sources.
- Use transactional tracing on all materials and products inclusive of packaging.

- Optimization of material consumption to reduce waste in production (eg constructions)
- Manufacturers who can offer sustainable solutions for ink and lamination must be given priority.
- Consolidate sub-contractors, quality and size range across first-tier manufacturers to ensure control on quality, as well as ensuring rational and clear handling.

Plastic:

Like many others in the retail business, Norrøna use plastic for packaging. In our road-map towards 2029 we state: "No single use plastic anywhere along our value chain".

We work according to the following principles:

- All plastic used should be made from feed-stocks that can be
- Recycled
- Decompose.

We evaluate shipping and packaging procedures for each of our suppliers based on below principles:

- Establish plan with all suppliers to decrease or eliminate plastic use on shipping materials.
- Specify all plastic must come from a recycled source and be recyclable.
- Any plastic sent to factories must have a plan for collection and recycling.
- Any plastic sent to our warehouse must have a plan to be collected and recycled before shipping to retailers or end-consumers.

Traceability & accountability:

This goes above all. Without knowing the source, - without digging down the value chain, we are not able to take decisions that benefits people, planet and products. The deeper we dig, the more is revealed and the more we are able to change for the better.

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

To reach our goals we work across below principles:

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

Every product will include a Product Module score providing environmental and labor results.

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

Full traceability and accountability of the facilities involved in our supply chain.

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

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

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

Carbon Emission and Water usage:

Norrøna is a member of the Swedish Textile Initiative for Climate Action (STICA) where in 2019 we measured our Scope 1 & 2 emissions and are working towards measuring and publishing our Scope 3 carbon emissions for 2020

as well. In 2020, Norrøna continued its partnership with Fashion For Good and continues to work with innovative startups to help transform the textile industry.

We also follow the corporate roadmap requiring 100% of our materials being 3rd party verified with partners such as Bluesign to ensure chemical compliance, good water and air protection. We track our fiber use through the Textile Exchange Corporate Fiber & Material Benchmarking, and are piloting the Biodiversity Benchmark. In addition we are on the advisory committee for the new Textile Exchange Biodiversity Benchmark.

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

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.

2020 has been a challenging year in many ways. Due to the travel restrictions on both Norrøna employees as well as our 3rd party auditors, we have not been on site from march 2020. Norrøna have focused on close communication at both 1st tier level as well as towards our nominated suppliers and also across the work in regards to Higg index. Still, this will not replace our presence in order to check, evaluate and educate compliance for responsible business conduct. Norrøna hope to resume traveling as soon as the borders are open again.

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	Packaging (cardboard)
Goal :	Reduce the amount of virgin and non-traceable feedstock in our cardboard packaging.
Status :	99,9% of all cardboard packaging have switched from virgin to recycled and FSC certified feedstock during 2020.
Objectives in reporting year :	Change from virgin and non-traceable cardboard packaging to recycled and FSC certified.

Actions :

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

Salient issue	Packaging (Plastic)
Goal :	Reduce the amount of single use plastic.
Status :	The work was not conducted according to schedule due to travel restrictions and organisation changes internally at Norrøna. The work are back to speed again and we expect 100% of our single use polybags to be changed to recycled and recyclable and GRS certified quality during 2021 as well as to reduce the amount of plastic used on our products overall.
Objectives in reporting year :	Change from virgin and non-traceable polybags to recycled and GRS certified.

Actions :

Facilitate quality switch from virgin and non-traceable polybags towards recycled and recyclable and GRS certified polybags. This in addition to evaluate where to remove the use of plastic totally.

Salient issue	Traceability & Accountability
Goal :	Our goal is to be fully transparent with supplier information located on our website with their FEM and FSLM scores associated with each supplier
Status :	All manufacturers are introduced and are currently reporting in according to plan. Members of the supply chain team will be trained in 2021 on how to use the Higg Index as part of the evaluation process
Objectives in reporting year :	Implement Higg Index scores to provide traceability & accountability & facilitate so Norrøna supplier's actively participate in the Higg Index FEM & FSLM

Actions :

We encourage all our suppliers to register and follow up using the Higg FEM Verifier & trainer program and begin to use the FSLM as well. This will help us in the long run manage improvements that protect the well-being of factory workers, local communities, and the environment without undue repetition and expenses to the factories.

We also encourage our factories in Vietnam to be member of Better Work Vietnam and do the Compliance Assessment Report each year.

Salient issue	Carbon emission
Goal :	100% carbon neutral company by 2029 exclusive of carbon credits
Status :	<p>Project group established. We will develop new collections with a lowered carbon footprint. We will study 4 product classes using Life-cycle Assessment as an indicator, from the beginning of the project until its end in 2023.</p> <p>Our goal is to reach a 50% reduction of the carbon footprint of those 4 product types, representative of our collection, and to have a clear plan established for further progression until 2029. The Higg indexes implemented in 2020 will help us track our impact.</p>
Objectives in reporting year :	All teams within R&D and Supply Chain will dedicate additional time to participating in and contributing to external working groups, start-ups and new technology to generate ideas and samples that can be used in our collections without compromising on durability, design, or function.

Actions :

In order to achieve this goal, we must research, test and develop ways to reduce and eventually invert methane and/or the CO2 output of our product development, manufacturing, distribution, use and end of life to create a carbon neutral supply chain. In this project, Norrøna will find and work with potential partners that can help make carbon negative fibers from both natural and synthetic sources. We will also experiment with construction techniques, transportation and factory locations to reduce and eventually eliminate the use of carbon in our products.

Salient issue	Water usage
Goal :	Reduce water usage in production
Status :	Project established
Objectives in reporting year :	We know that the dye method has a significant impact on the material carbon footprint. We plan to research and reach out to new emerging dye technologies that can significantly reduce the carbon emissions of our products. Of significant interest are new waterless dye methods that are not yet commercially available. We are currently researching to find partners to reduce the carbon impact of coloring our products for the different fiber types.

Actions :

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

Cross-cutting actions related to management of negative impact:

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

3.B.1 Reduction of environmental and climate footprint

Norrøna is a member of the Sustainable Apparel Coalition(SAC) and has been on advisory committees of The Brand & Retail Module (BRM) and Transparency. In 2020 we were one of a few companies to complete and fully verify our BRM through a 3rd party audit. In 2020, over 60% of our tier 1 factories and 80% of our tier 2 suppliers have submitted the Higg Index FEM.

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

Norrøna is also a member of the Swedish Textile Initiative for Climate Action(STICA) where in 2019 we measured our Scope 1 & 2 emissions and are working towards measuring and publishing our Scope 3 carbon emissions for 2020 as well.

In 2020, Norrøna continued its partnership with Fashion For Good and continues to work with innovative startups to help transform the textile industry.

We also follow the corporate roadmap requiring 100% of our materials being 3rd party verified with partners such as Bluesign to ensure chemical compliance, good water and air protection.

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

Norrøna uses a transparent cost model with our suppliers which clearly defines prices ranges by product category, by construction types, by technical requirements, by volume and by production plan dates. Costing or pricing is based on market analysis of costs per region and as we have partner relationships dating back 10 years we are able to closely monitor labor costs, overheads, and agree on profit levels for the factory that are fair. This means that our incumbent suppliers are not disadvantaged by *new businesses* approaching us and offering strategically low pricing.

We honour our commitment to provide accurate information about style construction and materials, so if we identify errors that are outside the factories control we do not hold the factory responsible for achieving a delivery on-time. We discuss together and agree on how to re-schedule based on their capability and respecting that we are not the only customer that they are supplying to.

Financially, we have agreed payment terms with all factories and these are specific to the well being of each of these factories and their workers. We regularly have discussions on a top to top level relating to how they are managing in terms of financing the business. When we feel it is necessary, we have offered financial assistance or a change in payment terms. (for example, Bridging finance when other large customers have defaulted on payments) and offered 3 different business models for the factory to choose from.

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

- Norrøna managed to keep the production forecast during 2020 without cancelling any orders towards our suppliers and manufacturers.

- At the same time we helped our customers to postpone or cancel their orders when necessary.

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

Norrøna use fabrics that meet high environmental and social welfare standards and that can be verified by 3rd parties (bluesign®, GOTS, Control Union, RDS, RWS, Oeko-tex®). We design for long term durability. We refer to our targets on certified fibers:

100% of cotton is organic (GOTS)

98% of our wool is traceable

100% of our down is RDS certified

72% of synthetics are PFC-free

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

80% of the polyester we use is recycled

84% of the other synthetics are recycled (mainly polyamide)

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.

Apart from audits, quality inspections no actions have been taken in 2020.

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

We strive to work with reputable suppliers through intensive investigation before starting business with new manufacturers and suppliers. We produce high end technical products that require highly skilled people. Because of this, factories we produce in have to offer good agreements and conditions to keep skilled workers.

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

Norrøna had goals in place since 2014 in relation to production produced during low season. The goal for 2020 was 15% (a further increase of 5% YoY). The ambition is to produce a certain percentage of goods outside the peak season to reduce the pressure on the factories, and provide predictability to factories and their workers.



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 on social issues are tracked through 3rd party collaboration (ELEVATE) and followed up by CSR responsible at Norrøna. Through annual audits and follow up audits of our factories every 3rd year we keep record of issues and action plans regarding findings and issues regarding human right and due diligence activities. CSR responsible detect scale of issues and make a plan of how to improve at factories, time frame and seriousness of issues. This is a running process all through the year.

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

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

Through our follow up audits we in addition to our own internal follow up at our factories, we are able to identify and prevent repeat of weaknesses and to check that actual improvements have been done at factories.

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

Norrøna logs salient issues through 3rd party audits. Findings affect the factory workers. Norrøna is obligated to do our best to secure the safety of the factory workers. Workers are included anonymously in the audit check, in groups and separately. When Covid-19 hit us all in the beginning of 2020, we sent our partners a "Covid-19 questionnaire" in order to uncover how Norrøna could possibly help out. the overall feedback was the need of stability in production orders. Based on this Norrøna put our pride in keeping all orders as planned w/out any cancellations.

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

Publicly we communicate through our webpage and in social media about concrete tasks we do to improve our impact on the environment.

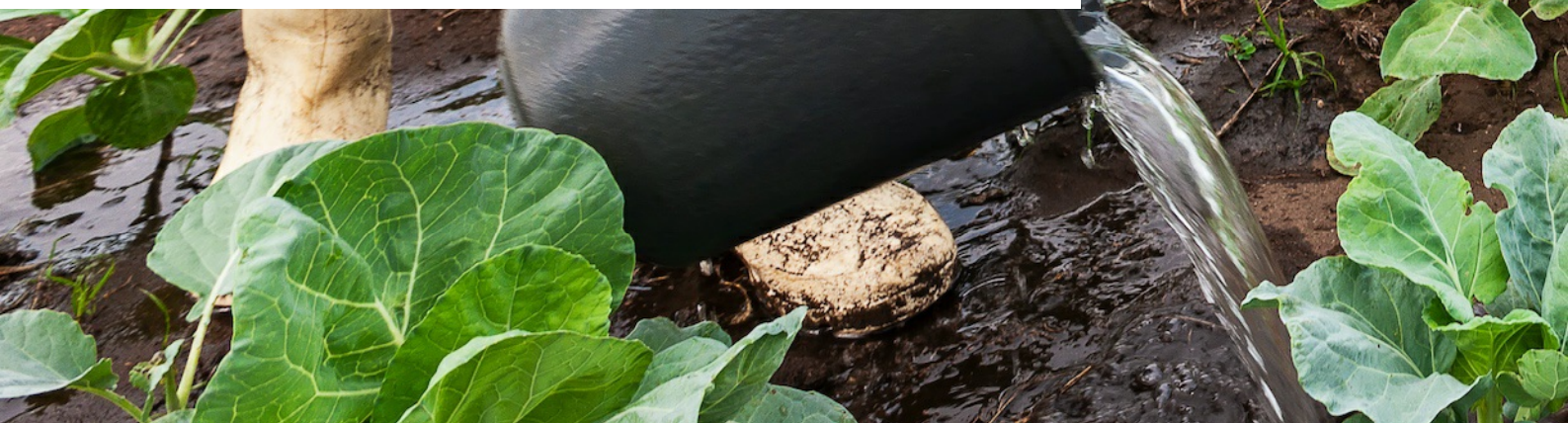
To reduce our footprint and the industry's impact on the environment Norrøna chose to work with specific initiatives, vendors and standards.



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

We have processes and plans on what we will do if anything occurs to people, society and environment.

Key steps:

- Internal audit: Self-Assessment Questionnaire (SAQ). Based on our Code of Conduct, and indirectly on legislation, ILO conventions and UN Human Rights.
- Categories: General, social control, management systems, employment, worker's organisation and bargaining, young employees, opportunities, disciplinary procedures, health and safety, wages, working hours, environment
- External audit: CSR Audit/inspection. Done by independent 3rd party experts (necessary to understand language and local law)
- Audit follow-up, Managed by CSR Responsible.

The audit finding are analyzed, and the findings classified according to risk and urgency, to ensure the correct focus and priorities in the follow-up for improvements, to ensure compliance with Norrøna's acceptable risk levels. The classification of findings will then dictate the required action, time frame, and responsible resource. If the number of findings or the nature of findings comes in above the acceptable risk levels, the case will be flagged to the management group for decision for further action. Responsibility for planning the operational improvement process and implement the follow-up plan, lies within Supply Chain.

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

Through assessment and high demands on suppliers regarding both social and environmental performance it is our strategy to avoid serious issues which requires remediation. No cases of remediation occurred during 2020.

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:

We only control this through our audits, this is one of the checkpoints.

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