



Report on

Responsible Business Conduct 2020

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

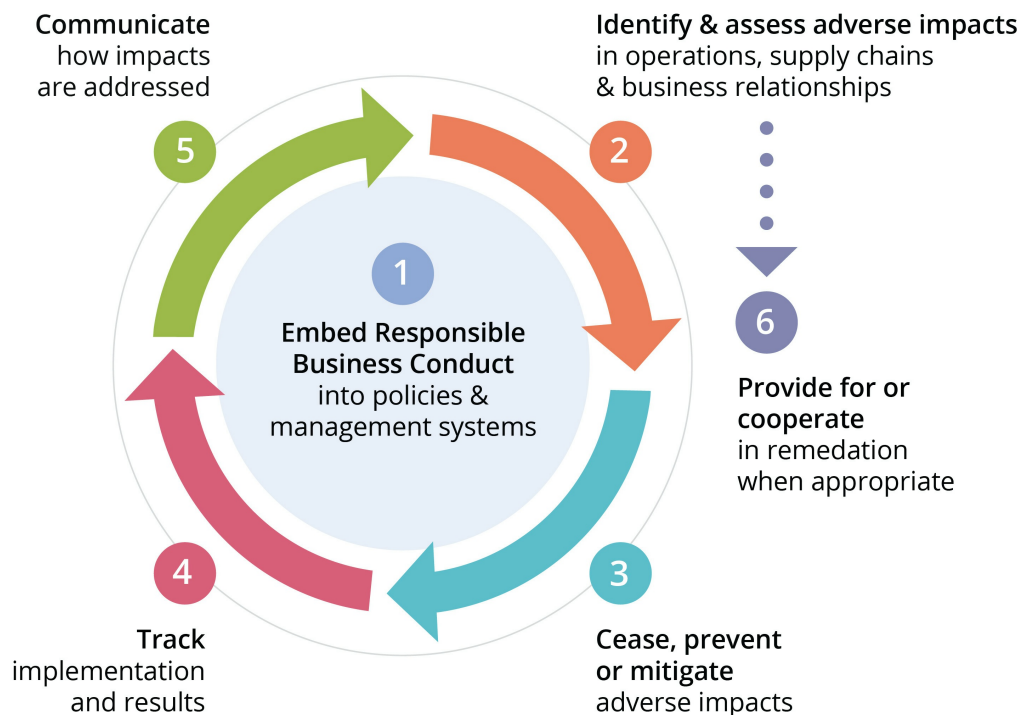
Executive Director

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

As we've been working towards becoming a more sustainable brand, we have started to feel like we're putting out flames with one hand, while still fanning them with the other. Though we pride ourselves in choosing materials made with less environmental impact, we have grown increasingly concerned that the effort is wasted if we keep contributing to massive over-consumption.

Over-consumption is the proverbial elephant in the room of fashion and textiles. An animal of a problem that everyone can see but nobody wants to talk about. As a society, we buy far too many clothes. As a clothing brand – what can we do about it?

We have realized that a key point in our sustainability strategy must be to make clothing that lasts, both in quality and style. Clothes that can be used, again and again, year after year – and that are not only made with minimal environmental impact but are designed for recyclability at end-of-life. In addition, we are working cross-industry through the MoST (Movement for Sustainable Textiles) network to push for a national recycling system for textiles. We also see the need to take a stand against the unsustainable pressure to keep up with short-lived trends. A step in this direction is our switch from seasonal renewals that create outdated stock pile-up, to a more continuous assortment.

As always, we continue to work for ethical sourcing and a reduced environmental footprint. With the UN Development Goals as a compass, we keep a steady eye on goals relating to poverty, health and well-being, gender equality, clean water, decent work and economic growth, industry innovation, responsible consumption and production, climate action, life below water, life on land, and partnerships for goals.

We have a policy of transparency and full supplier information disclosure and have started to post information online about the working conditions of our suppliers, including wages and working hours. Throughout 2020 we have continued our work with Quizrr to promote workers' rights, a particularly pressing issue under COVID-19. Over the past year we have also cut plastic in our Pierre Robert packaging to zero, and significantly increased the use of recycled synthetic materials in our sports garments, underwear and hosiery. Nearly all of our cotton is organic (84%) , and well over 95% of our merinowool has the Swan Ecolabel.

If we can draw any positive learning from the pandemic and a tumultuous 2020, it is that people have an amazing ability to pull together when it really matters. The over-consumption elephant has been particularly glaring this past year, staring us right in the face. Staying at home we have changed the way we dress and consume, making our previous lifestyles seem almost frivolous. We have realized that we CAN live happily with a lot less, so let's seize the opportunity.

Read more at pierrerobert.no.

Tine Hammernes Leopold,
CEO, Pierre Robert Group

" Staying at home we have changed the way we dress and consume, making our previous lifestyles seem almost frivolous. We have realized that we CAN live happily with a lot less, so let's seize the opportunity. "



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 grocery stores and supermarkets in Norway 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 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 2020 describes the goals and actions done during 2020.

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)

500

Number of employees

147

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

500 MNOK is the turnover for 2020 for the Pierre Robert Group AS Norge og Pierre Robert Oy Finland. We have discontinued our operations in Sweden.

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 sourcing, 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 depending on needs and scope. 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. And that they see the extra added value of certifying their facility to preferred production standards. 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 factories.

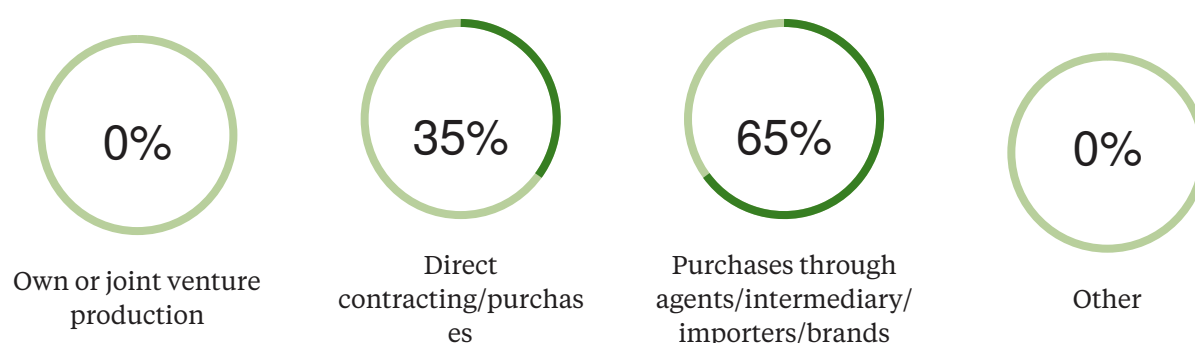
Number of suppliers with which the company had commercial relations in the reporting year

34

Comments to number of suppliers

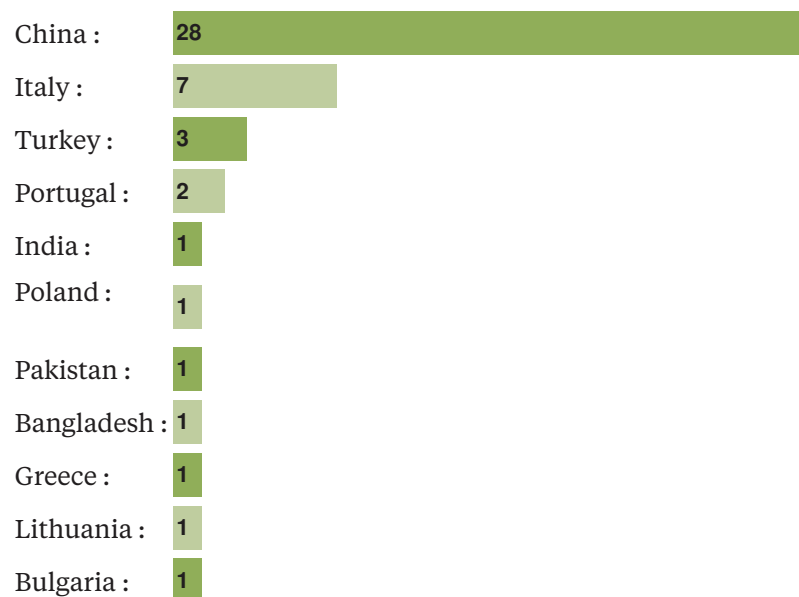
34 suppliers producing textiles/garments at totally 47 producers/factories.

Approximate ratio by sourcing options



As Intermediary we collaborate with Traders who are all local companies in close relation to the factories. The traders play an important role in developing, sourcing and assuring ethical and quality requirements of the production and products in close collaboration with PRG.

List of first tier suppliers (producers) by country



The 5 top sourcing countries from the list above supply 96% of PRG's product spend in 2020. The remaining 4% are split between the 6 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

7 629

Number of suppliers

34

Comments to number of workers

Number of workers are manually collected data from the 47 first tier factories. We are implementing an improved ERP system in 2021 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 India
Merino wool	South Africa
Polyamide, polyester, elastan, lycra	Global
Tencel, Viscose (modal) from Lenzing licensee	China

The list above displays the majority of raw materials used in our products.

Organic cotton is certified by the Global Organic Textile Standard (GOTS), or Organic Content Standard (OCS).

95% share of the merino wool sourced for garments is certified by the Nordic Swan Ecolabel (Svanemarket).

100% of PRG's merino wool is 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

1. WE COMMIT TO A TRANSPARENT VALUE CHAIN WITH 100% TRACEABLE RAW MATERIALS.

Goal :

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.

Status :

1.1 Work in progress: We can trace the majority of natural and regenerative fibres and the recycled synthetic fibres we use are traceable through GRS certifications system. We have disclosed a full list with an overview of our suppliers on our website, and we have published details about working and social conditions from several of our major factories.

1.2 We have started developing a new ERP system with sustainability information related to the suppliers and product. This will enhance the transparency and traceability internally as the information will be more available for the organisation.

2

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

Goal :

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

The covid-19 pandemic, negative effects due to restrictions and the lockdown have had a high impact globally, and it was a step back for the textile industry in general. We believe that going forward it will be even more important to protect workers' rights and a more systemic change is required to ensure workers are paid living wages and guaranteed decent working conditions.

2.1 Ongoing, some delays due to Covid19. Activities 2020:

- Information workshops on sustainability for farmers
- Capacity building and on-farm assistance to emerging farmers
- Skills training farm-workers of emerging farmers
- Development of training for factory workers

Further progress and report for the project can be found on EHN website:

<https://etiskhandel.no/prosjekter/wool-and-mohair-from-south-africa/>

Status :

2.2 Due to Covid19 and the additional work this has entailed for the factories and our organisation, there have been limited opportunities to introduce Quizrr to suppliers. Status by 2020: 5 factories on Quizrr and for 2021 only 3 factories will have an active contract. So far with Quizrr we have trained 1.873 employees in 10.002 completed training sessions. During 2020 we trained 546 employees in 2.542 training sessions. We will evaluate and consider the collaboration with Quizrr in 2021.

In addition to this, we have mapped suppliers and their value chain for cotton, due to allegations in the Xinjiang regions of Uighurs being sent to pick cotton under a coercive labour program. PRG has no factories in these regions. However, of the mapped suppliers there was one supplier buying cotton from Xinjiang, but the supplier states that there were no Uighurs working in their cotton supply chain. Nonetheless this supplier is no longer active in our portfolio for 2021.

3

3. WE COMMIT TO ACHIEVING 100% SUSTAINABLE PRODUCTS, PACKAGING, POINT OF SALE MATERIALS 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.

Goal :

- 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.

We have increased our share of more sustainable products through a higher use of certified products like the Swan Ecolabel, GOTS, OCS and GRS.

A milestone was the launch of a range of hosiery/tights and sport garments made with recycled polyamide and polyester. Within PRG's portfolio of products with synthetic fibre content we have with these launches already reached 25% share of recycled materials!

We have also signed the "2025 Sustainable Cotton Challenge" as we commit to source 100% of our cotton raw material from more sustainable sources. See more at tetcileexchange.org for more info.

- Status :**
- 3.1 Through our communication platforms, we actively seek to inform and inspire consumers to lower their consumption and to "don't buy what you don't need." This has become a prominent message in the discount communication for our webshop.
 - 3.2 We have reduced the share of new/seasonal items considerably - with a target of 80% running items (items not changing for each season) and 20% seasonal items in the total product portfolio. Planned for 2-21, the new strategy has resulted in a 66% share of running products and 34% seasonal products.
 - 3.3 By 2020 all plastic consumer packaging was converted to paper packaging, and by that, PRG saved 32,8 tonnes virgin plastic. This equals 26 Volkswagen Golf cars or 680.000 pcs of 1,5 litre soda bottles. We have started the process to convert from virgin plastic to recycled plastic for logistics purposes during transport from factory to our warehouses.
 - 3.4 Progress towards reaching a portfolio consisting 100% of more sustainable products is steadily going forward. In 2020 the total share of more sustainable products were 54% in PRG. There is still work to do but we are heading in the right direction.
 - 3.5 Status Reduce microplastic: this issue is still dependent on more research, so that we can identify the correct and best solutions. However, we avoid making products with properties known to shed microplastics, thus we use filament yarn with a smooth and even surface for hosiery/tights and sports garments.

4

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

- Goal :**
- 4.1 Implement sustainability goals for all PRG employees in their employee evaluation appraisals ("my compass") process.
- Status :**
- 4.2 This is completed and is being followed up on the annual and bi annual appraisals.

5

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

- Goal :**
- 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.

5.1 Internal communication to create knowledge and awareness is done regularly by sharing information in meetings, written communication and workshops.

5.2 We had a 36% increase in media coverage, with 45% of coverage related to sustainability keywords in 2020 over 2019.

5.3 Key PRG employees have participated in various activities tied to Tekstilaksjonen, including as participant in a CEO panel discussion. We are also active members of the Communication and KPI working groups initiated by Tekstilaksjonen. PRG is also part of the steering group for Tekstilaksjonen. As always over the past years, we have also participated in the Fashion Revolution communication campaign.

5.4 - We have signed the Norwegian #anti-greenwashing pledge". We have also co-written an op-ed on the importance of a circular economy for textiles with Bergans (published in Dagsavisen) and on several occasions talked to the media about sustainability in fashion, particularly related to circular economy and over-consumption.

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%)

6.1 Increasingly more factories are certified for more sustainable production (see 6.3) This contributes to reducing the negative environmental impact from our textile production. To measure the impact we have to put in place a better system for registering and measuring the data from the factories. This is a task for the upcoming strategic period.

6.2 Due to Covid19 this has not been prioritized as a follow-up in 2020. But we can state that in general the majority of our factories are focused on reducing waste, and increasing the recycling of waste as this also has a positive economic impact in most cases.

6.3 Eco-certified factories increased from 40% in 2019 to 55% in 2020. By eco-certified factory we include ISO 14001, Swan Nordic ecolabel, Step by Oeko-tex, GOTS, OCS and GRS.

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.

7.1 Neither RWS or ZQ merino is implemented, but we still see this as an opportunity when the product price can be within the expected range of acceptance in the commercial grocery market.

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.

Status :

8.1 We have initiated an inclusion and diversity policy, with the aim of acting as a positive role model for all members of society. In this, we are now actively seeking out models with different body types, ethnic backgrounds and also disabilities, acknowledging that we have not been doing this well enough in the past.

9

Goal :

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.

9.1 During 2020, the majority of our commercials and sales campaigns promoted products with a smaller environmental footprint.

We were proud recipients of the Swan Eco Labels "brand user award" for 2020. By promoting Swan-labeled products we make it easier for consumers to make more sustainable choices.

PRG was awarded as best supplier on Sustainability in 2020 by the annual Remark survey.

On POS and product packaging the sustainable properties of the product are enhanced in the artwork, and we strive to make this information instantly recognizable and clear to the consumers.

Status :

In our webshop, we have changed the way we mark products with a smaller environmental impact. More sustainable products are now clearly labeled with an explanation of what the sustainability highlight is (for example - organic cotton) - with a detailed description of why that particular benefit is better for the planet on the product page.

In addition all garments made at Quizrr factories are clearly labelled with the Quizrr logo in the webshop. See goal 2 for more info on Quizrr.

9.2 Our sustainability strategy, targets and achievements are always included in company or product presentations to all stakeholders, and is communicated on our website.

9.3 Our website is updated continuously with content to inspire and inform consumers about living a more sustainable everyday life. In social media we have frequent posts on sustainability topics, and plan to make this a top priority for our organic social media plan for 2021.

10

Goal :

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.

10.1 We arranged a redesign and repair event for wool garments in September 2020, with Jenny Skavlan as co-host and inspiring mentor. We also participated in Tekstilaksjonen and we have published several tips and tricks for mending, reusing and recycling garments on so-me and our website.

Status : 10.2 postponed due to lack of capacity and covid19.

10.3 Several new content articles on sustainability were added in 2020, and we are planning a large content renewal project for 2021.

10.4 A reminder to recycle is included on all our new packaging, as well as on our webshop outer packaging.

Goal for coming years

1

1. WE COMMIT TO A TRANSPARENT AND 100% TRACEABLE VALUE CHAIN.

1.1 Continue working on traceability for products, fibres, and production conditions to stakeholders (with consumers in focus).

1.2 Implement an improved internal system for detailed supplier data related to responsible sourcing and sustainable properties on products.

1.3 Continue to fully disclose information on who our suppliers are, to share information from our supply chain and promote transparency as a matter of course for the industry.

2

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

2.1 Evaluate the effects of the working-condition research project on South African merino wool farms, aiming to secure workers' rights. Follow up by implementing appropriate actions. The project is a collaboration with ETN, Norad and other textile brands.

2.2 Consider projects beyond Quizrr and explore other collaboration opportunities for improving social rights and working conditions.

3

3. WE COMMIT TO SECURING THAT 100% OF OUR PORTOLIO AND OPERATIONS HAVE MINIMAL NEGATIVE IMPACT

3.1 Work to limit our large discount sales and find possible counter measures for Black Friday.

3.2 Achieve the target of 80% carry- over for our assortment. Aim is to reduce surplus and deadstock.

3.3 Continue to minimize packaging and achieve plastic-free/recycled plastic packaging and operations.

3.4 Work for portfolio of 100% more sustainable fibres and solutions for our products in PRG (choose recycled, organic, more environmentally friendly fibres, reduce microplastic etc when possible).

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 Assure that challenging sustainability goals are set for 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 2020 with 50% of PR coverage to include sustainability keywords. (2020 numbers = 143 press clippings with 45% related to sustainability)

5.3 Participate in Fashion Revolution and Tekstilaksjonen campaigns 2021

5.4 Contribute to the public debate, highlight important issues and increase awareness in the society by having a visible voice in media and relevant networks. In addition, we strive to grow consumer awareness and interest in more socially and sustainably responsible models.

6

6. WE COMMIT TO MINIMISING THE ENVIRONMENTAL FOOTPRINT OF OUR PARTNERS (3-year goals set from 2019 -2021)

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%, 2020 there were 55%).

6.4 Explore how to measure the impact and find solution for tracing the data.

6.5 On selected products we will measure and display the Co2 and water impact.

7

7. WE COMMIT TO PROMOTING POSITIVE BODY IMAGES, INCLUSIVITY, DIVERSITY AND TO INSPIRE TO A HEALTHY LIFESTYLE.

7.1 Actively show diversity and a positive body role models in our advertising and other communication, by implementing a diversity and inclusivity policy.

8

8. WE COMMIT TO MAKE IT EASY, ACCESSIBLE AND CONVENIENT FOR YOU TO MAKE MORE SUSTAINABLE CHOICES EVERY DAY

8.1 Continue to improve our sustainability information at POS (Point Of Sale) and on packaging.

8.2 Continue to clearly communicate our sustainability strategy, goals, actions and achievements to all stakeholders

8.3 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.

9

9. WE COMMIT TO PROMOTING A CIRCULAR LIFECYCLE FOR CLOTHES AND TO HELP YOU USE CLOTHING MORE SUSTAINABLY AND EXPLORE CIRCULAR BUSINESS MODELS

9.1 Continue to communicate how to repair clothing.

9.2 Actively work for a national system for textile recycling by our membership in MoST. Openly lobby for better government policies for a circular textile economy and raise the voice to regulative and authorities to speed up the establishment of a national (and Nordic) system for collecting and recycling textiles.

9.3 Continue to encourage people to recycle exhausted textiles.

9.4 Scaling up circularity with a widespread industry collaboration together with NF&TA, MoST and

Tekstilaksjonen

9.5 Scaling circularity: Look into investment possibilities in tech or recycling and circularity for either PRG or Orkla.

10

10. Strategy period 2022 – 2024

10.1 We have started the strategy process for the years 2022-2024 – aspiring to be a "local sustainability champion" and will work on setting relevant plans and actions.



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 2-3 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 securing that 100% of our portfolio and operations have minimal negative impact

#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 more 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 2021-2022/3. 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 and actions 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 product managers at PRG to attend training on IEH's basic and advanced courses in ethical trade. Practical training and follow-up of new product managers are carried out by the CSR manager.

All product managers have an active role in securing ethical trade towards suppliers and products, and attend various seminars and network meetings related to ethical trade. The product department is also an internal driver for training and raising awareness in other departments in order to better safeguard and support the work done in ethical trade. In addition, each department has an elected CSR resource tasked with managing 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 team, 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 our 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:

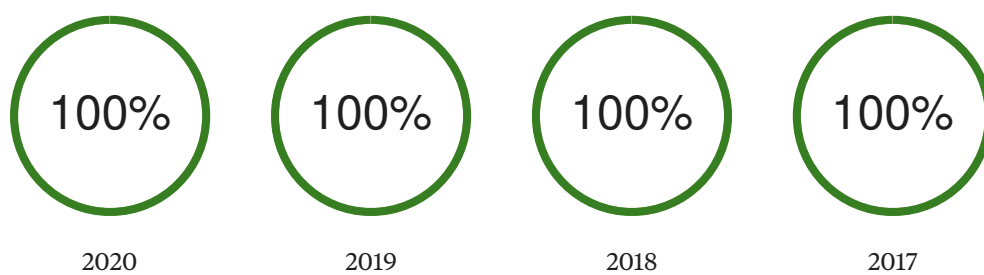
- Follow our guidelines for suppliers (add link, if available), hereunder the code of conduct.
- Conduct due diligence for responsible business conduct. This involves; conducting risk assessments to identify potential negative impacts on people, society and the environment and to stop, prevent and reduce such impacts. The measures put in place must be monitored and their effect evaluated. The measures taken must be communicated to those affected by our actions. If the supplier is responsible for the negative impact/damage, they are responsible for providing remedies.
- 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.pierrerobert.no/no_NO/ansvarlig-

Indicator

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



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?

As a result of Covid-19 we have experienced that having a robust supply chain with a good plan for contingency is key to manage such crises. No one was prepared for this scenario but we have had good communication with our suppliers and they have implemented the necessary measures to keep production going and prevent laying off workers as long as possible. The effect of Covid19 has not fully materialized, and this makes the industry more uncertain when it comes to workers rights, production capacity and raw material-, production and product prices.

PRG's target is to do our best in the work for a more sustainable textile industry together with our suppliers.

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	Bangladesh 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	Bangladesh China India
Health and safety for workers at factories	Occupational Health and safety	Global
Freedom of association	Freedom of association and collective bargaining	Global
Climate change risk	Environment	Global

Pandemics like Covid-19	Discrimination Occupational Health and safety Working hours Regular employment Corruption	Global
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Several of the above salient issues are present at global scale and PRG are addressing these issues through the actions we do based on our 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 addressed through international collaborations, governments and industry players. The last year with the Covid19 pandemic have had huge impact in the supply chains globally and as we speak we still have delays and extra long leadtimes due to the pandemic. We have from the pandemic started in 2020 had close communication with the affected suppliers and assured that necessary measures are taken at the factories to protect the employees. Further we have had good dialogue with the suppliers on production planning and logistics to keep the supply chain as intact as possible.

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 20120 -2021. PRGs 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 assesment. 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 forementioned 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 producing factories and CSR is always part of the agenda at suppliers 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.

This last year with the Covid19 pandemic have had a enormous impact of the supply chains globally and as we speak we still experience delays and extra long leadtimes due to the pandemic. Since the pandemic started in 2020, we have had close communication with the affected suppliers and assured that necessary measures are taken at the factories to protect the employees. Further, we have had good dialogue with the suppliers on production planning and logistics to keep the supply chain as intact as possible. We have kept the majority of our original orders to our suppliers but on tights produced in Italy, we have had to reduce some orders due to lost revenue on tights in 2020. All produced orders have been payed in due time. For products such as sportswear and underwear we have placed extra orders to meet the increased demand in the market. Fortunately, none of our suppliers have been declared bankrupt due to Covid19.

Recent studies and mapping of the South African wool farming within labour conditions, environment and animal welfare, 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 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. Progress on this area is mentioned in the beginning of the report under status for 2020 actions. But we repeat the key numbers here: PRG have by fall 2021 a collection consisting of 66% carry-over items and 34% new items for the 2-21 season.

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.
Raising awareness internally through with suppliers and employees.
Assuring that PRG's purchasing practices 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 finding 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 was 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 which have requirements for limiting use of water in production, like GOTS. Using recycled synthetic fibre in products reduces the water consumption in production of the fibre.
Objectives in reporting year :	To take steps to reduce the use of water through eco certifications for production and choosing fibre which require less use of water in the production processes.

Actions :

Addressing 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. For instance in 2020 we launched sports wear bra and tights made with recycled polyamide and polyester. Also all polyester mixed in wool sport and wool kids collections are recycled polyester. In addition we have launched hosiery made with recycled polyamide from production waste. Using recycled synthetic fibre reduces the use of energy, water and chemicals vs using virgin synthetic fibre. In addition we use materials which already exist and then depend less on extraction of oil as a raw material for textile fibre production.

Salient issue	Microplastic from textiles
Goal :	Minimise the microplastic release from garments being washed at home.
Status :	Continue 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 :	Participated in a 3 year research project by Sintef and NTNU and outcome and recommended actions was planned to be suggested in 2020. Due to Covid19 some delays occurred and the facts that the research did not give clear enough answers to guide the textile brands properly. The outcome is that further investigation and research is needed and in the meantime we follow the project outcome conducted by Rise. There will be continued work on this area in the Sintef/NTNU research projects in 2021.

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/> and the Rise project: <https://www.ri.se/en/what-we-do/projects/minshed>

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 that 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 focus on and raise the level of health and safety issues among employees.

Actions :

Always keep as first priority to follow up H&S issues after social audits, and make sure the factory takes 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 :	Raise 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 in 2020, and by that increased the knowledge among totally 1919 factory employees since we started the training. During 2020 there were 546 employees trained through the Quizrr tools. See also more info on this topic in the next section "Other actions related to management of negative impact".

Salient issue	Climate change risk
Goal :	New risk on the list 2020. Goal is to minimise the risk in our value chain and help prevent climate change by contributing to reducing the climate impact from production. 80% of the climate impact in a product comes from production processes so we have a large responsibility to reduce this.
Status :	Evaluate the risk for raw materials, especially natural fibres, which are affected more of climate change than man made fibre.
Objectives in reporting year :	Understand the risk of climate change and the implication it might have to our value chain.

Actions :

Participated in seminars (EY, EHN) to understand better the basics of climate risk and evaluation of our value chain. We will continue working with risk analysis on sustainability, environmental, social and ethical areas due to climate change scenarios.

Salient issue	Pandemics like Covid-19
Goal :	New risk on the list in 2020. Goal is to make sure we minimize the risk for employees in our supply chain.
Status :	Information updates from stakeholders and dialogue with our suppliers.
Objectives in reporting year :	To prevent spreading Covid19, ensure health and safety, make sure the workers' rights are protected and that production can be upheld as far as possible.

Actions :

Communicate with suppliers: We have from the pandemic started in 2020 had close communication with the affected suppliers and assured that necessary measures are taken at the factories to protect the employees. Furthermore, we have had good dialogue with the suppliers on production planning and logistics to keep the supply chain as intact as possible. We have kept the majority of our original orders to our suppliers but on tights produced in Italy, we have had to reduce some orders due to lost revenue on tights in 2020. All produced orders have been payed in due time. For other products such as sportswear and underwear we have placed extra orders to meet the increased demand in the market. Fortunately, none of our suppliers have been declared bankrupt due to Covid19.

Cross-cutting actions related to management of negative impact:

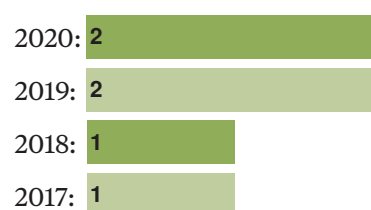
Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

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. Using textile fibre with less environmental impact.

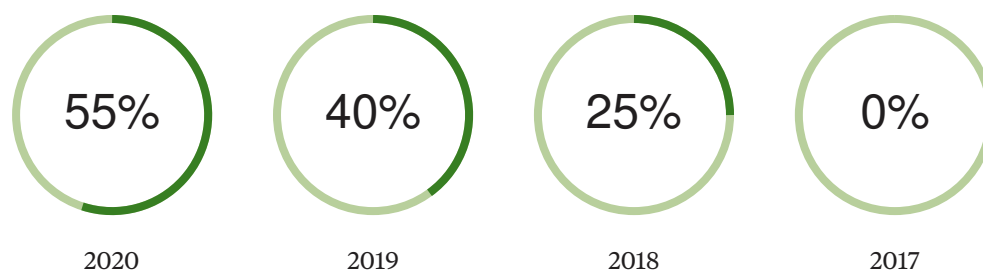
Indicator

Number of Nordic Swan Ecolabel certified factories



Both factories are located in China and producing merino wool garments.

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

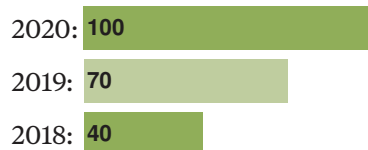


3.B.2 Adapting own purchasing practices (sourcing)

PRG has practiced predictable purchasing practices over the past ten years 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 practices can have a negative or positive impact on the working conditions at the factories. We also need input from suppliers on how to improve our practices and how to make further improvements to reduce the use of resources and input factors to the products and production.

Indicator

Converted from plastic consumer packaging to paper packaging for Pierre Robert products.



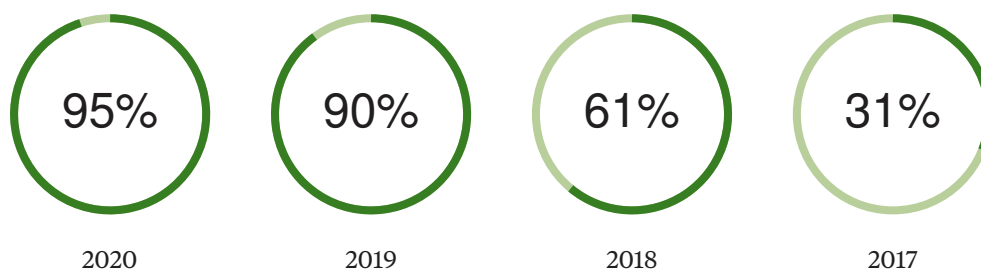
We are still dependent on plastic bags to a certain degree to protect goods during transport. However, we are in the process of converting from virgin plastic to recycled plastic for this purpose.

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

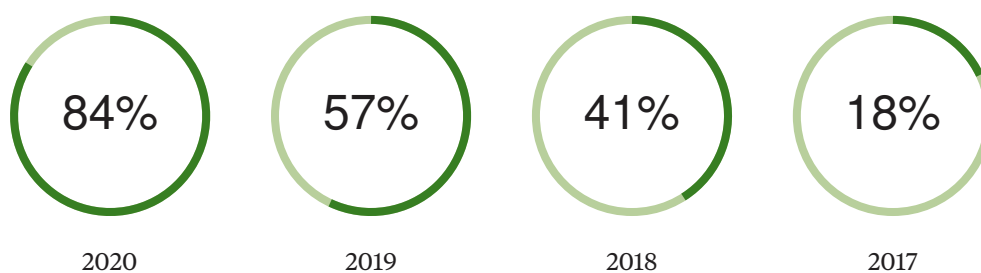
Increase the share of products with sustainability/environmental certification. PRG's commitments is to have 100% portfolio and operations with a minimal negative impact within 2025.

Indicator

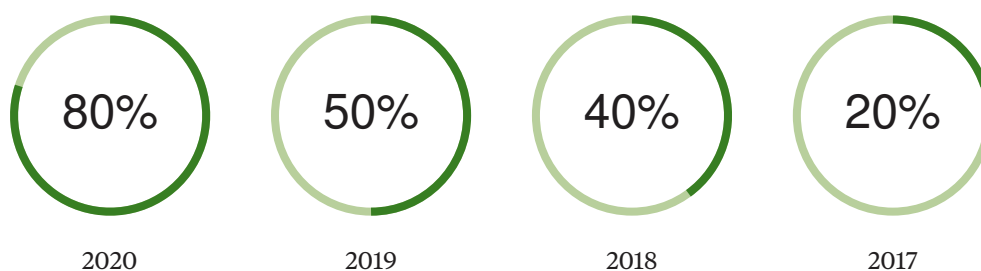
Share of merino wool garments with Nordic Swan Ecolabel certification



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.

Raising awareness with the suppliers and employees within these topics - through dialogue and the use of 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



2021 we will evaluate the quizrr program and if we will extend the collaboration.

2019 and 2020 signed up for 5 factories with 2 years contract.

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

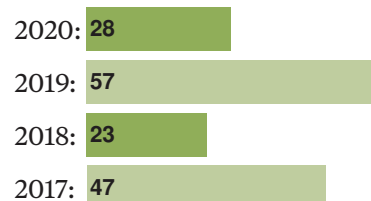
4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

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 the Nordic Swan Eco label have strict requirements and positive effects on working conditions and workers' rights. Local activities like the 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.

Suppliers are evaluated annually based on the most important criteria: CSR performance, quality assurance performance, sustainability performance, production and delivery performance, communication skills and environmental certifications.

Indicator

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



Numbers above are the sum for 2020 of our own completed suppliers visits in (2x) and 3rd party social audits (26x). Note that in 2020 there were no physical visits to factories by the production department staff from Norway due to Covid19 travel restrictions. Our Chinese representative visited 2 new factories in China in 2020. A few delays were also reported for 3rd party social audits and woolmark certification due to Covid19.

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 is in dialogue with suppliers and factories on how the production has an impact on people and the 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 these topics and we have, by introducing environmental certifications like the 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 the factory to let the auditor 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 raise awareness among workers about their rights. Our local representative in Shanghai has been involved in following up quarterly, and has dialogue with the 5 factories on the Quizrr 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

We provide information about our sustainability strategy, focus areas, challenges, choice of materials, factories and more on our website. All the products in our webshop are clearly marked with detailed sustainability information such as eco-labels and why the particular choice of materials leaves a smaller environmental footprint, and we include sustainability information on our packaging and in-store point of sale material. We also include sustainability in our marketing communication, including in paid advertising.

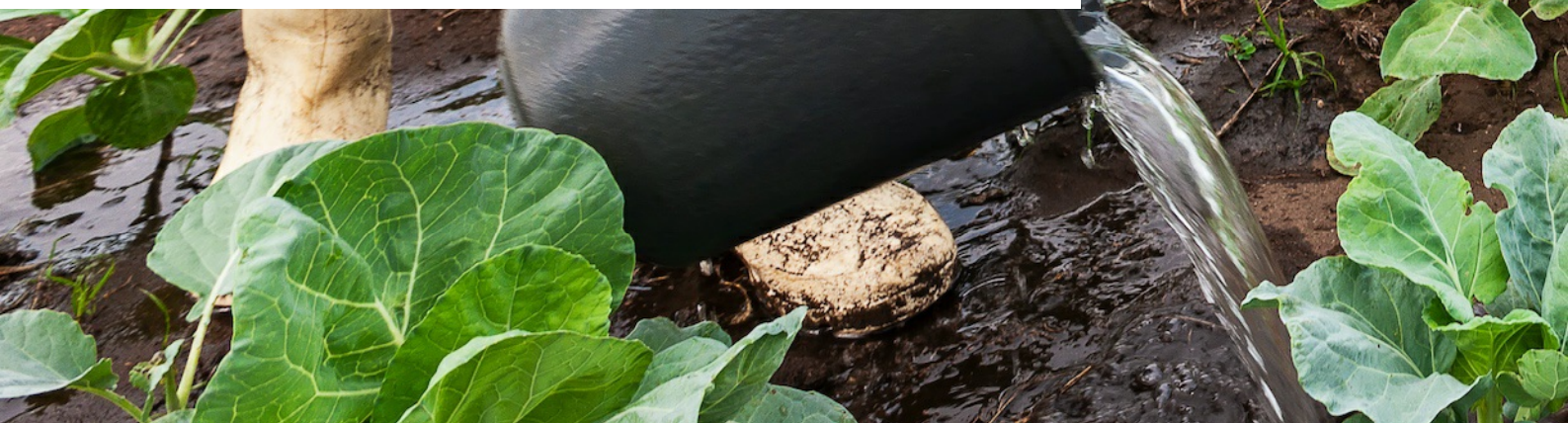
We are seeking to take a visible leading role within sustainability in the Norwegian fashion/textile industry and actively participate in networking events, seminars etc. In 2020 our CEO featured in a panel discussion on working towards a circular economy for textiles hosted by Tekstilaksjonen, and wrote a joint op-ed with Bergans on the same topic, published in Dagsavisen.



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

PRG has not had or been involved in any cases of remediation in 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:

Through the employees training with Quizrr tools, as well as in dialogue or meetings with the suppliers, we raise awareness of complaint mechanisms. An expected outcome is factory management engaging with workers' representatives to establish a process through which they can raise complaints to the enterprise.

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