

TEXCON NORWEGIAN TRANSPARENCY ACT STATEMENT

This statement is issued by Texcon in accordance with Section 5 (§5) of the Norwegian Transparency Act (2021). It outlines the company's efforts in 2024 to respect fundamental human rights and promote decent working conditions. It also describes how Texcon conducts due diligence within its own operations and across its value chain.

It highlights Texcon's engagement with members across Norway and its outreach to suppliers operating in high-risk jurisdictions. As a purchasing partner and facilitator, Texcon emphasizes supporting its members in their own due diligence efforts.

A. About Texcon and its Value Chain

Texcon is Norway's leading purchasing partnership for independent fashion retailers. The organization supports 209 members operating a total of 328 stores, offering them access to financial benefits, group invoicing services, curated product selections, expert guidance, and a like-minded business community. Texcon is a small organization with five employees who provide strategic support and facilitate collaboration across its member network.

Texcon's value chain consists of the retailers from whom it facilitates agreements for apparel on behalf of its members, as well as those retailers' broader supply chains. This supply chain is broad and global in scope, covering regions such as Northern and Western Europe, South Asia, and East Asia, with key sourcing and production countries including China, Bangladesh, Turkey, Italy, and Portugal. Texcon recognizes that some of these suppliers operate in high-risk jurisdictions. This speaks to the company's efforts to conduct effective due diligence through data management and assessments.

B. Governance of Human Rights

We are committed to upholding international human rights standards, including those set out in the International Bill of Human Rights and the ILO's Core Conventions. Our commitment extends beyond our own operations to include our suppliers, subcontractors, and other business partners, with the goal of maintaining a responsible and ethical supply chain.

Our Code of Conduct outlines our expectations regarding human rights and decent working conditions. It is reviewed and updated regularly, based on ongoing dialogue with our business partners, to ensure the highest level of alignment with human rights standards. As part of this commitment, we also seek to support our members by educating them on human rights expectations and providing practical support throughout the year. Our last update was in February 2024.

The ultimate responsibility for promoting human rights across Texcon lies with the CEO, with shared oversight by relevant members of management and other employees to ensure strong governance throughout the organization. To support this work, we have established the following tools and frameworks:

- **Employee Handbook (Personalhåndbok):** This applies to all Texcon employees and is also made available to our members as a reference for good practice.
- **Health, Safety, and Environment (HSE) Handbook (HMS-håndbok):** This addresses human rights-related topics such as working conditions, safety, and employee well-being.
- **Code of Conduct:** This outlines our expectations for suppliers, subcontractors, and business partners regarding human rights and ethical conduct.

We recognise that sustainability within the textile industry plays an important role in achieving the UN Sustainable Development Goals. As such, we regularly assess how we can best contribute to their social and environmental dimensions. Our commitment to responsible business conduct is reflected in our collaboration and participation with several sustainability and circular economy initiatives and organisations, including Handels Miljøfond, Grønt Punkt Norge, Position Green, Fretex's clothing return scheme, and the Miljøfyrtårn certification scheme. These initiatives not only help us reduce negative impacts on people and the environment but also encourage responsible and ethical business practices across our network.

Miljøfyrtårn, for example, includes specific requirements, such as updating human rights policies, which we encourage our members to adopt. To support these efforts and recognise our limited internal capacity, we have engaged Position Green to help us integrate sustainability and human rights management into our organization and services.

Whistleblowing Mechanism

Texcon maintains a whistleblowing mechanism that allows employees to report breaches of our Code of Conduct or other unethical behavior. As a small organization with five employees, we have established a system in which concerns can be raised via a designated email address. Additionally, members are able to report concerns to us confidentially.

Given our size, we consider the use of forms, email, or regular mail to be a reasonable and accessible approach that also offers anonymity to whistleblowers. Should the volume of whistleblowing cases increase, we will reassess the effectiveness and suitability of our current system to ensure it remains appropriate and reliable.

C. Human Rights Due Diligence

The clothing and textile industry is widely recognized for persistent human rights challenges throughout its global supply chains. The human rights categories outlined in our Code of Conduct, and particularly relevant to our industry, include:

- Forced labor and slavery
- Child labor
- Union organization and collective bargaining
- Non-discrimination
- Health, environment, and safety
- Working conditions, particularly wages and working hours

While these risks are industry-wide, we understand that our organization and our members may be associated with different impacts. This is why we have initiated a human rights due diligence process, beginning with data collection.

Our Due Diligence Approach

In 2022, we began collecting information from our suppliers and our members' suppliers to better understand their inherent human rights risks and how effectively they manage those risks in alignment with the OECD Guidelines for Multinational Enterprises. This exercise was intended to inform our high-level human rights assessment and help us identify and prioritize issues requiring management and support, both within Texcon and across our member network.

As part of this effort, we increased our engagement with suppliers to clarify expectations and raise awareness of relevant human rights frameworks. This engagement aims to foster long-term relationships focused on improving policies and practices.

To support our members in strengthening their own due diligence processes, we shared collected data and promoted best practices across the apparel and fashion industry. We also offered access to tools and initiatives such as:

- **Transparency Act session:** At our annual membership event, we hosted a dedicated session on the Transparency Act, including practical guidance on supplier communication, available digital tools, and our roadmap for meeting legal obligations.
- **Due diligence software access:** We provided members with access to our human rights due diligence software, enabling them to map their supply chains and assess potential risks linked to geography, sector, and supplier performance.

- **Ongoing supplier engagement:** We maintained regular dialogue with our suppliers to build competence on human rights and ensure alignment with Texcon's expectations and regulatory requirements.

Effectiveness and challenges to our due diligence approach

This year, one-third of our suppliers responded to the survey, bringing the total response rate since the survey began to 29.6%. While this response rate is not sufficient to conduct a full due diligence review across our entire supplier base, we ensured that our top suppliers were assessed by engaging external consultants to carry out assessments on our behalf.

The partial data revealed several insights and limitations:

- **High-risk sourcing locations:** Many of the suppliers who responded source goods from high-risk countries for potential human rights violations such as child and forced labour. Those countries include China, Turkey, India, and Bangladesh. Our highest-risk category identified through the supplier survey was the manufacturing of textiles. In addition, we have further identified the relevant suppliers and will conduct thorough due diligence assessments on them, with the aim of closely monitoring their progress and human rights management over the coming years. This approach ensures we are first targeting the right suppliers operating in the most urgent and high-risk zones.
- **Supplier segmentation:** While many of our larger suppliers are likely to have adequate systems in place to manage human rights risks, we have found that smaller suppliers may lack the same level of resources or capacity. As a result, we plan to focus our efforts on building the competence of smaller suppliers who may require more hands-on support.
- **Barriers to participation:** Several suppliers struggled to understand the survey, lacked the time to complete it, or were unclear on how to provide the necessary information. These barriers contributed to the limited response rate and highlighted a need for improved communication and clearer guidance.

Despite these challenges, the data collected so far has not revealed any immediate or serious negative human rights impacts that would justify prioritizing more targeted human rights assessments or remediation processes. Instead, we view this phase as an opportunity to build capacity, foster trust, and lay the groundwork for more effective due diligence in the future.

Results of due diligence

While the overall response rate was lower than expected, we have nonetheless gained valuable insight into our supply chain and identified areas that warrant closer attention. Based on these findings, we are taking the following actions:

- **Supplier prioritisation:** Moving forward, we will focus on ten prioritised suppliers at a time, selected based on spend volume, operations in high-risk countries, and previous human rights scores. These suppliers will be subject to further evaluation, with external consultants engaged as needed to ensure independent and detailed assessments.
- **Human rights strategy:** We are focusing on developing a comprehensive human rights strategy to guide our due diligence efforts. This strategy will formalize our approach to identifying, assessing, and mitigating risks across our supply chain and membership, in addition to defining how we will support our members in their efforts.
- **Gaps in due diligence:** The survey results indicated that the areas of impact assessment and mitigation measures were the lowest-scoring elements across supplier responses. These findings highlight critical areas where both Texcon and its members must improve focus and support.
- **Building a stronger due diligence foundation:** We believe targeting the most high-risk suppliers in increments will provide a stronger foundation for implementing future mitigation

measures. Until we achieve greater visibility across our supply base, we will continue to view this lack of insight as one of our most significant human rights risks.

In the meantime, we will continue our supplier engagement efforts and support those who have not yet completed the survey to do so in a thorough and meaningful way. Once we gain a fuller overview of the data, we plan to conduct a saliency assessment to identify and prioritize key human rights issues. This will allow us to support our members in addressing actual or potential negative impacts in a more structured and effective manner.

D. Looking Ahead

As outlined in the **Human Rights Due Diligence** section, our main priority moving forward is to increase the response rate to our supplier survey. Strong data will aid in improving our analysis and determining the right action plans across our supply chain.

To achieve this, we will take the following steps:

- **Direct supplier engagement:** We will engage directly with suppliers to understand the reasons behind non-responses. The goal is to identify and remove obstacles, clarify expectations, and improve communication about the survey.
- **Improve data accuracy:** We will follow up with suppliers who have submitted incomplete or possibly inaccurate responses. This aims to improve the competence and understanding of suppliers' and ensure Texcon receives reliable data to assess risks.
- **Increased support:** We will offer expert guidance to suppliers who need help completing the survey or understanding human rights expectations more broadly.
- **Membership awareness training:** We will educate our members about the option to report human rights concerns and ethical issues through Texcon's whistleblowing mechanism.
- **Focus on high-risk suppliers:** Texcon will prioritize engagement with suppliers that represent the largest share of our purchasing, as these relationships have more potential for adverse human rights impacts. We will then establish a routine for follow-up periods based on supplier risk.
- **Strengthening whistleblowing systems:** We recognize the importance of improving our whistleblowing mechanism and will work to better our systems for reporting concerns across our own operations, our member network, and the broader supply chain.

Once we have gathered sufficient data, Texcon will engage external advisers to assess the seriousness of potential human rights impacts. Based on this assessment, we will develop targeted action plans for working with suppliers identified as high-risk.

We will also continue to evaluate and monitor our due diligence process and support our members in implementing their own due diligence efforts. Texcon will explore opportunities to drive competence development and facilitate knowledge-sharing across our member network as part of this effort.

E. Request For Further Information

Requests for information regarding this Transparency Act statement or Texcon's human rights due diligence policies and practices at large can be made to environment@texcon.no.