

Responsible Sourcing Policy

Approved by Holzweiler Items AS board. Last modified 03.03.2023.

This policy is developed by the Holzweiler CSR team and is regularly revised.

Holzweiler is a leading high end fashion brand and retail concept with customers B2B and B2C around the world. Responsibility is one of our key pillars in conducting business. We produce in close partnership with selected suppliers and factories in Asia and Europe and we seek for long lasting collaborations with our suppliers and partners. We have production office located in our biggest production market, China. Read more about the company at www.holzweilerslo.com

Criteria for cooperation with suppliers

We believe in long lasting and mutually supportive relationships with our suppliers. Transparency is a key criterion for cooperation. We expect transparent conduct from all suppliers as well as from our own employees.

We believe that ethical and honest behaviour is a fundamental requirement for conducting business with us. Our key supplier selection criteria within our procurement process covers environmental standards, sustainability and ethics and we assess suppliers against a wide range of issues.

Each supplier must comply with local laws and regulations as well as the sustainability requirements defined by Holzweiler.

We have Guidelines for Responsible business including Supplier Code of Conduct that describes our specific sustainability requirements. We have policies covering anti-bribery, anti-corruption and animal welfare. We also have requirements for product safety and chemical use and handling.

Approval process of new production markets and new suppliers & factories

Before entering new production markets we perform a risk mapping of social, environmental and governance related challenges and issues in the respective country. *We perform stakeholder mapping and include sources from relevant stakeholders such as NGOs and industry associations in our risk assessment.* Based on the information and mapping, we evaluate whether or not to initiate relationships with suppliers located in this region.

Before we initiate a contractual cooperation with a supplier in an approved market, we perform a thorough assessment of the supplier based on the Minimum criteria we have set for suppliers and business partners. No production can start until Holzweiler has approved the factory. We do not approve suppliers below our minimum criteria. Onboarding program is conducted for all new suppliers and factories including inviting them to the Trust Trace supplier platform.

The CSR team has the mandate to approve or reject markets, suppliers and factories independent from any other business function.

Holzweiler Due Diligence process

Holzweiler approved suppliers are regularly evaluated with respect to their ability to meet our requirements and expectations. This is part of our due diligence process. More specifically, we assess suppliers in fields such as environmental performance, health & safety, human and labour rights and ability to share information on facilities involved in our supply chain. We map risk and conduct inspections, meetings and visits at factories where we assess factories against the requirements in our code of conduct and other requirements.

A key part of our due diligence process is remediation support. We commit to follow up any situation closely and provide assistance where possible to resolve the case. If remediation support is necessary,

we consider this on a case-by-case basis. We will establish cooperation with expert-organizations that contribute to remediation support if a serious breach is identified at one of the factories producing for us.

Strategic approach

Holzweiler's supplier portfolio is revised and managed on a continuous basis. We aim to work with profitable and financially stable suppliers who are leaders in their field and have a clear and consistent vision and synergy with our strategic business objectives.

We aim to purposefully work with our selected strategic suppliers to continuously improve sustainability standards in our value chain.

We target to initiate strategic and mutually beneficial projects with suppliers that meet our economic, ethical and sustainable standards.

Guidelines for phasing out suppliers

We aim at working together with suppliers to improve. If a supplier or factory is not willing to cooperate to resolve identified issues after several attempts from our side to highlight the importance of this, we will consider a phase out and a discontinuation of the cooperation.

There may be a wide range of reasons that lead to the discontinuation of cooperation with a supplier. Holzweiler always seeks collaboration to achieve responsible business conduct. However, we may end business relationships or other forms of collaboration if a supplier or business partner is not willing to collaborate on improvements for responsible business conduct.

Non-conformance to terms of contract, quality requirements, delivery instructions and corruption, unauthorized production or other deviations, which after several requests by Holzweiler, the supplier or business partner does not show the willingness or ability to improve or comply with, the cooperation may be terminated, and will in many cases lead to a phase out plan.

Other reasons may be declining business need, price issues, changes in the supplier organization, supplier perceived to be financially unstable, strategic shifts in the Holzweiler supplier portfolio or supplier not being perceived to fit Holzweiler future sourcing needs.

We have developed Guidelines for phasing out suppliers. The guideline is intended to ensure that discontinuation or closure of a supplier is done in a responsible manner that seek to consider the interest of affected parties (internal and external). This includes a written explanation of the phase out, consultation with all relevant parties, a phase out plan with timeline and a termination of cooperation letter signed by our Global Production Manager.

Related documents;

- **Responsible business Guidelines and Code of Conduct for suppliers and business partners** : Outlines our expectations and requirements for business partners such as suppliers, sub-suppliers and factories.
- **Responsible Sourcing Policy**: Set out human rights due diligence as a key part of sourcing of new suppliers, business partners and markets for production.
- **Minimum Criteria for Supplier**: Describes the required minimum level of performance for new suppliers as part of the initial assessment and evaluation of new suppliers.
- **Policy for Responsible Business Conduct**: Outlines the expectations to our own business conduct.