

POLICY & STATEMENT ON MODERN SLAVERY

This policy is developed by the Varner CSR team and is regularly revised by both Varner and expert organizations.

ABOUT VARNER

Varner is a leading Scandinavian fashion retailer comprised of the following private brand and retail concepts; Bik Bok, Carlings, Cubus, Dressmann, Dressmann XL, Urban, Days Like This, Volt and Wow. Combined we manage 1500 stores and employ 11 000 people across eight countries in Northern Europe. Carefully selected suppliers in Asia and Europe produce our products. We do not own any production units ourselves. Production offices are located in our four biggest production countries China, Bangladesh, India and Turkey. Our CSR staff is located in the production offices and works on behalf of every Varner fashion concept. We cooperate with 180 approved suppliers and 300 approved factories (please find our list of factories at our sustainability page at varner.com). An important key to our business structure is building strong and long-term relationships with our suppliers founded on transparency and openness. Cooperation and communication with stakeholders are important in order to manage the risk of modern slavery in our supply chain.

OVERVIEW

Modern slavery is a term that encompasses forced labor, bonded labor, human trafficking, prison labor, debt servitude and involuntary work. As defined by the ILO, forced labor refers to "situations in which persons are coerced to work through the use of violence or intimidation, or by subtler means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities".¹ We know that the textile and garment industry face a risk of modern slavery in the growing global economy. According to the Global Slavery Index 2018², approximately 40 million people across the world are trapped in some form of modern slavery. We consider this a very serious issue, and a clear violation to international human rights conventions. As an international company, we have a responsibility to protect human rights in every tier of our value chain. In order to identify modern slavery conditions in our supply chain, we work to map our entire supply chain from raw material to final assembly.

OUR POLICIES

Our core policy for human rights is our Supplier Code of Conduct, which is based on the United Nations Guiding Principles and key ILO Human Rights Conventions. The code also complies with ETI standard. It covers all policies on labor rights, human rights and environmental requirements. The Code is approved by our owners and applies to all suppliers and production units manufacturing goods for any Varner brand. Suppliers must conform to it and prove that violations are not taking place. All requirements are consolidated in our audit format. Varner CSR specialists in our production countries are responsible for making sure the policies are put into practice and follow-up on the development of the implementation of the policies at audits and supplier visits. The policies set the foundation of the cooperation.

We have implemented purchasing practices and a sourcing policy that aims to reduce the risk of modern slavery. Our sourcing policy consist of an approval system that ensures suppliers meet our standards and requirements before we make a contractual agreement. Our CSR team must approve all units before any sampling starts. No production can start unless our CSR team has thoroughly assessed and approved the factory. Suppliers must register all manufacturing units and subcontractors used for Varner production before the production can start. We must always know where the production is taking place. We have also signed two cotton pledges initiated by Responsible Sourcing Network where we commit to not source cotton from Uzbekistan and Turkmenistan until the forced labor practices in these countries are ended. Our purchasing practices aim to reduce business pressure on suppliers that could lead to violations of labor rights including but not limited to excessive and uncompensated overtime work, low wages or forced labor.

We have established policies that address vulnerable groups of workers and key areas where modern slavery may be found. This includes our Migrant Labor Policy, Child Labor Policy and Unauthorized Outsourcing Policy. ETI Norway and other expert organizations assess these policies regularly. The aim of these policies is to ensure that migrant workers are treated fairly in accordance with our code in the same manner as other workers, to ensure that children are not involved in hazardous work at factories and that we always know where production is taking place.

¹ International Labour Organization (http://www.ilo.org/global/topics/forced-labor/news/WCMS_237569/lang--en/index.htm)

² Global Slavery Index (<https://www.globallslaveryindex.org/>)

HUMAN RIGHTS DUE DILIGENCE

Varner has developed a due diligence process in accordance with OECD Due Diligence Guidelines. The aim is to identify risks in our value chain, prevent, cease and mitigate harm and monitor and report progress in a transparent manner. First tier, second tier and third tier suppliers are part of the Varner Workplace Improvement Program. Both internal and external auditors closely monitor the suppliers by performing audits and factory visits. We perform announced, semi-announced and unannounced audits in order to strengthen the credibility of the inspections. When issues are identified, a corrective action plan is developed and followed up in order to prevent and mitigate any harm. We require suppliers to be transparent and collaborative. If we find that suppliers are not willing to improve after several notices, we may decide to end our cooperation. We annually evaluate our suppliers based on pre-defined measurements covering working standards and zero-tolerance issues. An important part of our human rights due diligence process is reporting on our findings and progress. We report annually on the risk we identify and our goals for the coming year together with Ethical Trading Initiative Norway. We publish the report on our sustainability page at our webpage (varner.com).

RISK ASSESSMENT

We work with identifying risks continuously in our production markets and supplier portfolio through participation in stakeholder meetings and forums, engagement with other brands and local expert, and our internal assessments, audits and screenings. For new suppliers, both internal and external brands, we have developed a sourcing policy that seeks to identify and assess risks before agreeing on a contractual cooperation. Suppliers that does not meet our requirements regarding human rights and workers' rights will not get an agreement with us. We have defined our zero-tolerance issues. Modern slavery is one of the zero tolerance issues we have identified. Our CSR staff have internal guidelines for how zero-tolerance cases should be handled, when they occur. From our ongoing risk assessment routines, we have singled out a few practices and key areas that directly or indirectly can contribute to modern slavery. This includes but is not limited to unlimited freedom of association, migrant labor, gender based discrimination, unauthorized outsourcing and unregulated recruitment agencies that demand recruitment fees for labor. When working with risk assessments in our supply chain we work with identifying the root cause and identifying symptoms of involuntary labor. We acknowledge that the most serious violations to our code of conduct may be found in parts of the supply chain where we are not yet as present as we want to be. We are working on closing the gaps.

COMPETENCE TRAINING AND CAPACITY BUILDING

Based on the findings from our due diligence process, we have found that the need to strengthen the competence of workers and factory management on labor rights and responsibilities is necessary in order to prevent risk and mitigate harm. Based on our assessment, freedom of association, collective bargaining and the workers knowledge of their rights are important to prevent workers forced into modern slavery or workers in danger of being forced into modern slavery. Our approach is to strengthen the workers voice through competence training and capacity building at factories. We have implemented project to build competence and strengthen the capacity of suppliers to follow higher human rights standards. The training covers many areas besides freedom of association like wages, working hours, employee contracts and grievances to name a few. We have implemented several projects in our supply chain in collaboration with ETI and other expert organization in our core production markets.

COOPERATION

We acknowledge that we cannot solve this issue alone. We strongly encourage industry wide collaborations. Our ultimate aim is to contribute to positive change for the people impacted by our business. We want all of our business partners to share this goal. We believe in improving together with the industry. Sharing best practices and sharing knowledge and learning through cooperation is key. Please find more information about our collaborative partner on our sustainability page at our website (varner.com).

Varner senior management support this policy.



Marius Varner
Chief Executive Officer