

Varner Environmental Policy

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INTRODUCTION

Varner is a value driven company with 'Responsible' as one of the core values. Varner aims to do business in line with regulatory expectations and expectations from relevant stakeholders as well as to ensure that the organization acts responsibly throughout our business and value chain.

Although we are a company that is based in the Nordics, we operate in a global context with a value chain that is complex and extensive. Our sustainability strategy "Nordic Spirit – Global Impact" has a determined focus on this. Breaches of human rights and decent work, environmental issues and animal welfare are known risks in the textile industry are also present in our value chain. We aim to use the due diligence process to address the risks and prioritize our efforts in the value chain.

We live in a world with limited resources where human impact is causing contributing to climate change, water scarcity and degradation of nature and biodiversity. We have developed to measure. Our commitment with our environmental policy is to move towards a future where we, together with our stakeholders, have contributed towards reducing the stress on planetary boundaries impacted by our business.

POLICY DESCRIPTION

Our ambition on environmental sustainability is developed to measure, monitor, and minimize impact on environment and climate from our business in addition to complying with the applicable environmental laws, policies, and legislations. We acknowledge the need to focus on environmental performance where in our value chain including our operations. We strive to continuously adopt and improve systems that can effectively assess impact, identify hotspots, help us develop roadmap for priority focus areas and to reduce impact. Our focus areas include supplier's environmental management system, energy use and GHG emission, chemical management, water use and wastewater management. We are aligned with multiple leading industry initiatives and engage actively with our suppliers and other key stakeholders to implement measurable progress towards our ambition.

CLIMATE AND ENERGY

We commit to playing our part to address the climate crisis. We do this by:

- Measuring our greenhouse gas (GHG) emissions across our operations and supply chain consistent with standards and best practices such as the Greenhouse Gas Protocol.
- Developing Emission reduction goals aligned with science-based methodology.
- Working towards reducing our absolute scope 1, and 2 GHG emissions by 50% by 2030 from the 2019 base year.
- Working towards reducing our scope 3 GHG emissions by 55% per million NOK sales revenue by 2030 from a 2019 base year.
- Collaborate with stakeholders and work towards increased energy efficiency and increased uptake of renewable energy in the value chain.
- Collaborating with others to address many of the decarbonization challenges we face, including engaging with stakeholders in line with the goals of the Paris Agreement.

CHEMICALS

There are chemical substances that are harmful to nature, biodiversity, and human health over exposure. Some hazards are physically detectable while others need a more diligent approach for identification. Varner is committed to working towards

identifying and phasing out hazardous chemicals from our value chain, whether they are chemicals potentially hazardous to humans, or to the environment. We do this by:

- Staying up to date with chemical legislations and regularly updating our Restricted Substances List (RSL)
- Implementing chemical testing on final products (as per risk-based approach) to check compliance with our RSL in order to safeguard the health of customers and reduce chemical impact on the environment upon end of life of products.
- Working towards safe handling, storage, and disposal of chemicals to ensure occupational hazards are minimized in our value chain. This aspect is focused on the goal of safeguarding worker health as well as prevention of chemical contamination of land or water.
- Collaborating with stakeholders and experts to eliminate the use and discharge of hazardous chemicals across the apparel supply chain, through partnership in the Roadmap to Zero Programme by ZDHC and implementing the ZDHC Manufacturing Restricted Substances List.

WATER USE AND WASTEWATER TREATMENT

We commit to monitoring our supplier base towards the future reduction of freshwater consumption. We also commit to work towards safeguarding and improving access to clean water resources in local communities. We do this by:

- Identifying area-based water scarcity in our production regions as well as water intensive processes and respective facilities.
- Working with approved tier 1 factories to set normalized baseline for water consumption in production facilities, setup site specific normalized reduction goals and following up on implementation of set goals.
- Following industry standards such as ZDHC wastewater guidelines and credible test reports to ensure proper practices are followed when it comes to treatment and discharge of effluent in the factories where our products are manufactured.

WASTE

We commit to reducing waste across our business. We do this by:

- Committing to 100 % of unsold & unsellable products are put into channels for reuse/recycling/upcycling/repurposing.
- Committing to 30% of textile waste from tier 1A production facilities is put into channels for recycling or repurposing.

NATURE AND BIODIVERSITY

We commit to prevent deforestation as well as to contribute towards protection of nature and biodiversity. We are doing this by:

- Committing to Conservation of Ancient and Endangered Forests and Ecosystems through our CanopyStyle policy.
- Having a ban on leather coming from area affected by deforestation (currently: Amazon region).
- Sourcing MMCF fibres from suppliers that are rated with a green shirt in the Canopy Styles' Hot Button report, ensuring that fibre suppliers are working with protecting the endangered forests and biodiversity.

- Encouraging the use of Responsible Wool Standard (RWS) certified wool through our preferred fibre goal. RWS includes biodiversity and land management requirements.

OUR APPROACH

Our environmental and climate commitments are embedded in our actions through a set of activities namely risk assessment, materiality exercise, feedback from key stakeholders, environmental performance management in value chain and in own operations. In addition to above steps, we ensure credible and transparent reporting system to inform.

RISK ASSESSMENT and MATERIALITY

As part of our *Due Diligence for Responsible Business Conduct* routine, we update our risk assessment and materiality assessment every year to identify the most important environmental risk and opportunities based on sustainability risks, opportunities, and impacts. The key focus areas outlined below were informed by the results of our most recent materiality assessment, which was completed in 2023.

Some of the key resources consulted during our environmental risk assessment:

- [Environmental Performance Index](#)
- [MVO NEDERLAND The CSR Risk Check](#)
- [Sustainable Apparel Coalition's Higg FEM](#)
- [Textile Exchange](#)
- [Cotton: A Case Study in Misinformation](#)
- [ZDHC Gateway](#)
- [WRI Aqueduct Water Risk Atlas](#)
- [WWF Water Risk Filter](#)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an integral part of embedding our policy commitment.

- Collect feedback from internal and external stakeholders as input towards risk assessment and materiality exercise.
- Consolidate and review queries and concerns related to environmental sustainability received through all different channels.
- Collaborate with industry initiatives, experts, and peers to find solutions towards common goals and challenges.
- Cooperate with direct stakeholders such as employees and value chain partners to develop roadmap and ensure implementation as per roadmap.
- We are committed to contribute to the process of remediation where we have caused or contributed to adverse impact on the environment.

ENVIRONMENTAL MANAGEMENT SYSTEM IN OWN OPERATIONS

Environmental engagement is an important component of Varner's aim to reduce the adverse impacts on the environment through their adopted sustainability strategies and social responsibility. For this reason, an Environmental Management System (EMS) has been developed to maintain, achieve environmental performance goals and to provide an overview of Varner's environmental impact regarding their greenhouse gas emissions, waste management, energy and water use for the Varner Service Office in Norway (Varner AS) and the Distribution Centre in Sweden (Varner Supply AB).

ENVIRONMENTAL PERFORMANCE MANAGEMENT IN VALUE CHAIN

As a part of our reinforced strategic plan, we have bridged over to new tools to monitor environmental practices in our supply chain. Our membership in Sustainable Apparel Coalition and support from the HIGG tools have been important in this respect.

The Higg Facility Environmental Module (FEM) is one of the widely adopted industry tools to measure a facility's environmental performance in the value chain. The tool assesses seven environmental impact pillars, including environmental management systems, energy use, water use, chemical management, and wastewater etc empowering facilities to scale sustainability improvements.

Tier 1 suppliers are requested to submit a Higg FEM survey of their factories to provide an assessment and disclosure of potential negative environmental impacts from the production process. Suppliers are required to make improvements in environmental performance and require the same from their suppliers and sub-contractors.

REPORTING AND COMMUNICATION

We believe transparent and credible communication is key to keep our stakeholders informed about the status of our commitments, goals, and actions. We publish our annual sustainability report as per Global Reporting Initiative (GRI) annually which is verified by independent verifiers. In addition to our website, social media updates, annual sustainability report, and all statutory reporting, we also participate in several voluntary reporting requests from various industry initiatives. Some of the key examples are as follows:

- Ethical Trade Norway Report
- Textile Exchange CFMB Report
- The Scandinavian Textile Initiative for Climate Action (STICA) member report
- Sustainable Apparel Coalition (SAC) Brand and Retailer Module
- Fashion Transparency Index by Fashion Revolution

REFERENCES

Some of the key legal references that were considered while developing this policy:

- [The Environmental Information Act, Norway](#)
- [The Transparency Act, Norway](#)
- [EU Corporate Sustainability Due Diligence](#)
- [EU Corporate Sustainability Reporting Directive](#)
- [European Sustainability Reporting Standard](#)
- [EU REACH](#)

Some of the key global standards and guidelines from industry initiatives that we considered while developing the environmental policy:

- [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector](#)
- [UN Global Sustainable Development Goals](#)
- [UN Convention on Biological Diversity](#)
- [The Paris Agreement](#)
- [Greenhouse Gas Protocol by WRI & WBCSD](#)

- [Science Based Target Initiative](#)
- [Sustainable Apparel Coalition's Higg Index](#)
- [ZDHC Manufacturing Restricted Substances List and Wastewater guidelines](#)

CONCERNS

If you would like to raise a concern or are aware of any suspected breaches of Varner policies, please report to sustainability@varner.com