

# Responsible Supply Chain

Environmental compliance - Social compliance - Governance

Published January 2024



NILÖRN

# Supplier Governance

Nilörn is committed to conducting business in a manner that protects people and the environment. We expect the same from our supply chain partners.

## Environmental compliance



Environmental Management System (EMS)

Nilörn Sweden has the environmental certification for Svensk Miljöbas. The Swedish Environmental Base promotes sustainable development and reduced environmental impact.



At Nilörn we are implementing the HIGG FEM module throughout our supply chain and in our own production units. This enables us to track environmental data.



Nilörn is a member of RISE Chemicals Group, Sweden. We follow different programs to ensure that we are complying with the required chemical regulations. Our Restricted Substance List is a compilation of the AFIRM Group, REACH and the Swedish Chemicals Group guidance documents and applies to raw materials, finished goods and their components.



Nilörn is part of the “No to PFAS” movement, established by the Swedish organisation Chemsec. This means that we have done a checking of our supply chain to ensure that these chemical compounds are not present in our products.

## Social compliance



At Nilörn we are members of Sedex where we aim to implement the SMETA third-party social audit throughout our supply chain.

WE SUPPORT



Nilörn is a signatory to the UN Global Compact Corporate Responsibility Initiative. As a signatory, we voluntarily agree to align our culture, day-to-day operations and strategy with the ten universally accepted UNGC principles in the areas of human rights, labour, the environment, and anti-corruption. This commitment requires us to communicate how we align our work and contribute to the ten principles.

## Governance



We have implemented a global quality control system through the Qarma tool. This helps us to consolidate quality inspections for a global supply chain in one system. It also helps us to efficiently plan, report, review and improve the quality.

We are preparing for EU's Corporate Sustainability Due Diligence Directive (CS3D), a framework for better human rights and environmental protection. In the meanwhile meeting the requirements for national initiatives related to environmental and human rights due diligence. We have aligned our process with the OECD guidelines and we are assessing the risks of our impacts.

The Supplier Code of Conduct (CoC) is mandatory for all suppliers, their sub-contractors and other partners that do business with Nilörn. The CoC is part of the general agreement and serves as a common foundation for us and our suppliers in terms of acting in a responsible manner, including focusing on social responsibility and good working conditions.

- Valid business license and required permits
- Nilörn Supplier Package (including Supplier Handbook and Code of Conduct, General Agreement, NDA and RSL)
- Factory visits physical or virtual
- Social audit, e.g. SMETA audit 4-pillar (or similar initiative as BSCI, Higg FSLM). Audit should be semi-announced/unannounced
- Higg FEM
- Material/Product requirements listed in the table below:

Product group	Basic requirement material/products
Textile products	<ul style="list-style-type: none"><li>• OEKO-TEX® STANDARD 100, class 1, preferably Annex 6</li><li>• GRS/RCS (for recycled materials)</li><li>• bluesign® where required</li></ul>
Plastic and metal accessories	<ul style="list-style-type: none"><li>• Material Technical Documentation</li><li>• OEKO-TEX® STANDARD 100 for certain products</li><li>• GRS/RCS (for recycled materials)</li><li>• bluesign® where required</li></ul>
Leather/imitation leather	<ul style="list-style-type: none"><li>• OEKO-TEX® LEATHER STANDARD/ OEKO-TEX® STANDARD 100, class 1, preferably Annex 6</li><li>• Leather supplier evaluation</li><li>• LWG certified material where required</li></ul>
Paper products (hangtag + packaging)	<ul style="list-style-type: none"><li>• FSC™</li><li>• PEFC</li><li>• Recycled paper</li></ul>
Plastic packaging	<ul style="list-style-type: none"><li>• Material Technical Documentation and if recycled material a verification of supply chain (pre- and postconsumer)</li><li>• GRS, Blue Angel, RecyClass, EuCertPlast etc.</li></ul>
Heat transfer	<ul style="list-style-type: none"><li>• OEKO-TEX® STANDARD 100, preferably Annex 6</li><li>• bluesign® where required</li></ul>

# Product certification

Product certification ensures that the products we are supplying meet the chemical, environmental and recycled content declaration, and other requirements.



## Preferred materials

We have a Material Team working with innovation and preferred materials. Our aim is to reduce our environmental impact by preferencing responsibly sourced materials. Our goal is to continuously increase the recycled content of our products and introduce biobased options instead of fossil materials wherever possible. We support the use of renewable energy and see the huge benefit in tracing raw materials to their origin. Some of the new materials we are working with are TENCEL™ Lyocell, plant-based leather alternatives, upcycled residue papers or Paptic®.

## Traceability

We work with digital solutions like RFID, NFC- and QR tags to support our clients to access and share reliable information and to assure that their products meet high environmental, social and anti-corruption standards.

Nilörn:CONNECT is our platform of digital services to help brands fulfil the increasing demands of transparency and traceability within the textile and fashion industry. A digital twin of each physical product allows sharing of extended and unique information about the product.

## Transparency

Nilörn is listed on the stock exchange and has been recognized as a Nasdaq ESG Transparency Partner since 2019. The recognition is presented to companies that display a high level of transparency to their investors in regard to Environmental, Social and Governance (ESG) issues.

