

# TEXCON NORWEGIAN TRANSPARENCY ACT STATEMENT

This report is published pursuant to Section 5 (§ 5) of the Norwegian Transparency Act (2021) for the year 2023.

## A. About Texcon

Texcon is Norway's leading purchasing partnership for independent fashion stores. Being a Texcon member gives companies the foundation to build and run efficient and profitable businesses through access to financial benefits, product selection, group invoicing, expert advice and a like-minded community. Texcon itself is a small organization with five employees that support our 207 members that have 314 stores between them.

Texcon is fully committed to respecting fundamental human rights and decent working conditions as set out in the International Bill of Human Rights and the ILO's Fundamental Conventions. We recognize our responsibility beyond our direct operations and apply our human rights expectations to our suppliers and business partners with the goal to maintain a responsible supply chain.

Our human rights commitments and expectations, including those for our suppliers, subcontractors and business partners, are outlined in our Code of Conduct, last updated in November 2022. We commit to regular updates of our Code of Conduct following continued dialogue with our business partners, to ensure the highest level of compliance. As part of this commitment, we seek to support our members through educating them on human rights expectations and providing practical support where possible.

## B. Governance of human rights

The CEO maintains ultimate responsibility for promoting human rights throughout Texcon. This responsibility is accordingly shared between relevant management and other employees to ensure good governance of human rights issues. In addition to our Code of Conduct, we have developed an employee handbook (Personalhåndbok) that applies to Texcon and is made available to our members, as well as a Health, Safety and Environment handbook (HMS håndbok) that addresses human rights-related issues.

We consider that the textile industry has an important part to play in achieving the UN Sustainable Development Goals and regularly review how we can best contribute to the social and environmental aspects of those goals. Our commitment to responsible business conduct can be demonstrated by our membership and cooperation in the following initiatives: Handels Miljøfond; Grønnpunkt; Fretex's scheme for return of clothing from fashion stores; and Miljøfyrtårn. Participation in these initiatives demonstrates our belief that business is about more than profit and should be conducted in a way that has as little impact on people or the the environment as possible.

Some of these initiatives, such as Miljøfyrtårn include relevant requirements, such as requiring members to update human rights policies. In such cases, we encourage our membership to join these initiatives. In addition, due to our limited resources, we have engaged with Position Green to support us in our work in integrating sustainability and proper human rights management in our organization.

***Upholding human rights in our membership and supply chain***

Given the size of our operation and the nature of our business, we have chosen to focus on our own and our members' supply chain when conducting our human rights due diligence. To do this effectively, we cooperate with our members in a number of ways, including through informing them of the requirements of the Transparency Act and supporting them in meeting its requirements.

In the last year, we have supported our members through a number of competence-building activities on the Transparency Act and human rights due diligence, including:

- Conducting a session during our annual membership event that focused on the Transparency Act and its requirements.
  - The session included advice on how to communicate with suppliers, what software support is available through membership and our plan going forward to meet the demands of the law.
- Providing the possibility for members to gain access to our human rights due diligence software, so that they may better understand how their supply chains are connected to and manage potential human rights impacts.
- Regular engagement with our suppliers on questions connected to human rights and the Transparency Act, as part of our drive to strengthen their competence in this area.

### ***Supplier due diligence***

In 2022, we began to gather information from our suppliers and our members' suppliers to better understand their inherent human rights risk and how well they manage human rights according to the OECD Guidelines for Multinational Enterprises.

The data gathered will be used to inform our own high-level human rights assessment that will provide us with human rights issues that we should manage and support our members in managing as a priority. As a result of the data gathering, we have begun engaging more with suppliers, which has enabled us to educate them on our own expectations, as well as those of human rights frameworks. This should allow us to help our suppliers improve their human rights management policies and procedures through the building of long-term relationships.

Data collected is shared across Texcon members to help them with their own human rights due diligence processes. Additionally, data collected in these processes provides Texcon with the relevant information to continue to assist our members with best practices in addressing relevant human rights issues within the apparel and fashion industry.

At this stage, we have only received responses from a third of the suppliers that we sent the survey to. We do not consider this a sufficient basis to move to the next stage of our due diligence. As such, we have decided to use our limited resources to continue the dialogue with the suppliers and support them in completing the survey in a satisfactory manner.

One reason for this is that we have identified that the suppliers have struggled to understand the requirements within the survey and either feel that they do not have time to answer or lack guidance on how to answer. In addition, the data we have collected has not highlighted serious negative human rights impacts that we should prioritise over other measures. As such, we see this as an opportunity to strengthen our suppliers competence within human rights and build stronger relationships with them,

which will support future due diligences. Texcon's action plan for supplier engagement is detailed in the Looking Ahead section.

This approach will give us a more robust foundation for planning preventative and mitigative measures in Texcon's supply chain. Until we gain more visibility into our supply chain, we will consider this our biggest risk.

Despite the response rate being lower than expected, we have still gained a better understanding of our supply chain and identified potential areas that should be investigated more closely in the future. These details are described in the Human Rights Due Diligence section.

### ***Supplier Code of Conduct***

The Texcon Code of Conduct applies to all suppliers, subcontracts and other business partners. Furthermore, these business partners are responsible for informing their own subcontractors about Texcon's Code of Conduct, ensuring that the Code is respected throughout the supply chain.

We are in the process of ensuring that all vendors and business partners sign the Code of Conduct is signed as part of the contract process. Ethical regulations are also explicitly included in the standard contract template.

Where human rights risks are flagged, we maintain a contractual right to audit. Though we first seek to improve practices where issues are found, in the case of a supplier's unwillingness to improve, we maintain a right to terminate supplier contracts on the basis of human rights abuses or other violations of our Code of Conduct.

### ***Whistleblowing Mechanism***

Texcon maintains a whistleblowing mechanism for employees to highlight information about breaches to our code of conduct and other unethical behavior. As a small company with five employees, we have put in place a mechanism where complaints can be raised through a designated email address. In addition, we have in place a mechanism whereby members can raise concerns confidentially to us.

Due to our size, we consider that sending reports via forms, email or regular mail is a reasonable approach that can provide anonymity to whistleblowers. If the number of whistleblowing cases increases, we will reassess the appropriateness of our current system.

## **C. Human Rights Due Diligence**

Clothing/textiles has well-known issues within its supply chains. The human rights categories outlined in our Code of Conduct, and relevant to our industry, include:

- Forced labor/slavery
- Child labour
- Union organization and collective bargaining
- Non-discrimination
- Health, environment and safety

- Working conditions (particularly associated with wages and working hours)

However, we are aware that our organization and our members may have different impacts, which is why we have begun gathering supply data as part of our human rights due diligence process.

In relation to our supply chain, Texcon's considers that we can improve the data we have collected from our suppliers. However, the partial data we have collected has revealed some trends. Among these, the fact that the majority of the suppliers that have responded to our survey procure goods from China, which is a country we consider to be high risk for negative human rights impacts.

We have also identified that some suppliers produce clothes and textiles in countries where these products are linked to forced labour and child labour. These suppliers' responses require further investigation. It is important to ensure that the data gathered is accurate before we develop action plans to reduce and prevent relevant impacts that have been identified.

It is also important to highlight that many of our suppliers are large companies with a global reach. It is likely that they have a good overview of the risks connected to their supply chains and that they have implemented appropriate measures to reduce these risks. As such, our main focus will be directed toward working with smaller suppliers that possibly need more support to build competence within this area. We believe that we can provide these suppliers more help to improve than the larger suppliers.

Once we have gained a full overview of the data from our members and suppliers, we will conduct a saliency assessment to identify which human rights issues we should prioritise working with. Following this, we will support our members in managing these salient issues in order to reduce any actual or potential negative impact.

## **D. Looking Ahead**

In the coming year, our main priority will be to increase the response rate of our suppliers to our survey. Texcon will take the following actions to achieve this:

- Engage directly with suppliers to understand why they are not responding to the survey.
  - The goal of the engagement will be to remove obstacles for response and improve communication about the survey.
- Cooperate with suppliers that have responded but whom we suspect have provided inaccurate information.
  - The goal of this is to increase our suppliers' competence and ensure accurate data for Texcon.
- Offer expert support within human rights to suppliers that need help to respond to the survey.
- Increase awareness amongst our members on the possibility to report complaints and concerns about human rights through our whistleblowing mechanism.

Texcon will begin its action plan with the suppliers that represent the largest part of our purchasing, as we consider these to have the biggest potential for negative impacts.

Once we have sufficient data, Texcon will engage expert advisers to conduct an assessment of the seriousness of potential impacts. We will also develop plans to work with suppliers that are identified as high risk for negative impacts related to human rights impacts.

We will continue to evaluate and improve our due diligence process and support our members in implementing their own measures. Linked to this, Texcon will continue to investigate how we can best drive competence development and knowledge sharing within our members' network.

We recognise the importance of proper whistleblowing mechanism and will work to implement a robust system for our own operations, members and supply chain.

**E. Requests 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 [Post@texcon.no](mailto:Post@texcon.no).

**Texcon AS**, 28 June 2024

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