



Supply Chain Due Diligence Report



Supply Chain Due Diligence report

Introduction

At Natex of Scandinavia A/S, we are dedicated to upholding the highest standards of ethical business practices throughout our supply chain. Our commitment to human rights, worker welfare, and environmental sustainability forms the foundation of our operations. By collaborating closely with suppliers, industry partners, and respected organizations, we continuously strive to foster a responsible and transparent business environment. We are committed to ensuring that our supply chain adheres to the principles of fairness, respect, and accountability.

Ambition

Our ambition is to actively prevent, identify, and address risks and challenges within our supply chain. We aim to create long-term, positive change by improving industry standards, protecting workers' rights, and ensuring that all stakeholders align with our values. Through transparent practices and ongoing collaboration with our suppliers, we aspire to not only meet but exceed international human rights and sustainability standards, thus contributing to the global movement towards ethical business practices.



Supply Chain Due Diligence Guidelines

In line with our commitment to corporate responsibility, Natex adheres to the following guidelines:

Human Rights Protection:

We reject forced labour, child labour, and modern slavery in all forms across our operations and supply chain.

Cooperation and Collaboration:

We actively engage with our suppliers, stakeholders, and industry bodies to drive positive change and strengthen the effectiveness of our actions.

Compliance with Global Standards:

Our Code of Conduct aligns with the amfori BSCI Code, which is based on following,

United Nations (UN) Universal Declaration of Human Rights

International Labour Organization (ILO) Conventions and Recommendations

UN Guiding Principles on Business and Human Rights (UNGPR)

OECD Guidelines for Multinational Enterprises

UN Children's Rights and Business Principles

Gender Dimensions of the UN Guiding Principles on Business and Human Rights

OECD Sectoral Guidance Documents

Continuous Improvement:

We are dedicated to the progressive enhancement of due diligence within our business and supply chain, ensuring a holistic and integrated approach to corporate responsibility.

Transparency and Accountability:

We maintain openness in our supply chain processes and are committed to transparent reporting on human rights and environmental impacts.

These principles guide us in maintaining ethical operations and safeguarding the well-being of all those who are part of our supply chain.

Contents:

- No child labour
- No Discrimination, Violence or Harassment
- Anti-Bribery and Corruption Policy
- Fair Wages & Decent Working Hours
- No Forced Labour
- Health and Safety
- Environmental Management
- Animal Welfare
- Fair Pricing
- Monitoring and Evaluation
- Commitment to a Sustainable Future



Supply Chain Due Diligence Our principles

1. No Child labour:

At Natex, we are committed to preventing child labor in all aspects of our operations, including those of our suppliers and sub-suppliers. We do not employ children below the minimum age defined by law, which is no less than 15 years, except in cases where ILO exceptions apply. We take proactive steps to protect children from any form of exploitation and ensure their access to education.

We require our suppliers to implement robust age-verification mechanisms during recruitment, ensuring they are respectful and non-degrading. In the rare case that child labor is identified in the supply chain, we immediately remove the child from the workplace and are willing to provide support. In line with our shared commitment, we will help ensure the child returns to school or accesses appropriate education based on their age. Our commitment is clear: child labor is unacceptable, and we work closely with our suppliers to ensure a safe and supportive environment for all workers.

2. No Discrimination, Violence or Harassment

We believe in treating all workers with respect and equality. We do not tolerate any discrimination in hiring, compensation, or employment practices based on race, religion, age, national origin, sexual orientation, or gender. Female workers are entitled to their legal maternity leave, and dismissing pregnant workers is unacceptable.

All employees should be treated with dignity and respect. We do not tolerate physical punishment, harassment, or any form of abuse in the workplace. Our suppliers are expected to maintain a safe and supportive work environment for all employees.

3. Anti-Bribery and Corruption Policy

In line with industry best practices, we enforce a strict policy that prohibits employees, contractors, and stakeholders from accepting any form of bribe, gifts, dinners, or similar benefits. This policy ensures that all business activities are conducted with integrity and transparency, free from any influence that could affect impartial decision-making. We are committed to fostering a culture of honesty and accountability, and expect all individuals associated with our company to uphold these values in every interaction.

4. Fair Wages & Decent Working Hours

At Natex, we are committed to ensuring fair wages and decent working hours for all workers. We expect our suppliers to pay workers on time, in full, and in compliance with local laws. Overtime should always be voluntary and paid at a premium rate, at least 125% of normal pay. Working hours should not exceed 48 hours per week, with at least one day off each week.

We do not accept wage deductions as a disciplinary measure, and workers must receive clear wage slips for every payment. All workers, including those employed through agencies, should be paid fairly, and receive the benefits they are entitled to. **Equal pay for equal work**, regardless of gender, is essential, and we will work with our suppliers to address any pay gaps.

At Natex, we believe that every worker deserves a **living wage** – one that allows them to meet their basic needs and maintain a decent standard of living. We understand that the minimum wage in many countries, including **Bangladesh**, often falls short of this, making it difficult for workers to afford essentials.



Supply Chain
Due Diligence
Our principles

We're committed to

Paying our staff in Bangladesh, China, and India **double the minimum wage, which is 50% higher than what is typically offered.**

This ensures they earn a living wage, allowing them to meet their basic needs like food, shelter, and healthcare.

Working with our suppliers to close the gap between **minimum and living wages.**

As everyone deserves the right to earn a wage that supports a dignified life.

A future where workers earn a living wage, one that enables a decent standard of living for them and their families. This is a long-term goal, and we will continue working towards it with our suppliers.

5. No Forced Labour:

Natex will not conduct business with any supplier that uses forced or involuntary labor. We expect foreign workers to work voluntarily and not be required to remain in employment against their will.

6. Health and Safety

At Natex, we are committed to ensuring the health and safety of all workers within our supply chain. We expect our suppliers to adhere to the following standards:

• **Provide a safe working environment** that complies with local health and safety laws or international standards when local laws are insufficient.

• **Ensure proper protection for vulnerable workers**, including young workers, pregnant women, and individuals with disabilities.

• **Implement systems to assess, prevent, and address any health and safety risks** in the workplace.

• **Train employees regularly** on health and safety practices throughout their employment and inform them of potential risks.

• **Maintain records** of all health and safety incidents and take steps to improve protection in case of accidents, including insurance coverage.

• **Create an Occupational Health and Safety Committee** to encourage cooperation between management and workers for a safe and healthy environment.

• **Ensure workers can stop working** in dangerous situations without seeking permission.

• **Provide workers with clean drinking water, safe eating and resting areas**, and adequate sanitary facilities.

• **Offer appropriate personal protective equipment (PPE)** to all workers, free of charge, considering the needs of different worker groups, including pregnant women.

• **Provide compensation for any work-related damage or injury.**



Supply Chain Due Diligence Our principles

- **Fire Protection & Emergency Readiness:** Install and maintain fire alarms, extinguishers, and first aid kits in line with local regulations. Have clear emergency medical and evacuation plans known by both managers and employees.

- **Workplace Safety:** Maintain proper lighting, ventilation, and machinery safety measures. Safely store and dispose of hazardous materials while ensuring machinery is properly serviced and equipped with necessary protection.

Additionally, we follow a **grievance mechanism** to ensure that all employees have a platform to voice concerns. We have complaint boxes in our Denmark, Bangladesh, and China offices where employees can submit suggestions or complaints, helping us continuously improve our working environment.

7. Environmental Management

At Natex, we are dedicated to set clear environmental goals, consistently monitoring our progress, and implementing corrective actions to continuously reduce our environmental footprint and drive sustainable practices across our operations.

- **Energy Use & Greenhouse Gas Emissions**

Energy production and consumption are the leading contributors to air pollution and greenhouse gas emissions. Natex is committed to reducing energy usage in our owned and operated buildings by 2026. This includes working with suppliers who prioritize **renewable energy (solar)** in their operations. We aim to set a normalized baseline for energy use, identify energy-intensive processes and machines, and implement strategies to reduce energy consumption and emissions. Efforts such as equipment upgrades, energy recovery, and switching to lower-carbon or renewable energy sources will play a central role in this initiative.

We are also actively conducting **Life Cycle Assessments (LCA)** of our products to measure our carbon footprint and gain a comprehensive understanding of our environmental impact. This data guides our efforts to identify key areas for improvement, and we are committed to reducing emissions in the future through innovative solutions and sustainable practices. Almost all our suppliers are required to provide audit reports and environmental data to support our life cycle analysis efforts, ensuring that our products are as environmentally friendly as possible.

- **Wastewater Management**

We have embarked on our journey to become part of **ZDHC (Zero Discharge of Hazardous Chemicals)**. This means we are taking full responsibility for proper chemical management, water recycling and ensuring wastewater is treated before being released into nature.

Natex of Scandinavia A/S is acknowledged as a Signatory Friend of ZDHC - Vendor, and is committed to the adoption of the ZDHC MRSL and the use of the ZDHC Gateway.

- **Sustainable Product Certifications**

Natex has achieved the **Oeko-Tex 100 certification**, demonstrating our commitment to environmentally responsible manufacturing. Moving forward, we aim to achieve the **Oeko-Tex STeP** and **Made in Green certifications**, which are among the highest standards for sustainability in the textile industry. These certifications focus on responsible chemical management, environmental care, and respect for workers' rights. We also encourage our manufacturers to use **Oeko-Tex Eco-Passport certified dyes and chemicals** to eliminate restricted substances (RSL) from our products.



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Supply Chain Due Diligence Our principles

• Inhouse Testing

We've invested significantly in comprehensive in-house testing facilities in our offices in China and Bangladesh. These facilities ensure that all fabrics and yarn undergo rigorous testing before being sent to our CMT units. This is a critical part of our commitment to ensure full traceability in our workflow. Our tests are conducted by **ISO-certified** staff experienced in monitoring and testing our fabrics, yarns, and finished garments. This ensures our quality control is maintained from start to finish, with each step documented to enhance traceability.

• Certifications and Audits

All our suppliers are **Higg FEM** verified, meaning they use the Higg Index to measure and improve their sustainability practices. Additionally, we are audited annually to ensure compliance with certification standards such as **GOTS (Global Organic Textile Standard)**, **Oeko-Tex**, **GRS - Global Recycled Standard** (ensuring manufactured products have verified recycled material content).



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• Amfori BSCI

Amfori is a global business association that promotes fair trade and helps companies improve their Environmental, Social, and Governance (ESG) performance in supply chains.





Supply Chain Due Diligence Our principles

Supplier	Country	Monitoring Start Year	Monitoring End Year	Score	Development
Supplier 1	Bangladesh	2023	2025	A	Outstanding
Supplier 2	Bangladesh	2024	2026	B	Good
Supplier 3	Bangladesh	2023	2025	B	Good
Supplier 4	Bangladesh	2024	2026	B	Good
Supplier 5	Bangladesh	2024	2025	B	Good
Supplier 6	Bangladesh	2024	2026	B	Good
Supplier 7	Bangladesh	2024	2026	B	Good
Supplier 8	Bangladesh	2023	2025	B	Good
Supplier 9	Bangladesh	2023	2025	B	Good
Supplier 10	Bangladesh	2022	2024	B	Good
Supplier 11	Bangladesh	2024	2025	C	Needs Improvement
Supplier 12	Bangladesh	2024	2025	C	Needs Improvement
Supplier 13	Bangladesh	2024	2025	C	Needs Improvement
Supplier 14	Bangladesh	2024	2025	C	Needs Improvement
Supplier 15	India	2024	2025	C	Needs Improvement
Supplier 16	India	2024	2025	C	Needs Improvement
Supplier 17	China	2024	2025	C	Needs Improvement
Supplier 18	China	2024	2025	C	Needs Improvement
Supplier 19	China	2024	2025	C	Needs Improvement
Supplier 20	China	2024	2025	C	Needs Improvement

At Natex, we've followed Amfori BSCI's Code of Conduct. This ensures our suppliers meet the same high standards for ethical practices, worker rights, safety, and environmental sustainability during audits. Suppliers are scored from **A (highest) to E (lowest)**, and we use these results to monitor and support continuous improvement in our supply chain. The C score is considered the minimum acceptable performance after the second audit. For subsequent audits, we aim for an overall B score, with no more than 3 C sub-scores.

Natex is committed to ensuring that all suppliers meet at least a **C** score and strive for a **B** score after their third audit. Any supplier with **C** or lower scores will receive additional support and guidance to help improve their performance. Our focus is on promoting fair trade practices and achieving the highest environmental and social standards throughout our supply chain.



Supply Chain Due Diligence Our principles

8. Animal Welfare

At Natex, we've made the conscious decision to use only **mulesing-free wool** for our Merino knitwear. Mulesing, a painful procedure where skin is cut away from lambs to prevent blowfly infestations, is common in some Australian farms, but we do not support this practice. Instead, we source our wool from Australian farms where mulesing is performed by licensed vets, ensuring the use of local anaesthesia and antibiotics to prevent unnecessary pain.



We follow the **Responsible Wool Standard (RWS)**,

a global certification ensuring sustainable and ethical wool production. RWS focuses on animal welfare, prohibiting mulesing and promoting humane treatment of sheep throughout the process.

9. Fair Pricing

At Natex, we believe in fair pricing and fostering strong, long-term relationships with our suppliers. We understand that fair compensation for their work is essential for maintaining a healthy, sustainable supply chain. We do not seek to squeeze out suppliers with unrealistic pricing or unfair terms. Instead, we ensure that our pricing reflects the value of their products, while also enabling them to uphold high labour and environmental standards. By working collaboratively with our suppliers, we aim to support mutual growth and maintain ethical practices across our entire supply chain.

10. Monitoring and Evaluation

At Natex of Scandinavia, we actively monitor and address risks in key areas, including:

Product Safety

All products are rigorously tested before shipment. If a style fails, the supplier is informed and required to fix the issue. Reworked products are then re-tested.

Suppliers who repeatedly fail chemical tests are monitored and must continue testing until standards are met.

Sustainability Initiatives

Our sustainability team keeps carbon emissions below benchmark levels throughout production. Local experts visit supplier factories to verify sustainability practices, ensure chemical safety, and collect data on water and energy use. We also introduce sustainable materials, like recycled yarns and fabrics.



Supply Chain Due Diligence Our principles

Testing and Compliance

We have an in-house testing centre to ensure product quality. Certified orders undergo random checks to maintain high standards.

Traceability

The RWS certification provides full transparency and traceability across the supply chain, from the farm to the finished product. This ensures that consumers can trust that the wool in their products meets strict ethical and environmental criteria.

Addressing Violations

Violations are investigated by local teams through factory visits, worker interviews, and document reviews. Factories in violation must complete targeted training programs to address risks and ensure improvements.

Continuous Monitoring and Improvement

We regularly assess our suppliers to ensure they comply with our policies, addressing any emerging risks or concerns quickly.

11. Commitment to a Sustainable Future

Natex's approach to due diligence goes beyond compliance; it is about building a supply chain that respects people and the planet. We continuously strive to improve, address risks, and implement sustainable solutions that contribute to a resilient, ethical, and environmentally conscious textile industry.

We encourage open dialogue with our partners. If there are any aspects of our Code of Conduct that suppliers find challenging to meet, we ask them to share those with us. By doing so, we can work together to find solutions and help ensure that we all meet the desired standards. We also remain aware of country-specific challenges and will address any issues that arise, including grievances raised either by suppliers or within Natex.

Achieving high social and environmental standards is a journey, and we are dedicated to supporting our suppliers along the way.





NATEX OF SCANDINAVIA