



DALEMA

Human Rights Due Diligence Statement 2023

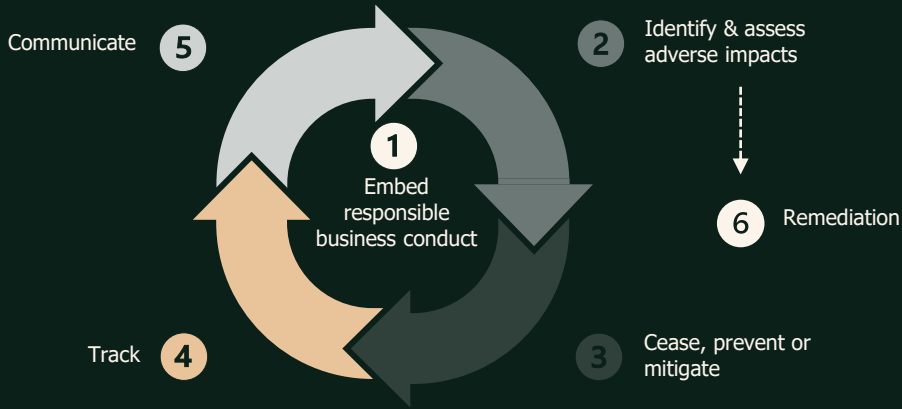
An introduction

Dalema, through its companies, sources and procures products from factories and suppliers around the world, also in countries where there is a risk of labour and human rights violations.

Early 2023, Dalema conducted due diligence in the group’s supply chain in accordance with the requirements of the Transparency Act. This means taking steps to identify, address, prevent and limit violations of human rights or decent working conditions – whether potential or actual impacts. This approach relies on the recommendations outlined in the [UN’s guiding principles for business and human rights \(UNGPs\)](#) and the [OECD’s guidelines for multinational companies](#).

Based on risk assessment we have identified relevant human rights risks that the group needs to pay special attention to.

In this report, we will recount our policies of responsible business conduct, report on our progress, and further elaborate on our implemented measures and plans for Dalema and our subsidiaries for which the Transparency Act directly applies to.



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About Dalema

Dalema Holding AS ('Dalema') is a privately owned company operating out of Lura in Sandnes municipality, Norway. Our scope of activity is investing in a wide range of high-quality brands and B2B/B2C-oriented companies within the retail industry, and real estate.

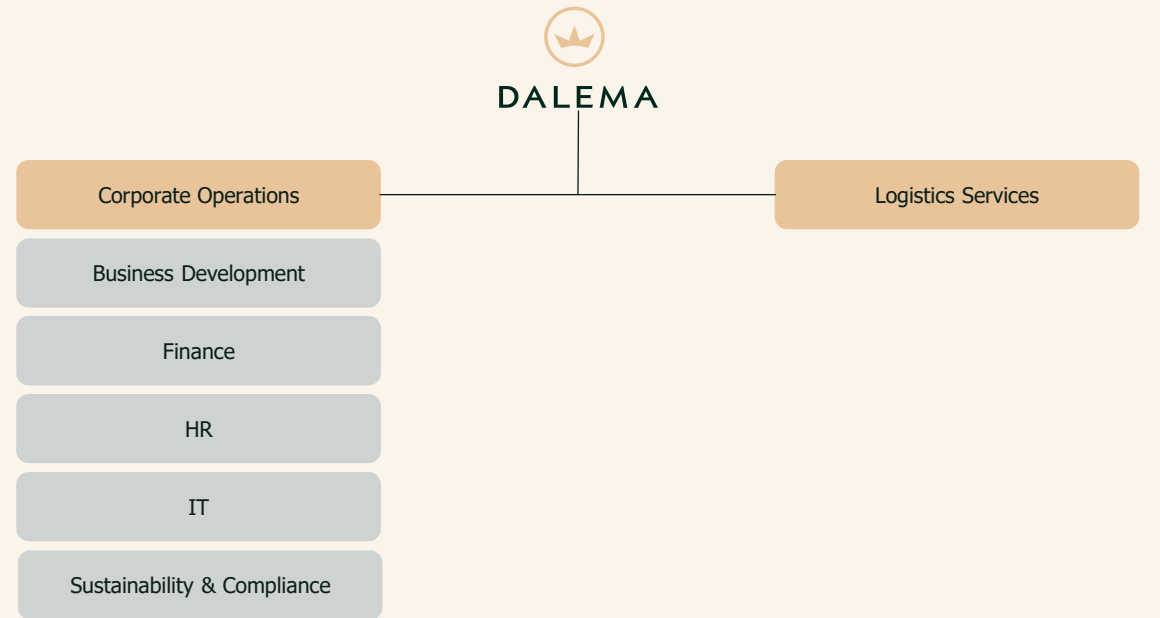
Dalema has a long-term, industrial perspective on its investments. We invest in companies where we can contribute to further value creation through our industry expertise and our big and efficient logistical infrastructure.

Our subsidiaries operates internationally, and can be found in Norway, Sweden, Denmark, Poland, China and Malaysia.

Dalema as a parent company has no employees, but the Group¹ in total consist of 486 professionals.

In 2022, the Group sold products and services for around 2,06 NOK Billion.

¹The Dalema Group is the collective term for all businesses and companies where Dag Leo Vestre Martinsen, directly or indirectly, has at least 50% interest.



Our industrial investments

The following section of this report showcase scope of operations and key metrics from some of our larger subsidiaries subject to the reporting requirements under the Transparency Act.

CONSILIMO



HOUSE of YARN

Kremmerhuset
INSPIRASJON | GAVER | INTERIØR



ULTIMATE NORDIC

CONSILIMO



What we do

Consilimo is a brand house mainly comprised of four areas; Serviteur, Edelweiss, GUS Design and Blooms. These encompass design and production of products within retail packaging, interior (indoor and outdoor), decorative items for retail stores and the florist industry, and office supplies. In addition, Consilimo also do resale of external brands like Ambiente, Ester&Erik and Oasis.

Consilimo operates with B2B relations.

[Consilimo.no](https://www.consilimo.no)

How we operate

Organizational structure

Consilimo AS (org.no. 845 699 852) is headquartered in Tevlingveien in Oslo, with a regional office in Fredrikstad. The management team, including acting manager Ellen Sørum, sales and marketing, customer service and procurement teams for Serviteur and Blooms are in Oslo. Edelweiss and GUS Design products are designed and sourced from purchasers seated in Fredrikstad. There is a high degree of transparency between the different teams and offices.

Consilimo was founded when the independent companies Serviteur and Edelweiss were merged in January 2020. Consilimo has since been part of the Dalema Group.

Procurement

Consilimo do not own any production units itself, but instead work with independent manufacturers and external brand suppliers located in Scandinavia, Europe, Asia and USA. We estimate that around 50% of our private label productions occurs in China. The rest mainly distributes between Denmark, Estonia, Germany, Netherlands and Turkey.

Each purchaser is directly responsible for managing their part of the supply chain. Edelweiss and GUS Design's productions in China are handled in close collaboration with our sister company Opal. This to ensure a more efficient human rights due diligence and product QC on the spot.

Key 2022 metrics

Turnover:
185,3
NOK Million

Number of employees:
16

Gender balance:



37,5% **62,5%**

How we operate

Organizational structure

Feel's (Rustika AS (legal name); org. no. 963 224 532) retail chain consists of 49 retail stores mostly concentrated around the southern part of Norway, and 1 online store. We currently employ over 342 professionals. Our head office is in Sandnes, and this is also where all our functions related to procurement, customer service, graphical design, communication and marketing are placed. You will also find members of the management here, including managing director Christoffer Martinsen. The overall decisions are made in the management group.

The warehouse for our online store is located at Jevnaker in Viken.

Feel has been part of the Dalema Group since 1990.

Procurement

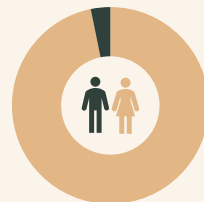
All purchasing in Feel is managed from head office. Around 60% of the products Feel offers are sourced from Dalema companies. The rest is from other external, established brands. Corporate social responsibility is enforced through contractual terms with our external business partners.

Key 2022 metrics

Turnover:
241,9
NOK Million

Number of employees:
342

Gender balance:



3,2% 96,8%



What we do

Feel is a gift and homeware concept, with a product mix consisting of kitchen accessories, tableware, decorative items, textiles, foodstuffs and seasonal products. The majority of the product mix is sourced from around 65 established brands.

Our products are sold through our retail stores and our online store, feel.no.

HOUSE of YARN



What we do

House of Yarn is the leading supplier of hand knitting yarn and accessory equipment in the Nordic countries. Our primary market is DIY'ers and needlework, in the B2B and B2C segments.

We offer more than 118 different yarn qualities spread across our own brands (Dale Garn, Du Store Alpakka, Gjestal Garn, Camilla Pihl), and private label cooperations. We also offer a wide range of knitting needles and accessories from KnitPro.

We offer ready-to-wear knitwear collections from our own brands (A Northern Story, Arctic Circle, Norwool, Gjestal Exclusive), and private label production.

[Houseofyarn.no](https://houseofyarn.no)

How we operate

Organizational structure

House of Yarn AS (org. no. 911 993 503) is headquartered in Bryne, with an experienced in-house team handling everything from procurement, product development, sales, to communication and marketing. At our head office you will also find managing director Tor Henrik Knutsen and members of the management. Our warehouse is in Oltedal.

Including our logistical operations, we currently employ 28 employees.

House of Yarn has been part of the Dalema Group since 2009.

Procurement

House of Yarn do not own any production units itself, but work with a few selected, independent manufacturers and brand suppliers located in both Asia, EU and South America. Most of our production occurs in Italy, Romania, Macedonia, Turkey, Peru and India.

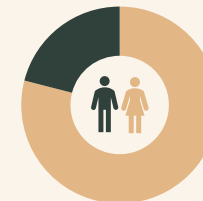
Our procurement team of two is responsible for managing the supply chain. Around 60% of our productions are checked directly by us. The rest is handled by our business partner ITP Holding AS. ITP is an ISO 9001-certified, international company, specialized in providing supply chain management solutions. They are also a member of Ethical trade Norway.

Key 2022 metrics

Turnover:
276,4
NOK Million

Number of employees:
28

Gender balance:



21% 79%

How we operate

Organizational structure

Kremmerhuset (Kremmerhuset Ting & Sânt AS (legal name); org.no. 975 965 120) consists of 65 stores around Norway and one online store. The head office is located at Tevlingveien in Oslo, and handles everything from procurement, design, communication, marketing and much more. There is a great degree of openness and cooperation between the departments. At the head office you will also find managing director Christoffer Martinsen and members of the management. The overall decisions are made in the management group.

Kremmerhuset has around 467 employees. These are both permanent and temporary employees. Our logistics department is located at our central warehouse at Hensmoen in Hønefoss. Since September 2021, Kremmerhuset has been part of the Dalema Group.

Procurement

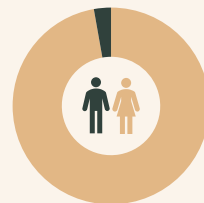
We do not own any factories ourselves, but we work with selected independent suppliers (manufacturers, agents and brand suppliers) in Asia and the EU/EEA. Through our sister company Opal East Trading Co., Ltd., we have four production offices in our most important markets: China, India, Vietnam and Malaysia. The production offices work closely with our procurement team in Oslo in the development and production of new products. This collaboration helps ensure that our products meet our quality requirements and to evaluate and improve working conditions from our productions where necessary. Purchases from Europe (Private label and external brands) are handled directly from our head office.

Key 2022 metrics

Turnover:
288,3
NOK Million

Number of employees:
467

Gender balance:



2,8% **97,2%**



What we do

Kremmerhuset is an interior design concept and retailer, playing a key role in helping customers create inspiring homes. Our business is B2C-oriented, where we sell products directly to customers through our retail stores and our online store, kremmerhuset.no.

Kremmerhuset offers a wide range of both in-house developed products within homeware and products from established, strong brands like A&C, Amundsen Spesial and Meraki

[Kremmerhuset.no](https://kremmerhuset.no)



What we do

Martinsen is a wholesaler and one of Scandinavia's leading suppliers of indoor furniture, garden furniture and home accessories. We offer around 8000 different products, spread across our own brands (Holmen, Easy Living and Martinsen) and private label on behalf of clients.

Martinsen operates with B2B relations and deliver products to both small independent stores and some of the largest retail chains in Scandinavia.

How we operate

Organizational structure

Martinsen AS (org. no. 975 981 673) is headquartered in Jevnaker, with offices in Oslo and Sandnes. We also have a showroom in Tidaholm (Sweden), together with our sister company Mr. Plant. The management, including managing director Christian Martinsen, is seated in Oslo, whereas teams of purchasers are spread across the different offices. Sales and marketing and customer service functions can be found in Jevnaker. This is also where our warehouse is located. There is a high degree of transparency and cooperation between the offices.

Martinsen started its operations in 1990 and has since been part of the Dalema Group.

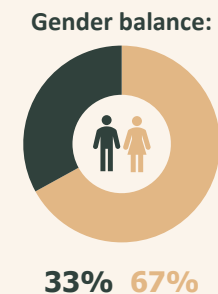
Procurement

Martinsen develop products using independent suppliers (manufacturers, agents). We do not own any factories ourselves. Around 90% of our productions occurs in Asia, where China (72%) and India (21%) being our most important markets. 10% av our products are produced in Europe. For our eastern productions, we enlist the services of our sister company and sourcing office Opal East Trading located in China and India. This collaboration helps us better manage suppliers, perform quality control of products and services and conduct human rights due diligence. Purchases and productions from Europe are handled directly from our purchasers in Norway.

Key 2022 metrics

Turnover:
155
NOK Million

Number of employees:
9



How we operate

Organizational structure

Ultimate Nordic AS (org. no. 910 123 068) is headquartered at Tevlingveien in Oslo, The company houses several brands under Ultimate Nordic AS and subsidiaries Ultimate Nordic Bikes AS and Brusletto & Co AS. Purchasers and brand managers, online store managers, sales and customer services are in Oslo. Here you will also find managing director Ingulf Horn. We also have offices in Horten and Solna in Sweden, where our sales representatives for our bicycle and Swedish operations are seated. Brusletto & Co AS rent premises for production in Geilo. Our logistics department is located at our warehouse in Åndalsnes in Rauma.

Ultimate Nordic has been part of the Dalema Group since 2018.

Procurement

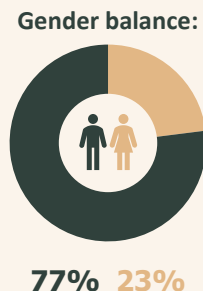
All purchasing in Ultimate Nordic is managed from head office, and each brand manager is directly responsible for managing their part of the supply chain.

Around 90% of the products we offer are sourced from external, renowned brands. The rest is private label from factories mainly located in China, Taiwan, Turkey, India, Italy, Romania and Poland. Ultimate Nordic does not own any factories. Corporate social responsibility is enforced through contractual terms with our external business partners. Private label productions in China are handled in close collaboration with our sister company Opal to ensure a more efficient human rights due diligence.

Key 2022 metrics

Turnover:
520,8
NOK Million

Number of employees:
35



What we do

Ultimate Nordic is a multi-brand house in "Sports and outdoor" and "Industry" for the B2B and B2C (online stores) segments. The company has a broad portfolio of over 65 prominent Nordic and international brands and self-developed brands, including Alpina, ATK, Axelda, Bell, Brusletto, Buff, Camelbak, Cocoon, Coghlan's, Compeed, Crispi, Diadora, Giant, Giro, Hällmark, Injinji, Joe Nimble, Kästle, KV+, Leatherman, Ledlenser, Lifesystem, Lifeventure, Molten, Movement, Nemo, Nordic Grip, Orack, Ortovox, Pedag, Reusch, Sealskinz, Sof Sole, Sportdoc, Sportquip, Stanley and Trangia.

ultimatenordic.no

Respect for human rights in our supply chains

Our main position is that all goods offered by the Dalema Group's companies must be produced in a responsible manner. This means that we have supply chains that safeguard human and worker rights and the environment, and where corruption does not take place.

One policy

All our offices and subsidiaries follow the same policy, [Dalema's Code of Conduct](#). This is embedded in the employee handbook for all companies. Likewise, all business partners of Dalema Group are obliged to sign and commit to our [Code of Conduct for Suppliers](#) (or equivalent supplier policy).

In these two documents we draw up clear expectations and principles on how to conduct responsible business, both in terms of human rights, decent working conditions, environmental protection, and anti-corruption. It also imposes all entities to conduct human rights due diligence in accordance with OECDs framework for Multinational Enterprises.

The documents are part of Dalema's toolbox for responsible business, which also include purchase agreements; a sustainability action plan template; internal guidelines on how to perform due diligence on human rights (based on OECDs framework); procedure on how to answer inquiries in relation to the Transparency Act and; a new and updated procedure for qualifying and managing private label suppliers across all companies. The toolbox is in constant development.

Commitment and responsibility

Our policy and procedures are developed and approved by our sustainability taskforce and anchored by the Dalema management. This team consist of CEO, CSR manager, HR & HSE compliance officer, Business development specialist and Chief financial officer of Dalema Drift, and Manager of Opal East Trading – the Group's sourcing office in China. As part of the sustainability and compliance team, it is their overall responsibility to make sure that our policies and procedures are integrated in the daily routines of each entity in the group. This is done through trainings and continuous dialogue with the managing director of the companies and member of company specific departments, e.g., purchasing, marketing, customer service, logistics.

We acknowledge that we are not perfect. Some companies have shown great commitment and maturity in conducting due diligence over several years, whilst others are just now starting their work. We will continue improving our processes and provide support where it is best needed.

Channeling trade through Opal

Through our ownership in Opal East Trading Co., Ltd. (Opal), the Group has sourcing offices in four different countries: China, India, Vietnam and Malaysia. Opal form an important part of our work with social and environmental responsibility in the supply chains. Presence and local anchoring make it significantly easier to visit factories and support our suppliers in any challenges that may arise. As a general rule, all subsidiaries with planned private label production in these markets are required to use Opal as a partner – we strongly believe that this gives far better control over price, quality, production flow and, last but not least, social and environmental risks.

Identification and assessment of adverse impacts

The Dalema Group conducts business with over 700 business partners (tier 1 suppliers, manufacturers, and agents) yearly from around the world – specifically EU/EEA, Asia and USA. Around 85% of these are suppliers for our products under private-label brand. The rest are suppliers of national-brand products. In other words, we are part of complex supply chains and the need for continuous focus on social compliance is evident.

Supplier management and transparency

This year we greatly strengthened our supplier management by adopting a new supplier portal and updating our requirements and guidelines for private label productions. In addition to providing an overview of our suppliers, the system supports initial risk assessments. This helps us direct our efforts where the risk is greatest and to implement further measures. We require all Private Label suppliers to register to our supplier portal and complete various ESG self-assessments. This include providing up to date information about production sites (factory name, address, city/town and country) and raw material suppliers. The suppliers are then evaluated based on the provided information and average country risk. The country risk is based on [Yale Environmental Performance Index](#) (environmental), [ITUC CSI IGB Global Rights Index](#) (social), [amfori BSCI Country Risk Classification](#) (social) and [Transparency International's Corruption Perceptions Index](#) (corruption). As of today, 597 suppliers have been registered in the supplier portal.

Social compliance

We expect that the production sites we use comply with all our standards outlined in the Code of Conduct for Suppliers. To better handle risk and get more insight, we require our products to be manufactured in factories that are either certified, applying a standard to integrate social responsibility or have undergone an independent social compliance audit (by 3rd party or by our sourcing office Opal). This is applicable to all production sites based in risk countries as defined by amfori (refer to the country risk classification above). Our mapping shows that not all business partners complies with this requirement today, and this is something we will focus on moving forward.

Whistleblowing

Grievance mechanisms play a critical role in opening channels for dialogue, problem solving, investigation and, when required, providing remedy. They enable workers and other rights-holders to raise complaints freely and obtain effective and transparent resolutions. We have a [notification channel](#) which is accessible to all stakeholders.

Human rights risk in our supply chains

Our assessments reveal several human rights risks at the production sites of our suppliers. We have listed the most salient below.

Please note that, while we identified these negative impacts on human rights as our most salient for this report, it does not mean that other issues do not exist across our business. We have still much to assess and learn, and our due diligence processes are continual and evolving.

Working hours

In China, we identified excessive working hours in our supply chain, for example in a plastic factory where some workers had been working for 19 consecutive days and the highest recorded working week hours were 66. The supplier was asked to put in place a remedial action plan to prevent this.

For workers in our supply chain, our Code of Conduct for Supplier requires that all suppliers ensure that working hours for all workers are reasonable. Following the law is non-negotiable and we expect that suppliers plan peak periods to avoid excessive overtime and meet the requirements set out in ILO Conventions on hours of work and overtime so that the regular working week does not exceed 48 hours, and overtime does not exceed 12 hours.

To achieve higher standard of performance against said requirements, it is of utmost importance that the approach we have towards our suppliers respond to the realities of the production. This means that purchasers must understand the activity in question and identify periods or activities that pose a risk of non-compliance. We need a purchasing practice that strengthens and not undermines our suppliers' ability to deliver on our requirements.

Health & Safety

In both China and India, we have found incidents of poor health and safety practices, where the importance of PPE, emergency equipment and safety briefings are neglected. There are also concerns related to chemical spillage and chemical use on production sites which may harm people, the environment, and local ecosystems.

It is critically important that people have a safe and healthy work environment, and it is a high priority that the suppliers we collaborate with undertake their production in a safe environment.

Freedom of association

Freedom of association refers to the right of all workers to join or not join a legally recognized trade union or any other body representing their collective interests. China has not signed the ILO-conventions on forming unions and collective negotiations, and freedom of association is not protected by law. Furthermore, China like India scores a 5 on the [ITUC CSI IGB Global Rights Index](#), which indicate countries with no guarantee of rights. Migrant workers are a group that is particularly vulnerable. Our codes are clear that people have the right to join or not join unions without threat of intimidation or victimization and are clear about our support for collective bargaining.

Measures to safeguard human rights

Ensuring human rights throughout Dalema's supply chain is an ongoing effort. In this section we list both implemented and planned measures to either cease or mitigate the risks we have identified so far.

- We have strengthened our procurement processes. The many procurement teams in Dalema have the huge responsibility to see that the fundamental principles of our Code of Conduct for Suppliers are put into action. In 2022-2023 we established new procurement guidelines and provided training to purchasers on human rights due diligence and principles on supplier selection. The purpose is to make purchasers aware of supply chain risks and how to reduce them.
- Continue initiate business partner dialogue and promote cooperation. A frank and open dialogue about progress, challenges and solutions leads to combined action.
- Continue monitor through audits and visits on the factories. Follow up corrective action plans regularly.
- Continue encourage our suppliers to set up a union.
- We have set up an (anonymous) complaints mechanism, Whistle, and we will work on rooting this on a global level.
- Revise our purchasing agreements to sharpen our requirements on supply chain due diligence, ecodesign and chemical restrictions. Start: 2023.
- Continue the Group's work in placing more products with an environmental label (e.g. EU Ecolabel/The Nordic Swan, Oeko-Tex, FSC...) on the market, and in turn help reduce chemical risks.
- Seek partnership with ISO 45001 and/or ISO 14001 certified manufacturers.

Track

Dalema acknowledges that more work is needed to ensure related measures are systematically tracked and monitored and is actively working to improve the Group's approach to reviewing and following up on human rights practices. We have established action plans on sustainability and will work with the companies in defining company

goals and monitor progress.

Communicate

Dalema exercise both horizontal and vertical communication about our sustainability work. We collect information yearly in our annual report, and on human rights in this report. We have this year secured grievance mechanisms and internal procedures to handle potential inquiries. Going forward we will start a project on adopting the new reporting standards set out in the Corporate Sustainability Reporting Directive (CSRD) and build a new reporting structure for the Group.

Remediation

If the Group's activities are found to cause or contribute to negative impact on people, society or environment we will stop the activities and seek to provide remedy. If our supplier is responsible for the negative impact, the supplier is responsible for providing remedy. However, in such cases, each Dalema company shall provide support to our supplier in terms of guidance and in areas where we find our competencies to be helpful.

Due Diligence 2.0

During the reporting period we have focused on conducting due diligence on the Group's supply chain for private label products. Moving forward, we will scale up our efforts and also direct our attention to national-brand suppliers and conducting due diligence on own operations.

Oslo, 26.06.2023

Dag Leo Vestre Martinsen

chairman of the board/CEO