

Kid / HEMTEX



Due Diligence Report
Kid ASA 2025-2026

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The Kid group shall ensure a safe and transparent supply chain. Through concrete and honest due diligence assessments, the most significant risks in the supply chain must be identified, prevented, limited and if needed accounted for and remediated. Through the Transparency Act¹ requirements are set on how the Group as an actor in the Norwegian market must carry out and report the due diligence assessments, in relation to OECD guidelines for responsible business conduct².

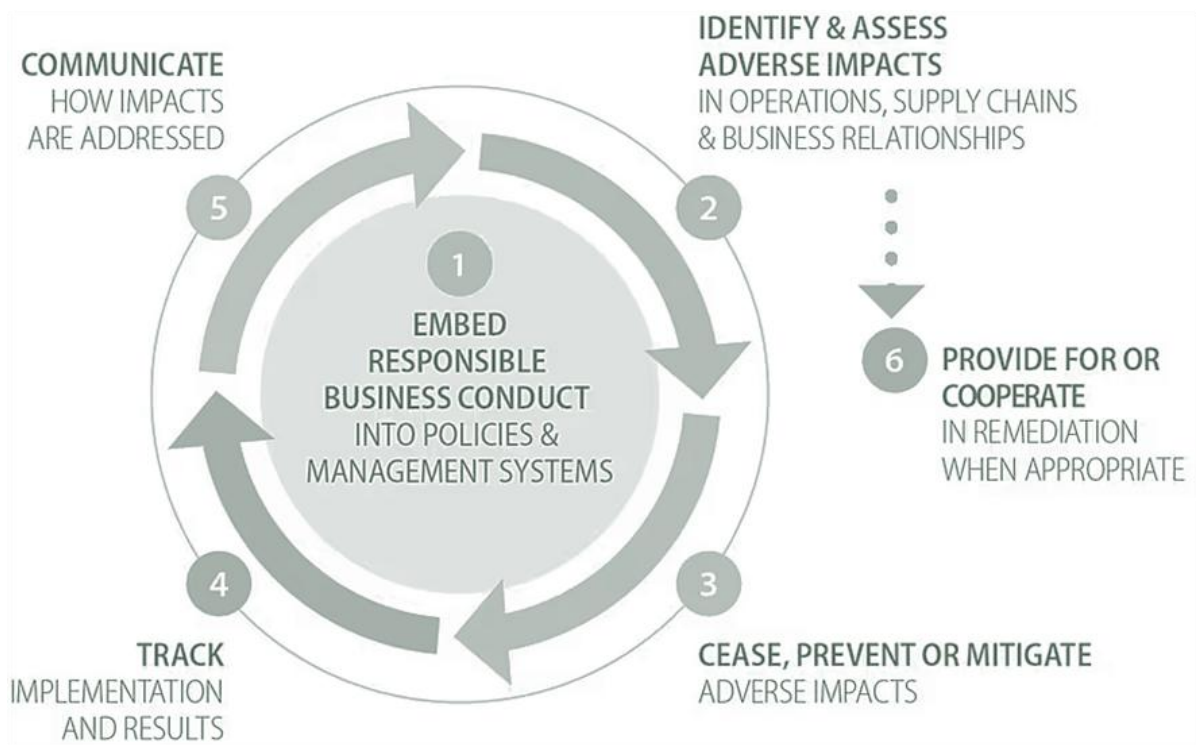


Image source: OECD

¹ LOV-2021-06-18-99 Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)

² <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

0 General information

0.1 Company overview

Company name: Kid ASA (Kid Group or the Group)

Visiting address: Gilhusveien 1, 3426 Gullaug, Norway

Due diligence reporting period: 01.05.25-30.04.26

Revenue FY 2025: 3,945 MNOK

Employees FY 2025: 2,395³

Business structure: The Kid Group offers a full range of home and interior products, including textiles, curtains, bed linens, furniture, accessories, and other interior products. The Group design, source, market and sell these products through own operated stores as well as through Kid's online sales platforms. A total of 283⁴ stores are located in Norway(160), Sweden(105), Finland(11) and Estonia(7). As a retailer with a global sourcing model and no own manufacturing, the Group is inherently exposed to human rights risks through its supply chain. These risks are primarily linked to production processes in high-risk countries, where challenges related to working conditions, wages, and labour rights are more prevalent. This makes supply chain due diligence a central component of the Group's responsibility under the Norwegian Transparency Act.

0.2 Supply chain overview

In the upstream supply chain, spread across Europe and Asia, the Group encounter a wide variety of risks related to human rights and decent working conditions during the production of goods. While Tier 1 suppliers are generally subject to more structured monitoring and oversight, the Group acknowledges that risks may still occur at this level, and that audit-based assessments have inherent limitations.

The Upstream value chain consists of a variety of activities to products to the Kid Group. The Group outsources all manufacturing, which emphasizes the importance of close collaboration with suppliers to support their sustainability efforts

Tier 4 – Raw Material Production, *Extraction, farming and/or production of raw materials.*

Tier 3 – Raw Material Processing, *Raw Materials are processed into yarn and other intermediate products*

Tier 2 – Material Production, *Fabric, Trim, and other components are produced*

Tier 1 – Finished Products, *Assembly and manufacture of final products*

³ Employees in total end of year 2025.

⁴ Yearend 2025, excluding 11 franchise stores.

The structure of the supply chain varies significantly by country. In Pakistan and Bangladesh, the suppliers typically operate with vertically integrated models, where tiers 1 through 3 are managed within the same company. This setup allows for more streamlined oversight and coordination across the production process. In contrast, the two largest sourcing countries—China and India primarily operate with horizontally structured supply chains. Here, each stage of production is often handled by separate, specialized companies. This fragmentation makes due diligence more complex and requires additional effort to ensure transparency and compliance across all tiers.

The Kid Group recognizes the importance of collaboration with the suppliers to monitor and support their social responsibility initiatives, particularly in relation to human rights, labour conditions, environmental impact, and business conduct. An important part of its work is to create a good dialogue and understanding with the factory's management so that non-conformities can be corrected and mitigated in a systematic and sustainable manner. The Group is committed to being a responsible member of the communities where the Groups suppliers operate and contributing to positive change. Instead of terminating collaboration with suppliers that do not meet requirements, the Group aims to find good solutions and work for continuous improvements in collaboration with the suppliers.

Based on the Group's due diligence assessments, the most significant risks are not located at Tier 1 level, but further upstream in the supply chain (Tier 2–4), where the Group has less direct control and visibility. This structural characteristic of the supply chain increases the importance of risk-based prioritization and targeted due diligence efforts.

The Group recognizes that sourcing from high-risk countries may increase exposure to adverse human rights impacts. At the same time, the Group believes that responsible sourcing and active due diligence can contribute positively to long-term supplier improvements and local employment when managed responsibly.

0.2.1 Suppliers

Procurement practice: All procurement is made from the headquarter in Lier, Norway, and consist of ready-made goods. Follow-up of goods purchases and the value chain is done from headquarters. Kid ASA has no sourcing office.

In this report, the term 'supplier' refers to Tier 1 suppliers, companies from which the Kid Group directly purchases goods. A single supplier may operate multiple factories. Only suppliers delivering physical products that are part of the assortment or reach the customers are included in this assessment; service providers are excluded. Approximately 20% of sourcing is conducted through trading⁵ companies and 30% through agents⁶. The Group is actively consolidating its supplier network to gain better control over social performance. This process is guided by ongoing evaluations of each supplier's contribution and relevance to the assortment.

⁵ Trading companies are acting as an intermediary between the Group and the factory, and do not produce goods themselves. Trading companies get paid directly by the Group.

⁶ Agents acts as a communication channel between the Group and the factory. The agents do not get paid by the group directly.

In 2024, the Group initiated a comprehensive mapping of all tier 1 factories and began linking them to specific purchased goods. This effort significantly expanded the scope of monitoring and nearly doubled the number of factories to monitor. For the reporting period of this report the Kid Group had 210 suppliers and sourced products from 357 factories. A complete list of all sites used is shared at the Kid website⁷. The Group also uses traders and similar buying offices. These offices don't need audits, as there is no production of goods here, but the production site must have one. This is why the number of monitored sites is lower than total number of suppliers and factories. Some suppliers don't have production but will be counted as a supplier in the ERP system because the Group place orders there.

By focusing on the top 80% of suppliers by order value, Kid can prioritize efforts where they will have the greatest impact. This approach allows the Group to identify which suppliers to concentrate on and where the Group has the highest impact to drive change through continuous improvement work. While all suppliers are subject to general risk mapping and minimum requirements, the Group's process begins with a top-down approach based on order value. The Group monitors the top 80% of suppliers separately from the full supplier base. This strategy reduces operational strain and enables more thorough screening where most of the orders are placed. Additionally, it fosters stronger business relationships with the key suppliers and their associated factories.

Across the full supplier base with production sites, 314 (88%) were screened through the Sedex platform, and 84% of total number of production sites had a valid social audit in place. The valid social audits cover 91% of the Group's total sourced value.

Despite the significant update to factory data from 2024, the Group's supplier screening process continues to ensure strong oversight of social audits and supports due diligence efforts across the supply chain. Read more about this in sector 1.5.

⁷ [Leverandørliste 2025](#)

Number of active suppliers

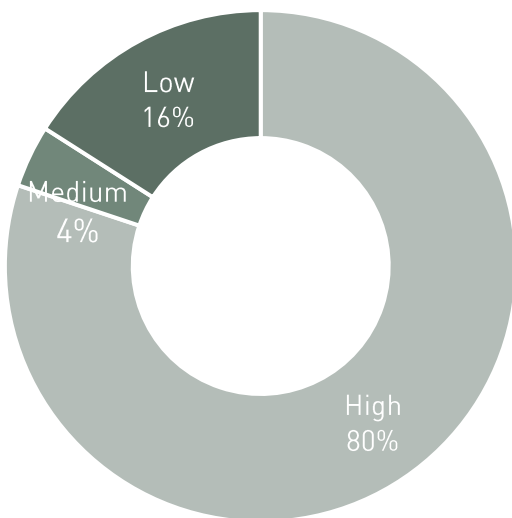
Number of sourcing countries



Number of active factories



Share of factories per country risk category



Sourcing structure



Sourcing country	Risk category	Number of suppliers, incl. trading companies	Share of sourced value	Suppliers in top 80% value	Number of factories
CHINA	High	92	40,1 %	25	223
INDIA	High	32	18,1 %	7	38
PAKISTAN	High	14	15,9 %	8	16
BANGLADESH	High	3	4,4 %	1	4
VIET NAM	High	4	0,5 %	-	4
NEPAL	High	1	0,4 %	-	1
TOTAL HIGH RISK		146	79,4 %	41	286
TURKEY	Medium	8	2,9 %	3	11
HONG KONG	Medium	5	1,9 %	1	-
UKRAINE	Medium	-	-	-	2
NORTH MACEDONIA	Medium	-	-	-	1
TOTAL MEDIUM RISK		11	4,8 %	4	14
DENMARK	Low	11	5,7 %	5	5
SWEDEN	Low	11	2,0 %	1	4
LITHUANIA	Low	4	2,5 %	2	3
NORWAY	Low	5	2,3 %	2	6
TAIWAN, PROVINCE OF CHINA	Low	5	1,2 %	1	1
ESTONIA	Low	3	0,8 %	1	2
NETHERLANDS	Low	2	0,6 %	1	2
HUNGARY	Low	2	0,3 %	-	2
POLAND	Low	2	0,1 %	-	8
PORTUGAL	Low	3	0,1 %	-	3
BULGARIA	Low	1	0,1 %	-	1
GERMANY	Low	1	0,0 %	-	5
UNITED KINGDOM	Low	1	0,0%	-	4
BELGIUM	Low	-	-	-	3
ITALY	Low	-	-	-	6
LATVIA	Low	-	-	-	1
FRANCE	Low	-	-	-	1
TOTAL LOW RISK		53	15,7 %	13	57
Total		210	100,0 %	58	357

The table above shows the number of suppliers and factories per sourcing country, along with each country's inherent risk classification. Country risk is assessed using the Sedex Radar tool, which evaluates inherent risk across social, labour, health and safety, and environmental dimensions at country and sector level. Risk ratings are updated regularly and applied by the Group to prioritise monitoring and audit activities across the supply chain.

Several notes on the data should be considered when reading the table. Where a supplier operates its own factory on the same site, the supplier and factory are counted separately, which means the numbers are not always directly comparable — this applies in particular to Pakistan and Bangladesh. The supplier column includes traders and agents who do not operate production sites, which is why some countries show suppliers but no associated factories, such as Denmark and Hong Kong. Due to an ongoing transition to a new ERP system, minor instances of double counting cannot be excluded in the current data. Once

fully implemented, orders will be placed at factory level, which will improve data accuracy and traceability in subsequent reporting periods. Despite these limitations, the Group considers the overall conclusions of the due diligence assessments to be sufficiently reliable for risk identification and prioritisation purposes.

1 Embedding Responsible Business Conduct

This section describes how the Group embeds responsible business conduct in its policies, governance structures, and internal processes. This corresponds to the first step of the OECD due diligence model: embedding responsible business conduct into policies and management systems.

1.1 Due Diligence Policy

The Group has established governance structures and management processes to support responsible business conduct and human rights due diligence across its operations and supply chain. The group has implemented a due diligence program that is designed to identify and mitigate potential risks associated with its products and operations. This program includes a variety of measures, such as supplier screenings, risk assessments, and ongoing monitoring of key performance indicators related to sustainability. The group do also regularly engage with stakeholders, including suppliers, customers, and civil society organizations, to gather feedback and identify potential areas for improvement.

The primary objective is to prevent negative impacts and unwanted events that could undermine business confidence, and at the same time secure sustainable progress. However, if an unwanted event occurs, despite preventive measures, damage-mitigating action plans should be in place. The risk management process includes a yearly identification, analysis, and follow-up of the company's most significant risks. Additionally, risk assessments are conducted on an ongoing basis in connection with significant changes to operations, larger projects, and major investments, and are integrated into business processes and sustainability efforts.

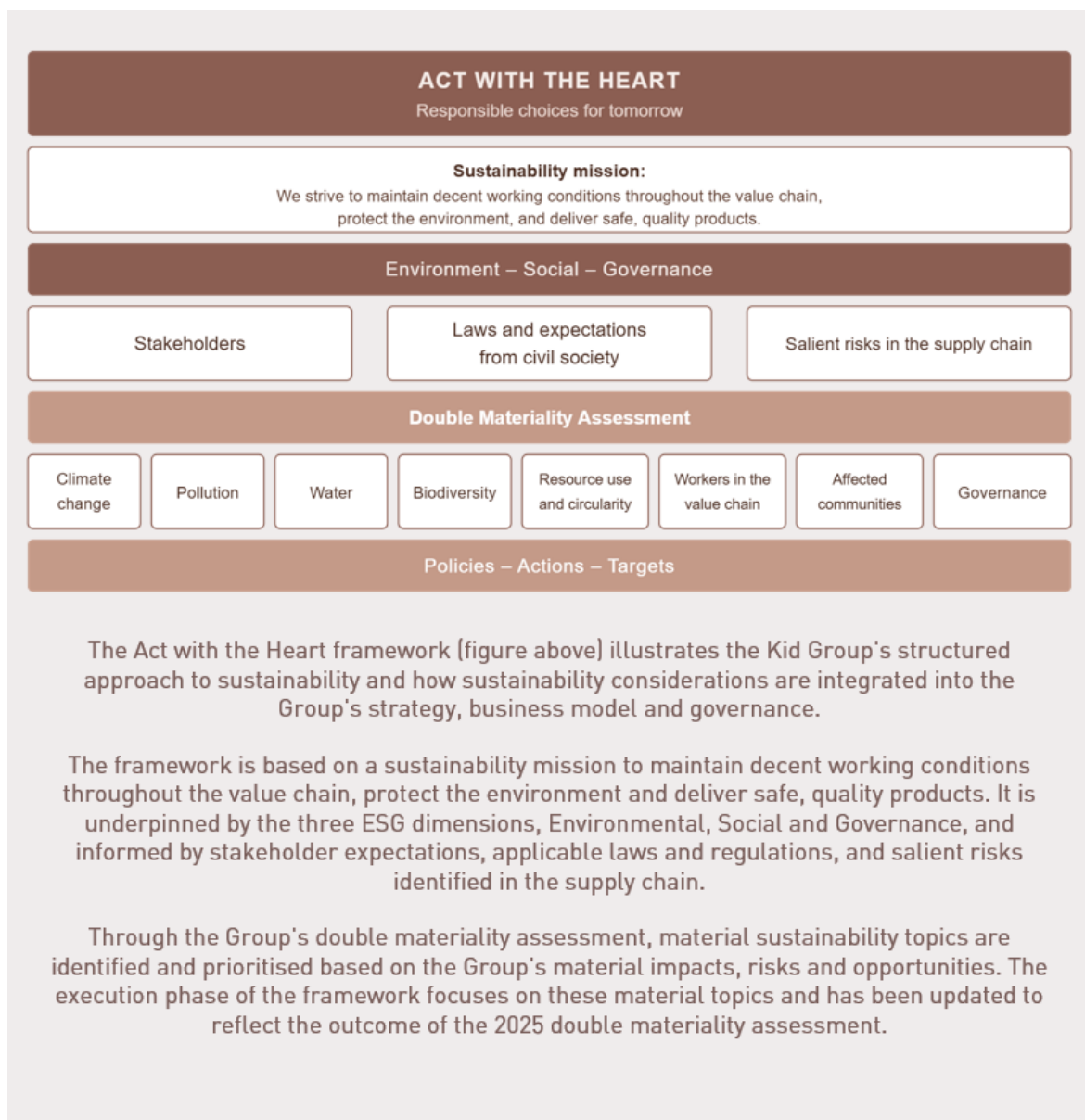
1.2 Materiality Assessment

The Kid Group recognizes the importance of a holistic sustainability perspective, encompassing the three pillars of Environmental, Social, and Governance (ESG). To effectively manage risks and opportunities, mitigate negative impacts, and drive meaningful positive changes, the Group prioritize the most material ESG topics identified through the Double Materiality Assessments (DMA)⁸, which is updated annually and as a part of the Sustainability Strategy framework as presented on page 10. To strengthen sustainability governance, an internal reference group was established in 2024 to identify and assess the Group's sustainability-related IROs. This group consists of representatives from the departments of Sustainability and Regulatory Compliance, Buying & Procurement, Finance, and HR, along with two representatives from the Audit Committee, who are also members of the Board of Directors. The purpose of this group is to ensure a broad and competent evaluation of the Group's material impacts, risks and opportunities. The material topics are divided into the value chain in which the Group operates within.

"Workers in the Value Chain" is identified as a material topic for the Kid Group, and the topic includes the sub-topics "Working Conditions", "Equal treatment and opportunities for all" as well as "Other work-related risks" where for example child labour and forced labour are considered. While the Group's DMA supports overall sustainability strategy, the prioritization

⁸ [Annual report 2025](#)

of human rights risks in this report is based on severity and likelihood of adverse impacts on individuals, in line with OECD due diligence principles and the Transparency Act requirements.



1.3 Policy Governance

The Group’s risk management system, which includes ESG topics, is evaluated by the Group’s audit committee on a regular basis. This ensures that the Group has an overview of its impacts, risks and opportunities and takes responsibility for reporting significant changes in the risk profile and follows up to make sure that risk management work is conducted in a coordinated and efficient manner within each business area. The risk assessment and any related material events are systematically reported to the Board of Directors.

The Kid Group’s *Policy for responsible business conduct*⁹ is based on UN and ILO conventions and provide minimum, not maximum standards. The policy is signed by the Board of

⁹ <https://investor.kid.no/corporate-governance/policy-for-responsible-business-conduct/>

Directors. The principles in business conduct are embedded in Kid's Purchase Agreement and Requirement¹⁰. No orders will be placed before this agreement is signed by the supplier. This governance structure ensures that identified human rights risks are escalated to the appropriate decision-making level and integrated into strategic and operational decisions. It also supports accountability by linking due diligence findings to management oversight and follow-up actions. The Board of Directors reviews and approves the annual due diligence report prior to publication.

1.4 Organization and Internal Communication

The Group's Chief Supply Chain Officer has responsibility for overseeing Kid ASA's sustainability work. Sustainability topics are an integrated part of the organization's daily work processes, decisions and activities, and the goal is that all employees take responsibility for the impact of their own work. The Board of Directors receives an annual update on material topics.

The Sustainability team provides regular updates to the Buying department on material usage and supplier screenings, along with progress toward sustainability targets. These presentations serve as a platform for the team to refine and communicate these targets while also allowing for direct questions related to products and due diligence.

1.5 Plans and Resources

The Kid Group has developed the Due Diligence work over many years. The Group is better at utilizing the data collected through the Group's membership in Sedex¹¹ to get more insight and to be able to track progress and development. The Group has used this tool since 2022, and it makes it easier to track progress and set risks in specific markets or operations. For the reporting period the Group has also added data for additional three major raw material groups used in the assortment.

The Group is also allocating more resources to closer follow up findings from audits, supplier certifications and the corrective action plans. The Group has been working with suppliers as first point of contact, but since 2023 the Group has been working to add the producer to the systems. This enables the Group to have a better understanding of the risks and opportunities related to each individual producer and can mitigate risks and improve corrective action plans when needed. At the end of 2024, all tier 1 factories were mapped, and work is continuously going forward.

The Group applies a risk-based and proportionate approach to due diligence, prioritizing resources and efforts towards suppliers, countries, and value chain segments where the risk of severe adverse impacts is highest. This ensures that the Group's due diligence efforts are both effective and aligned with regulatory expectations.

¹⁰ <https://www.kid.no/supplier>

¹¹ An online system that allows suppliers to maintain data on ethical & responsible practices and allows them to share this information with the Group

2 Identify & Assess Adverse Impacts

The identification of salient human rights risks is based on the Group's due diligence assessments and follows a risk-based prioritization approach in line with the OECD Guidelines and the Norwegian Transparency Act.

In accordance with this approach, the Group prioritizes risks based on their severity and likelihood. Severity is assessed based on the scale, scope, and irremediability of potential harm to individuals, while likelihood reflects the probability of the risk occurring within the Group's operations and supply chain.

This means that the Group does not attempt to address all risks equally but instead focuses on the most serious and relevant risks first. This prioritization is necessary to ensure effective use of resources and is aligned with regulatory guidance on due diligence practices.

The risks presented below are therefore considered the most salient human rights risks in the Group's supply chain during the reporting period, based on available data from audits, supplier engagement, country risk analysis, and internal assessments.

2.1 General Risk Mapping

To ensure that production and manufacturing is undertaken in ethical conditions, the Kid Group conducts due diligence assessments in line with the OECD Guidelines for Multinational Enterprises, which is also the principal of the Norwegian Transparency Act. This is being done to identify and assess the potential and actual negative social impact of the supply chain. The results of the due diligence are used as input for the Groups supplier risk assessment.

During the reporting period, the Group began mapping the traders and identified that the supply chain setup is more complex than initially expected. Traders act as intermediaries between the Kid Group and the factories. One trader can work with many factories, which results in a larger factory base for the Kid Group than what is recorded in the ERP system. The Group has now started collecting detailed information about all individual factories (tier 1) and adding this information to both the ERP system and the Group's due diligence risk assessment in Sedex. The Group works with traders in cases where local factories do not have export licenses for international markets, and the local presence of traders helps the Group to find attractive products. However, this can pose a risk of operating with factories that lack experience with the EU market and have not implemented social compliance practices in accordance with the Groups Code of Conduct.

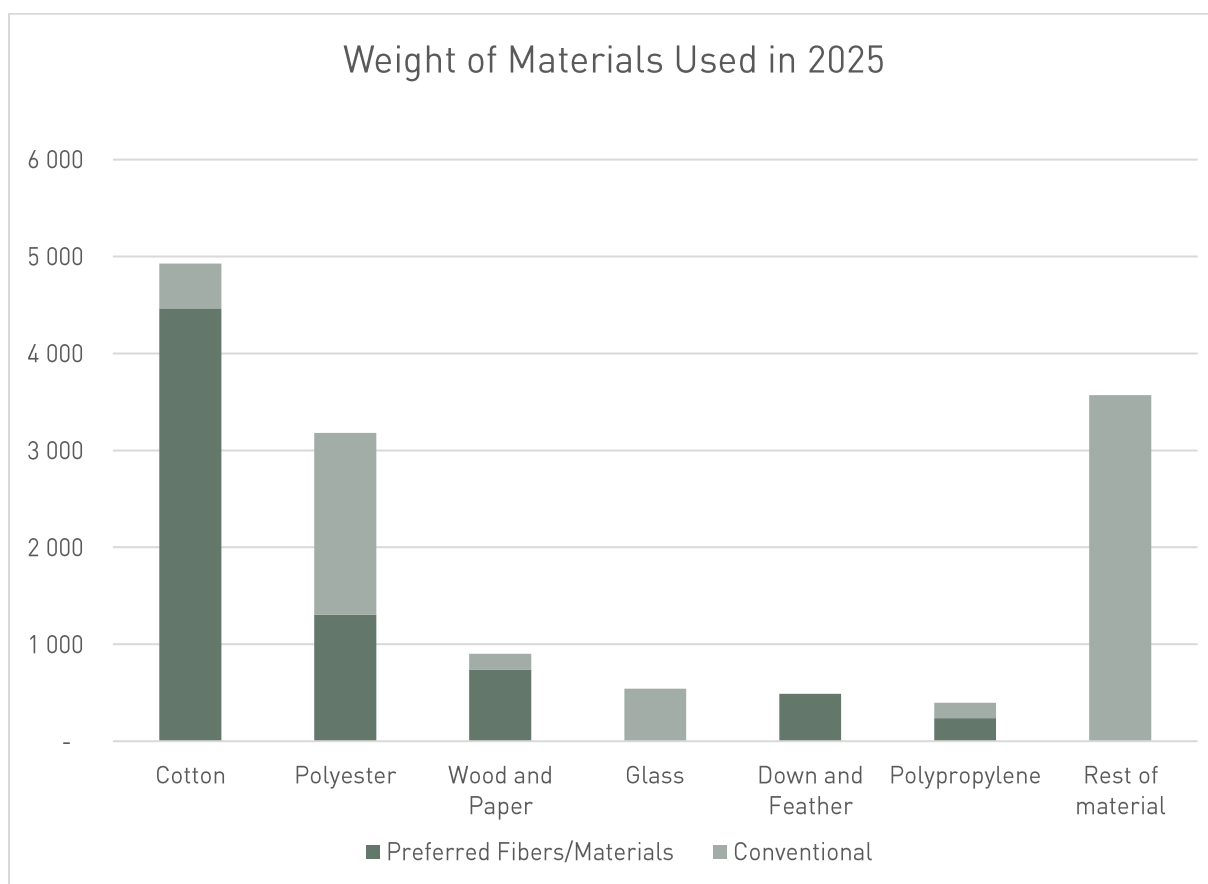
In 2025 and early 2026, agents and traders accounted for 50% of the Group's order value. As intermediaries between the Group and the factories, they have been subject to a new, targeted policy in 2025. This policy requires the agents and traders to support and improve the systematic flow of data from all production sites. The Group has observed that traders and agents managing multiple sites are more likely to lack up-to-date audits and certifications compared to direct suppliers - likely due to the complexity of overseeing many factories.

The Kid Group source goods from suppliers and factories in what are classified as low-risk countries, all located within Europe. The Group utilizes the Sedex country/region sector risk

tool to identify high-, medium-, and low risk countries. From this the Group has classified production of products in Europe as low risk, except for Turkey, there are other countries in Europe with medium risk, but the group do not have production here. These factories account for 14,6% of the Group’s total production value.

The Kid Group never buys unprocessed raw materials but has a large impact in selecting materials in the early design phase. Raw materials are produced in the first step of the supply chain i.e. tier 4. With a global supply chain, it is important that the Group understand the impact they have by carefully selecting the right materials and reducing the related risks.

The top six materials specified in the table below represent 74% of the materials in the products of the Group source. The volume is measured in tons of finished products. Cotton and polyester are by far the most important raw materials for the Kid Group. Therefore, the Group has set material related targets for these two materials. The remaining 26% are represented in the column to the right in the table, representing more than 100 unique fibres and materials. These materials are not risk assessed individually for negative social impact, which could be a potential risk going forward. The Group has done risk assessments for cotton and polyester for a long time and will start risk assessing more material groups going forward. Read more about the cotton and polyester materials with the related risks in section 2, *Identify & assess adverse impacts*. Wood and paper are the total weight. All wood types are added together, and therefore this combined weight is in the top three.



The figure below presents the origin of the ready-made products containing the Group's most used materials.

Cotton	Polyester	Wood and paper	Glass	Down & Feather	Polypropylene and plastics
<ul style="list-style-type: none"> •Bangladesh •China •India •Pakistan 	<ul style="list-style-type: none"> •China 	<ul style="list-style-type: none"> •China •Europe 	<ul style="list-style-type: none"> •China 	<ul style="list-style-type: none"> •China •Europe 	<ul style="list-style-type: none"> •China

2.1.1 Potential Negative Impact

Before entering business with new suppliers and factories, a comprehensive screening process is conducted based on environmental and social criteria. Relevant third-party certifications are collected and verified as part of this process. All suppliers must sign and adhere to the Group's Purchase Agreement and Requirements (PAR) before any orders can be placed. The PAR includes a Code of Conduct outlining social compliance standards. In 2022, the Group enhanced the screening procedures for new suppliers by introducing an updated checklist within the purchasing and buying departments, aimed at improving the onboarding process. This improved screening has been maintained throughout the reporting period as it has proven effective. For internal use it has been easy to understand what type of information is needed, as well as whether the suppliers have some minimum requirements to work towards. All factories added following the 2024 project have undergone this screening. There has also been constructive collaboration between the sustainability team and the buying and design departments to ensure alignment and shared commitment to these standards.

To identify potential negative impacts and assess salient social risks the group utilizes several sources. The most comprehensive source of data the Group use for the assessment of potential risks is the Radar tool on the Sedex platform. Via the membership in Sedex, the Group get access to this risk screening tool which can be filtered by country, social risk type, commodity group and much more. This general data is extracted regularly and set into context with the Kid Group's sourcing markets and suppliers, to identify, prioritize and analyse salient risks.

The Kid group attends various industry-related forums, where knowledge and experiences are being shared and insights reported. This creates shared value for all participants.

2.1.1.1 Country Specific Risks

The Group has identified various potential risks depending on the sourcing country. Here the Group list some country specific risks. These four countries represent 84% of the sourced value.

2.1.1.1.1 China

Domestic migrant workers, excessive working hours, the lack of right to collective agreements and freedom of association as well as gaps between minimum wages and living wages are common challenges in China. Some of these challenges are explained by cultural work ethics but are also challenged by insufficient and complex political systems. The Group

is constantly discussing these topics with the suppliers to learn more, and to increase awareness among suppliers.

2.1.1.1.2 India

The complexity of the Indian supply chains creates hidden risks among the number of sub-contractors and various tiers. Discrimination against women, minorities and low caste system members are an actual risk which need to be assessed and mitigated.

2.1.1.1.3 Pakistan

Corruption, wages below living wages and child labour and unsafe constructions stand out as potential risks in Pakistan. The Kid Group can better manage the risks due to the vertical structure of the suppliers, and the Group get insight into tier 1-3.

2.1.1.1.4 Bangladesh

Minimum wages are much lower than calculated living wages, which creates challenges in economic growth. After the increase in minimum wages, the group is still experiencing lower wages than living wages. The unstable political situation in Bangladesh from 2024 also contributes to potential risks for the workers outside of work, in the affected communities. The Kid Group is mainly working with vertically integrated suppliers in Bangladesh, giving us good insight in tier 1-3.

2.1.1.2 Raw Material Specific Risks

Cotton and polyester are by far the two most significant raw materials for the Group, together accounting for approximately 60% of the total raw material volume by weight. The remaining 40% could hold a salient risk not assessed by the Group yet. Therefore, the Group will start risk assessing the remaining raw material groups during 2025, with focus on human rights and decent working conditions.

2.1.1.2.1 Cotton

Cotton is the Group's most significant raw materials by volume, accounting for a substantial share of total sourced weight. The Group sources cotton primarily through Better Cotton, which represented 86.4% of total cotton volume in 2025. A small share of organic and recycled cotton is also sourced. As of 2025, 9.4% of cotton remains conventional, though the Group has identified that this figure is partly overstated due to discrepancies in supplier-provided Better Cotton Claim Unit transfers and product weight data in the ERP system.

Better Cotton supports cotton farming communities by promoting fair and safe working conditions for all workers, addressing risks of child and forced labour, workplace harassment, violence, and discrimination through on-site trainings for the farmers. Their efforts include the freedom to organize, negotiate fair employment terms, access to grievance mechanisms, equal pay, opportunities for advancement, and occupational health and safety improvements. By supporting these measures, the Kid Group contributes to enhance the livelihoods and well-being of cotton farming communities.

Cotton sourcing carries inherent human rights risks related to forced labour, child labour, and poor working conditions, particularly in upstream farming and processing stages. The Group pays particular attention to the geographic origin of cotton due to documented

concerns in certain producing regions. Cotton sourced via mass-balance systems cannot always be traced to farm level, which limits the Group's ability to fully verify origin and exclude high-risk sources. This traceability gap is the primary risk associated with this material category.

Two specific geographic risks are actively monitored. The Group maintains a prohibition on sourcing cotton from the Xinjiang region of China, where state-sponsored forced labour programmes have been extensively documented. The Group reviews audit reports and worker origin data as part of its ongoing due diligence on this issue. In 2024, the Earthsight 'Fashion Crimes' report raised concerns about human rights violations and environmental crimes among cotton growers in the Cerrado region of Brazil. Subsequent mapping confirmed that approximately 10% of the Group's cotton originates from Brazil, with 97.7% of total cotton weight covered by the screening. A follow-up mapping in 2025 confirmed the share remains at a similar level. For the Group's response and mitigation measures related to both risks, see Section 3.2.1 and Section 6.3.

2.1.1.2.2 Polyester

Polyester is the Group's second most significant raw material by volume. The Group sources both virgin and recycled polyester, and applies separate risk assessments to each, as they carry different risk profiles.

For virgin polyester, the Group uses the Sedex Radar tool and Textile Exchange's Preferred Fibre and Material Matrix to identify risks. Risk factors assessed include forced labour, child and young workers, wages, and health and safety, with country-specific filters applied to polyester origin countries. Virgin polyester and cotton are assessed as almost identical in inherent risk score, with polyester marginally lower.

Recycled polyester carries different social risks compared to virgin polyester. The most significant additional risk is waste picking — the informal collection of plastic waste by workers, often in unregulated conditions with limited protection, health risks, and no guaranteed minimum wage. This risk does not exist for virgin polyester and requires specific assessment and mitigation measures. The Group applies GRS certification as the primary mitigation measure for this risk; for further detail see Section 3.2.1.

Global Recycled Standard (GRS) supports responsible supply chains by requiring certified facilities to meet social criteria based on international labour standards. The standard addresses risks related to child labour, forced labour, discrimination, workplace harassment, and unsafe working conditions, while promoting fair treatment, freedom of association, collective bargaining, and occupational health and safety. Through independent audits and traceability requirements, GRS helps improve working conditions for workers involved in the processing and production of recycled materials. By sourcing GRS-certified materials, the Kid Group contributes to strengthening workers' rights and responsible business conduct throughout the value chain.

2.1.1.2.3 Plastics

As of the reporting period, Plastics incl. Polypropylene plastics (PP-Plastics) has been screened. Most of this material is produced and made into furniture in China. The increased use of certified recycled PP-plastics also improves traceability and supplier transparency, which may contribute to reducing labour-related risks in the supply chain. For 2025, over 60% of the PP-Plastic is recycled with GRS Certification. This reduces the overall risk of this material slightly.

The Group see, as with most of materials from China, potential risks with forced labour in some process steps, and excessive working hours.

2.1.1.2.4 Wood and Paper

The Group has for 2025 and 2026 combined all wood and paper types into one category for reporting purposes. The Group has also done a material mapping of all FLAG related materials as part of climate change-related work. The mapping identified seven countries of relevance to the Group's value chain: four European countries, China, India, and Uruguay.

The Group conducted a country risk assessment using the Sedex Radar tool. The assessment identified China and India as the sourcing countries with the highest inherent social risks. In India, elevated risks are associated with regular employment, working hours, and wages in the paper industry. In China, the main risk areas relate to working hours, discrimination, and freedom of association. The use of FSC-certified wood and paper products provides additional assurance through third-party verification and supply chain traceability, which may help reduce exposure to these risks.

Forest Stewardship Council (FSC) supports responsible forest management by requiring compliance with internationally recognised social and labour standards in forestry operations. The standard addresses risks related to child labour, forced labour, discrimination, unsafe working conditions, and violations of Indigenous Peoples' and local communities' rights. FSC's social requirements primarily apply to upstream activities in the value chain, including forest management, timber harvesting, and the initial processing of forest-based raw materials. Through independent certification and chain-of-custody verification, FSC helps improve transparency and strengthen respect for human rights in the early stages of the forest products supply chain. By sourcing FSC-certified materials, the Kid Group contributes to supporting responsible forestry practices and the protection of workers and forest-dependent communities.

2.1.1.2.5 Glass

Glass is one of the larger material categories used by the Kid Group. The majority of the Group's glass products are sourced from China. Based on the Group's country risk assessment using Sedex Radar, China is associated with elevated inherent risks related to working hours, freedom of association, and discrimination. The Group currently does not source certified glass and has not implemented material-specific risk mitigation measures beyond its supplier requirements, Code of Conduct, and due diligence processes. During 2026, the Group will prioritize further mapping of the glass supply chain to strengthen its understanding of potential human rights and labour-related risks connected to this material category and to evaluate whether additional risk management measures are needed.

2.1.2 Actual Negative Impact

Based on identified risks and sourced volume, representatives from the sustainability team conduct regular factory visits to the Group's most important suppliers. Visits have taken place across multiple reporting periods and sourcing markets.

A consistent observation from factory visits is that Tier 1 suppliers are generally familiar with social compliance requirements and perform well in audits, with few critical non-conformities. Working environments at Tier 1 level also tend to be inherently safer, as production processes involve less heavy machinery and fewer hazardous chemicals. Tier 2 and Tier 3 facilities present a different risk profile. These suppliers operate further up the supply chain with limited direct contact with brands and retailers (like the Kid group) and are subject to less frequent external monitoring from business customers. Audit results at these levels more commonly identify non-conformities related to occupational health and safety, use of personal protective equipment, excessive working hours, and wages below living wage levels.

During the reporting period, the Group continued to monitor two identified actual negative impacts linked to suppliers in its value chain.

The first case involves a long-term supplier in Pakistan where critical structural weaknesses were first identified during the 2024–2025 reporting period in two out of three production units, through inspections conducted under the Pakistan Accord programme. The findings represent an actual negative impact on workers' health and safety at the facility. The case remained ongoing into the current reporting period. The Accord and linked brands required immediate evacuation of both affected units to prevent risk of structural failure, and the building restructuring and improvement work is ongoing. The Group has paused orders from the affected units pending resolution. For a full account of actions taken and current status, see Section 6.3.

The second case involves a key supplier in India, where a fire broke out in the dyeing and printing mill in late 2024 during daytime working hours. The fire alarms and safety systems were fully operational, and the factory was evacuated without injuries or casualties. Indian authorities investigated the incident; no definitive conclusion regarding root cause has been established. The mill has since been rebuilt and is fully operational, and both the dyeing and printing mill and the stitching unit have undergone social compliance audits. For a full account of actions taken, see Section 6.3.

These two cases reinforced the importance of combining audit-based monitoring with direct supplier engagement, factory visits, and collaborative industry initiatives to identify risks that may not be fully visible through standard due diligence processes alone.

2.2 Salient Human Rights Risks

The Group's risk mapping has resulted in five salient risks (see table below). It is important to mention that these are the most salient human rights-related risk areas according to the risk assessment, risks connected to other topics are described in the Group's Annual Report.

As a result of the risk mapping above, and with the Sedex risk assessment tool, the Group identified the following human rights risk related topics.

Risk issue	Related topic	Country
Forced Labor	Cotton harvesting, manufacture of man-made textiles. Manufacturing of plastics.	China, India
The Right to Collective Agreements and Freedom of Association	Collective bargaining	China, India, Pakistan, Bangladesh
Health and Safety in Factories	Worker safety	India, Pakistan, Bangladesh
Child labour	Child labour	Pakistan, India, Bangladesh, China
Wage below living wage	Wage	China, India, Pakistan, Bangladesh

The prioritisation of these risks is based on the following considerations:

- Forced labour and child labour are prioritized due to their severe and irreversible impact on fundamental human rights.
- Wages below living wages are prioritized due to their widespread occurrence and direct impact on workers' livelihoods.
- Health and safety risks are prioritized due to the potential for immediate physical harm.
- Freedom of association is prioritized due to its role as an enabling right that affects workers' ability to address other issues.

These risks are particularly relevant in high-risk sourcing countries and in upstream tiers of the supply chain, where the Group has less direct control and visibility. The mitigation of risks in the table above are described in more detail under the next chapter.

3 Cease, Prevent or Mitigate

3.1 General Principles

The Group primarily uses the SMETA 4-pillar protocol for social audits but also accepts Amfori BSCI. SA8000 has been phased out as a standalone audit standard due to limited detail and transparency; this change was formalised in the PAR in 2025 and applies throughout the reporting period.

All Tier 1 factories, except those in low-risk countries, are required to have a valid social audit in place. Audit validity is typically one to two years, with follow-up audits and desktop reviews conducted in between to verify and close findings. Where non-conformities are identified, a corrective action plan is established with clear timelines and agreed by the supplier. The Group recognises that conducting an audit alone does not drive improvement - it is the follow-up process, corrective action planning, and ongoing dialogue that enable factories to make continuous progress. Factory visits are therefore an important complement to audit-based monitoring.

The Group is committed to working closely with the suppliers to monitor and support their social responsibility initiatives. The Group has a rigorous screening process for new suppliers and conducts regular audits to evaluate their performance in terms of labour conditions, human rights, business ethical- and environmental aspects.

During 2025, the Group introduced a dedicated policy for agents and traders to strengthen supply chain transparency and improve access to audit documentation, supplier data, and certifications. This was developed following the factory mapping project, which revealed that agents and traders represent approximately 50% of sourced value and that systematic data flows from their production sites required strengthening.

3.2 Ceasing, Preventing or Mitigation of Salient Risk Areas

The Group's mitigation measures are based on the salient human rights risks identified through the due diligence assessments described in Section 2. In line with the OECD due diligence framework, the Group seeks to cease, prevent, or mitigate adverse impacts through a combination of supplier engagement, audits, capacity building, corrective action plans, and increased supply chain transparency. The measures described below are prioritized according to the severity and likelihood of the identified risks and are focused on areas where the Group has the greatest opportunity to influence conditions positively.

3.2.1 Forced Labour

Forced labour or compulsory labour is prohibited. Workers shall receive wages for work performed, have access to leave, and be free to terminate their employment in accordance with applicable laws and regulations.

The Group has identified potential adverse human rights impacts related to forced labour based on inherent country and sector risks in parts of its supply chain, particularly in relation to cotton, man-made textiles, and plastics sourced from China and India. The Group pays particular attention to cotton sourcing due to documented human rights concerns associated with certain cotton-producing regions, including a prohibition on sourcing cotton from the

Xinjiang region. The Group primarily sources Better Cotton or other initiatives that restrict cotton from this region, and reviews audit reports and worker origin data as part of its ongoing due diligence.

During the reporting period, the Group strengthened its due diligence efforts by expanding the mapping of cotton origin countries, increasing supplier dialogue regarding raw material sourcing and worker recruitment practices, and enhancing monitoring of suppliers in higher-risk regions. As most conventional (including Better Cotton) cotton is sourced through mass-balance systems, the exact origin of cotton fibres cannot always be verified, which may limit the Group's ability to fully exclude cotton from higher-risk regions. The Group continues to evaluate opportunities to strengthen traceability, including the planned implementation of Better Cotton's chain-of-custody system.

Plastics and polyester have both been identified as material categories with potential forced labour risks in certain process steps, particularly in upstream production and material processing stages. For conventional plastics and virgin polyester, general risk mitigation measures apply, including the Supplier Code of Conduct, Sedex country risk assessments, and social audit requirements. No material-specific mitigation measures beyond these general principles have been implemented for conventional plastics during the reporting period; further assessment is planned as part of the Group's broader raw material risk mapping work.

For recycled materials, the Group requires GRS certification for both recycled polypropylene and recycled polyester. More than 60% of polypropylene is GRS-certified, and all recycled polyester sourced by the Group is required to be GRS-certified. GRS certification includes social compliance requirements based on international labour standards and third-party verification, providing additional assurance for workers involved in waste collection and material processing - risks that are specific to recycled material streams and not present in virgin material sourcing.

No confirmed incidents of forced labour were identified or reported during the reporting period. However, the Group continues to monitor the topic closely through its due diligence processes due to elevated inherent risks in certain sourcing regions and sectors.

3.2.2 The Right to Collective Agreements and Freedom of Association

The right to freedom of association and collective bargaining is a fundamental human and labour right. The Group recognises that workers in some sourcing countries may face barriers to exercising these rights due to legal restrictions, weak union representation, or practical limitations in the workplace.

To address these risks, the Group requires suppliers to respect workers' rights to freely associate, elect representatives, and engage in dialogue regarding workplace matters. Compliance is assessed through supplier dialogue, social audits, and factory visits. Audit protocols under both SMETA and Amfori BSCI include specific assessments of worker representation mechanisms, worker-management dialogue, and access to grievance channels. Anonymous worker interviews conducted during audits provide an additional layer of verification, allowing auditors to assess whether documented policies are reflected in actual practice.

Worker representation mechanisms, including worker committees and elected worker representatives, are present in many supplier facilities. While such mechanisms may support communication between workers and management, the Group recognises that they do not replace the role of independent trade unions and collective bargaining structures. In sourcing countries where trade union activity is legally restricted or practically limited — particularly in China — the Group encourages suppliers to ensure that alternative representation mechanisms are genuinely accessible to workers and that representatives are freely elected by the workforce rather than appointed by management.

3.2.3 Health and Safety in Factories

The Group has identified both potential and actual adverse impacts related to occupational health and safety in parts of its supply chain. Inadequate fire safety measures, unsafe electrical installations, poor building integrity, hazardous machinery, exposure to chemicals, and insufficient use of personal protective equipment may pose risks to workers' health and safety. In severe cases, such conditions may result in serious injuries or loss of life.

To address these risks, the Group has established extensive health and safety requirements in its Code of Conduct. Suppliers are expected to provide workers with appropriate training on occupational health and safety, including the safe operation of machinery, use of personal protective equipment, and fire and emergency preparedness. Compliance is assessed through supplier dialogue, factory visits, and both second- and third-party audits. During the reporting period, health and safety findings requiring corrective actions were identified through the Group's due diligence processes, including social audits, supplier engagement, factory visits, and the International Accord. These findings may relate to structural, electrical, boiler, fire, or occupational safety issues and are addressed through corrective action plans, remediation activities, and verification processes.

The Kid Group is a signatory to the International Accord for Health and Safety in the Textile and Garment Industry. The Group considers participation in the Accord an important complement to traditional social audits, particularly in higher-risk sourcing countries, as it provides specialised assessments that go beyond what standard social audit protocols cover.

International Accord for Health and Safety

The International Accord for Health and Safety in the Textile and Garment Industry is a legally binding agreement between global brands and trade unions aimed at improving worker health and safety in textile and garment factories.

The Accord currently operates through country-specific programmes in Bangladesh and Pakistan and complements the Group's own due diligence processes. Participating factories are subject to specialised inspections covering structural, electrical, boiler, and fire safety. Findings are documented through corrective action plans and followed up through remediation and verification processes.

As of 2025, 100% of the Group's active textile factories in Bangladesh and Pakistan were enrolled in the Accord programmes.

3.2.4 Child labour

The Kid Group has a zero-tolerance approach to child labour. As a minimum requirement, no person under the age of 15 may be employed by the Group's suppliers. Where national legislation sets a higher minimum working age, the stricter requirement applies. In China, for example, the legal working age is 16.

The risk of child labour varies across countries, industries, and supply chain tiers. The Group therefore works to understand where children may be particularly vulnerable to exploitation and where inadequate controls could increase the likelihood of underage workers entering the supply chain. This understanding is supported by country risk assessments, supplier due diligence, social audits, and ongoing supplier engagement.

The Group also requires suppliers to ensure appropriate protection of young workers under the age of 18. This includes compliance with legal requirements regarding working hours, working conditions, and restrictions on hazardous work. Where concerns regarding the age of a worker are identified, the supplier is contractually required to cooperate with the Group in finding an appropriate solution that safeguards the best interests of the individual. Any remediation process takes into account the child's age, education, and social circumstances.

As part of its due diligence efforts, the Group prioritises supplier screening, age verification procedures, and audit follow-up in sourcing countries and sectors where child labour risks may be more prevalent. Particular attention is given to upstream production processes and informal labour structures, where visibility and oversight can be more limited. The Group also recognises that preventing child labour requires long-term engagement with suppliers and continuous awareness-building rather than relying solely on audit findings.

No cases of child labour were identified during the reporting period. Nevertheless, the Group continues to monitor the issue as part of its ongoing due diligence processes, recognising that child labour remains a potential adverse impact in certain parts of global supply chains.

3.2.5 Wage below living wage

In accordance with the Group's Code of Conduct and local legislation, suppliers must pay at minimum the country's statutory minimum wage, or industry benchmark standards, whichever is higher. Wages should always be sufficient to meet basic needs, including some discretionary income, in line with the Ethical Trade Initiative (ETI) base code.

During the reporting period, the Group strengthened its focus on wage-related risks, particularly in Bangladesh and India, where the gap between minimum wages and estimated living wages remains significant. The Group has initiated more structured dialogue with suppliers, agents, and traders regarding wage practices, excessive overtime, and production planning. Attention is given to the correlation between low wages and excessive overtime, as workers may depend on overtime compensation to achieve sufficient income levels. In 2025, the dedicated policy for agents and traders was introduced, which includes expectations related to wage management and responsible purchasing practices.

The Group sources 4.4% of goods from Bangladesh, where a significant gap between minimum wages and living wages persists despite the 56% increase in the legal minimum wage in late 2023. While no instances of wages below the minimum wage have been

identified, wages remain below the Global Living Wage Coalition's calculations for the region. The Group maintains continuous dialogue with the HR and compliance department at its main Bangladesh supplier and monitors the wage situation closely.

4 Track Implementation and Results

The purpose of this section is to assess whether the Group's due diligence measures have been effectively implemented and whether they have contributed to preventing or mitigating adverse impacts on human rights and decent working conditions. Monitoring is based on a combination of quantitative coverage indicators, audit data, corrective action plan (CAP) progress, factory visits, and supplier dialogue. The Group acknowledges that no single monitoring method provides a complete picture of working conditions and therefore seeks to triangulate multiple sources of information to strengthen reliability.

4.1 Monitoring Methodology

The sustainability department is responsible for monitoring, tracking, and reporting of the Kid Group's due diligence. The results are presented in the Annual Report as well as this transparency report. The Annual Report is reviewed by the Audit Committee, and both reports are signed by the Board of Directors before publishing.

The Kid Group strives to obtain valid, accurate and updated data to measure the effect of its due diligence work. The Sedex platform provides a wide selection of data points, including results from Self-Assessment Questionnaires (SAQs) as well as findings from factory audits and completed corrective action plans. This is combined with physical factory visits to verify findings from Sedex and other partners.

The Group recognises that audit-based monitoring has inherent limitations and may not capture all adverse impacts or workplace challenges. Risks related to worker representation, excessive overtime, recruitment practices, or informal labour structures may be difficult to identify solely through scheduled audits. To strengthen due diligence quality, the Group increasingly combines audit findings with direct supplier engagement, factory visits, worker interviews, and collaboration with external initiatives such as the International Accord.

The Group has observed improved audit performance among several suppliers in Pakistan, including fewer critical findings in recent assessments. At the same time, consistently high audit scores in certain factories require careful evaluation, particularly in contexts where corruption risks are elevated. The Group therefore considers audit findings alongside additional verification methods, including factory visits, supplier dialogue, Accord assessments, and cross-checking between different audit protocols.

4.2 Coverage Indicators and Target Progress

The table below presents progress against the Group's formal targets for supplier data coverage and audit coverage. These indicators serve as the primary tracking mechanism for the salient human rights risks identified in Section 2, particularly forced labour, child labour, and health and safety risks. Targets were set against a baseline of approximately 80% in 2023.

Indicator	Target	Result 2025	Result 2024
Sedex registration + completed SAQ (all active producers)	100%	93%	85%
Valid social audit – sourced value from high-risk country producers	100%	91%	93%
Valid social audit – number of high-risk country producers	100%	91%	93%
Top 80% suppliers with valid social audit	100%	91%	90%
Top 80% suppliers with valid Sedex membership	100%	98%	100%
Factories covered by International Accord (Bangladesh)	All active	100%	100%
Factories covered by International Accord (Pakistan)	All active	100%	100%

Of the 210 active suppliers in the reporting period 01.05.2025 to 30.04.2026, 58 suppliers account for approximately 80% of the Group's total sourcing value. In 2025, 53 (91%) of them had an updated social audit, and 57 (98%) maintained a valid Sedex membership. Of the 58 suppliers in the top 80%, 91% of the value sourced to production sites had a valid social audit. One supplier could have multiple production sites.

100% enrolment in the International Accord in both Bangladesh and Pakistan provides additional verification specifically for health and safety risks. No confirmed incidents of child labour were identified during the reporting period, though the Group continues to monitor this risk through audits and supplier engagement. Freedom of association and wages below living wage are tracked through audit findings and supplier dialogue and are addressed through the CAP process described in Section 4.5; these risks do not yet have dedicated quantitative indicators.

The Group has set a target of 100% preferred cotton in the assortment, defined as Better Cotton, organic, or recycled cotton, with zero conventional cotton. As of 2025, 86.4% is Better Cotton, with a small additional share of organic and recycled cotton. The remaining 9.4% conventional cotton is partially explained by identified data quality issues: discrepancies in supplier-provided Better Cotton Claim Unit transfers and product weight faults in the ERP system result in an overstated conventional share. The Group is working to correct these discrepancies through enhanced reporting mechanisms and closer dialogue with Tier 1 suppliers, with improved data quality expected following ERP system updates.

The Group has set a target of 50% recycled polyester in the assortment by 2025, increasing to 95% by 2030. As of 2025, the Group reached 41.1% recycled polyester, up from 33% in 2024. While the 2025 target has not been fully met, the trajectory shows consistent annual progress. All recycled polyester sourced by the Group is currently mechanically processed and required to be certified under the Global Recycling Standard (GRS).

Increased audit coverage and supplier registration improve the Group's visibility into working conditions. However, the Group recognises that improved data coverage does not in itself reduce risk — in several areas, deeper supply chain mapping has revealed more complex challenges than previously understood, particularly at Tier 2 and Tier 3 level. For a complete overview of sustainability targets, please see the Group's annual report¹².

4.3 Factory Visits

Factory visits represent a key method for verifying audit findings and gaining direct insight into working conditions beyond what scheduled audits reveal. The Group visited factories representing 15% of the sourced value in 2025. The group has not done any factory visits before 1st May 2026 but are planning to do factory visits later in the year.

The table below summarises visit activity during the reporting period.

Country	Suppliers visited	Share of sourced value	Key observations
India	6 Suppliers (10 factory sites)	35% of India Value	Supplier structures in India are in some cases vertically integrated, but the use of multiple business licences within the same business group creates gaps in oversight of working conditions and production processes. Hard goods production has shown weaknesses in health and safety management, and in some cases audit findings did not reflect conditions observed on-site, raising concerns about audit reliability. Workers in certain sourcing regions lack fixed employment contracts, moving between factories based on available work, which limits traceability and increases worker vulnerability.
China	8 suppliers (10 factory sites)	18% of China value	Supplier awareness of social and environmental compliance is increasing, supported by more frequent regulatory inspections on building safety and emissions from Chinese Authorities. Wage levels in several regions are approaching and/or exceeding living wage estimates, though supplier understanding of living wage calculations remains limited. Continued dialogue and capacity building required.

¹² [Kid Annual Report 2025](#)

During supplier and factory visits in recent years, the Group has observed that Tier 1 factories are generally more prepared for audits and more aware of the Code of Conduct, while Tier 2 and Tier 3 factories present more significant challenges regarding wages, excessive working hours, and occupational health and safety. These concerns are especially prominent in processes involving heavy machinery and the use of hazardous chemicals.

4.4 Low Risk Sourcing Countries

The Kid Group sources goods from suppliers and factories in low-risk countries, all located within Europe. The Group classifies production in Europe as low risk, with the exception of Turkey. These factories account for 14% of the Group's total production value. Additionally, 86% of low-risk suppliers are registered on the Sedex platform with completed SAQs.

4.5 Corrective Action Plan (CAP) Progress

Where non-conformities are identified through social audits, the supplier is required to establish a corrective action plan with defined timelines. CAPs were active across all suppliers from high-risk countries during the reporting period. Progress is tracked through the Sedex platform for SMETA-audited suppliers and directly through the Sustainability Department for Amfori BSCI-audited suppliers. Aggregated closure rate data is not yet available across the full supplier base; establishing structured CAP tracking indicators is an identified gap that the Group is actively working to address.

Recurring findings indicate persistent structural challenges in specific sourcing markets. In China, the most common non-conformities relate to excessive working hours and insufficient social insurance coverage. In Bangladesh, wages below living wage levels remain a systemic issue. Across all regions, health and safety findings related to inconsistent implementation of workplace procedures reflect gaps in management systems and supervisory practices at factory level.

Where audits identify "business critical" or "critical" findings related to worker welfare, suppliers are required to immediately implement corrective actions and provide documented evidence of closure within the agreed deadline. Based on available data from SMETA-audited suppliers, the majority of critical and business-critical findings have been closed within the agreed deadline during the reporting period, with a small number of findings overdue by a few days as of reporting date. Closure rate data for Amfori BSCI-audited suppliers is not yet available at an aggregated level; establishing consistent tracking across both audit protocols is part of the Group's broader work to strengthen CAP reporting going forward.

4.6 Priorities Going Forward

During the reporting period, the Group's due diligence efforts highlighted the importance of expanding visibility beyond Tier 1 suppliers and strengthening direct engagement with production sites. Increased mapping activities revealed that supply chain structures were more complex than previously understood, particularly where agents and traders are involved.

These insights will influence the Group's priorities going forward, including stronger upstream due diligence, improved traceability efforts across both supplier structures and raw materials, and increased focus on supplier transparency and responsible purchasing practices.

To strengthen the tracking of implementation and results in future reporting periods, the Group plans to:

- Introducing factory-level purchase order placement through the new ERP system, enabling more accurate data on sourcing volumes per production site.
- Develop outcome-oriented indicators for wages in Bangladesh and India, and working hours in China.
- Expand CAP tracking to include structured data on finding categories, timelines, and closure rates.
- Implement Better Cotton's chain-of-custody system with major cotton suppliers. The system was launched in the supply chain during the reporting period and enables origin tracing of Better Cotton for the first time. Traceable Better Cotton has not yet entered the assortment as of the reporting period; the start of implementation is planned during the 2026 calendar year. Once in place, this will provide substantially improved visibility into cotton origin and faster identification of potential sourcing risks, including geographic exposure to higher-risk producing regions.

5 Communicate

5.1 Communication with Affected Stakeholders

The Group communicates with the stakeholders regularly, both during systematic check-ups, and ad-hoc analysis. The Group wants a supplier relation based on trust and predictability; therefore, the Group wants to avoid unannounced visits or control unless the Group has a valid and specific reason. The Group did not conduct any fully unannounced visits or audits in the tier 1 factories in the reporting period, but the Group has seen some fully unannounced audits being conducted by other customers of the factories in tier 1. These reports indicate good performance even though fully unannounced audits. A reason might be that the fully unannounced audits are done in factories where HR and management systems have been audited before, or that the audited tier 1 factories have a lower inherent risk leading to similar findings in both announced and unannounced audits.

An example of a strong stakeholder engagement in the recent year has been around the Pakistan Accord. Stakeholders in the local community has shown a great interest in signing the Pakistan Accord. The suppliers have also been cooperative in this new program, and the Group has continuous dialogue regarding the fire, electrical, boiler and building safety protocol. So far, the Group has not seen changes in Pakistan, but the Group is expecting to see improvement in Pakistan health and safety as the Group did in Bangladesh.

Feedback and observations gathered through supplier dialogue, factory visits, and worker interviews contribute to the Group's understanding of working conditions and influence the prioritization of due diligence efforts.

During the reporting period, discussions with suppliers and production sites highlighted recurring challenges related to excessive overtime, wage pressure, and occupational health and safety in upstream production processes. These insights supported the Group's increased focus on Tier 2 and Tier 3 due diligence activities.

The Group acknowledges that direct engagement with workers and affected rightsholders further upstream in the supply chain remains an area for continued development. Currently, worker voice is primarily captured through anonymous interviews conducted as part of social audits, rather than through independent or proactive engagement mechanisms. The Group recognises this as a limitation and intends to explore more structured approaches to direct worker engagement in future reporting periods.

5.2 Communication of own Due Diligence

The Group aims to communicate transparently about both progress and challenges related to human rights and decent working conditions in its supply chain. The purpose of this report is not only to describe policies and systems, but also to provide insight into identified risks, actual findings, mitigation measures, and areas requiring further improvement. The Group is committed to guiding the customers about sustainable and ethical purchasing practices, in addition to providing guidance towards these choices.

All published material is available on the Group's websites.

5.3 External Inquiries Regarding the Transparency Act

According to the act, stakeholders have the right to receive concrete information about how the Group handled due diligence assessments in the production line. The Group directs all inquiries to customer service.

When the stakeholder contacts customer service, the Group responds within three weeks at the latest with a concrete answer. Customer service forwards the email to the sustainability department, who will create the response.

The Group seeks to respond to information requests in a transparent, accurate, and understandable manner, while balancing considerations related to confidentiality, privacy, and commercially sensitive information in accordance with the Transparency Act requirements.

Questions and requests received through this process also provide valuable input for the Group's ongoing due diligence work and may contribute to identifying areas requiring further assessment or improvement.

The Group will continue assessing opportunities to strengthen direct engagement with workers and affected rightsholders, particularly in upstream production processes where risks may be less visible through traditional monitoring systems.

6 Provide for or Cooperate in Remediation when Appropriate

Where the Group identifies that it has caused or contributed to adverse impacts or is directly linked to such impacts through business relationships, the Group seeks to support or cooperate in remediation efforts in line with the OECD Guidelines and the Norwegian Transparency Act.

The Group recognizes that remediation is an important part of effective due diligence and that corrective actions should aim not only to address non-compliance, but also to reduce the risk of recurrence and improve conditions for affected individuals.

When assessing remediation measures, the Group seeks to consider the potential impact on affected workers and local communities, including whether corrective actions contribute to safer working conditions and reduced risk of recurrence.

6.1 Principles and Approach

The Group is committed to taking responsibility when material negative impacts occur within its value chain. The approach to remediation is differentiated based on the Group's causal relationship to the impact, in line with OECD due diligence principles:

- **The Group caused or contributed to the impact:** Where the Group is found to have caused or contributed to an adverse impact on workers through its own actions, commercial practices or lack of oversight, the Group will take appropriate corrective action to address the harm and seek meaningful resolution. This may include adjusting its own purchasing practices, contributing to remediation measures, or strengthening internal controls to prevent recurrence.
- **The supplier caused the impact:** Where a supplier is responsible for adverse impacts due to breaches of social requirements, the supplier is required to provide appropriate remediation to ensure that affected workers or communities receive fair and effective remedy.
- **The Group is directly linked through business relationship:** Where adverse impacts are directly linked to the Group through business relationships but caused by suppliers, the supplier is expected to implement corrective actions and provide appropriate remedy.

Ensuring compliance with the Supplier Code of Conduct is fundamental to promoting decent work and safe working conditions throughout the supply chain. When non-compliance with the Code of Conduct or audit requirements is identified, the Group applies a structured approach to remediation

- A root cause analysis is carried out to identify underlying issues and systemic risks.
- Based on this analysis, the supplier is required to develop a Corrective Action Plan (CAP) outlining specific corrective and preventive measures, with defined timelines.
- The CAP is shared with the Group for review to ensure a collaborative approach to implementation and follow-up.

- The first time a supplier is not approved, they are given the opportunity to correct the problem. Where a supplier fails to demonstrate willingness or capacity to address serious or repeated violations, the Group may evaluate escalation measures, including potential termination of the business relationship.

Remediation progress is monitored through follow-up and integration with audit processes. For suppliers assessed under SMETA, corrective action plans are uploaded to the supplier's digital profile together with the audit report. For suppliers assessed under Amfori BSCI, audit reports and CAPs are shared with the Group's Sustainability Department, where they are assessed, discussed and tracked for progress.

The Group's approach to remediation is based on dialogue, corrective action, and continuous improvement in cooperation with suppliers and relevant stakeholders. In most cases, the Group seeks to use its leverage to improve conditions rather than immediately terminate business relationships, as disengagement may negatively affect workers and local communities.

6.2 Channels for Workers in the Value Chain to Raise Concerns

The Group recognizes that audits provide a snapshot in time and that accessible and safe channels for raising concerns are essential to identify and address adverse impacts on an ongoing basis. In accordance with the Supplier Code of Conduct, it shall be safe for workers in the supply chain to raise concerns related to breaches of social requirements without fear of retaliation. In 2023, the Board of Directors approved an update to the Group's policy for responsible business conduct, formally establishing external whistleblowing as a mechanism available to workers and other stakeholders in the value chain.

Workers in the value chain currently have access to three channels to raise concerns:

- **Group-level whistleblowing channel:** The Group has established a whistleblowing channel available to external parties, accessible via the supplier page, customer page and investor page (kid.no). The Group acknowledges that awareness and direct accessibility for workers in the upstream value chain may be limited, and this remains an area for continued improvement.
- **Factory-level grievance mechanisms and audits:** Social audit protocols (SMETA and Amfori BSCI) include assessments of local grievance mechanisms at factory level. Anonymous worker interviews conducted during audits also serve as a channel to identify concerns related to working conditions and potential breaches of the Code of Conduct. Audit results are communicated to the Group.
- **Complaints mechanism under the International Accord:** As a signatory to the International Accord for Health and Safety, the Group contributes to providing workers at Accord-covered factories in Pakistan and Bangladesh with access to a confidential complaints mechanism related to health and safety. Complaints are investigated by the Accord, remediation requirements are communicated at factory level, and workers are protected against retaliation. Summaries of closed

complaints are published by the Accord. Where non-OHS complaints are identified, the Accord informs signatory brands through established notification processes.

As of the reporting period, the Group does not yet have a consolidated assessment of the effectiveness of these channels. The effectiveness of grievance mechanisms and remediation outcomes is monitored on a case-by-case basis as part of ongoing due diligence activities.

6.3 Updates from the Reporting Period

Building safety — Pakistan (International Accord)

During the 2024–2025 reporting period, the Pakistan Accord identified critical structural weaknesses in two out of three production units at a long-term supplier facility in Pakistan, following core sample testing conducted in February and March 2025. The structural assessment confirmed that load-bearing columns in both units were overstressed and posed a direct risk to worker safety.

The Group did not have active production orders in the two affected units at the time of the finding. However, given the long-standing business relationship and the severity of the risk to workers, the Group engaged actively with the Accord and co-signatory brands throughout the escalation process.

The factory was escalated to Stage 1 in May 2025 after failing to take the required actions to ensure worker safety, and to Stage 2 later the same month after Accord engineers were denied access to the premises. Following a verification inspection in June 2025 confirming that workers had been evacuated, the factory was de-escalated. However, in July 2025 the factory was re-escalated to Stage 2 after production was found to have resumed in the evacuated units and Accord engineers were again denied entry. Engineering assessments conducted as part of the ongoing process have since confirmed that structural conditions in Unit 2 are worse than initially assessed, with all columns and almost all beams requiring retrofitting.

As of the reporting period, Unit 2 is fully closed to all workers, with only authorised engineers permitted on site for remediation work. Unit 1 may continue limited operations within a designated safe zone, subject to a maximum occupancy of 50 people, pending completion of a detailed engineering assessment. Any further breach of de-escalation conditions will result in immediate Stage 3 escalation, which would require all signatory brands - over 130 globally - to cease business with the factory within six months. The Group has paused orders from the supplier (all production units) and continues to monitor the case closely. The case remains ongoing and the Group is evaluating the future relationship with the supplier in general.

Fire — Dyeing and printing mill, India

In late 2024, a fire broke out in the dyeing and printing mill of one of the Group's key suppliers in India. The incident occurred during daytime working hours. All fire alarms and safety systems were fully operational, and the factory was evacuated without injuries or casualties. Indian authorities investigated the incident; no definitive conclusion regarding root cause has been established.

Following the fire, the Group maintained close dialogue with the supplier and continued to support the business relationship. Rather than pausing orders, the Group accelerated payments to support supplier liquidity and adjusted shipping schedules to accommodate the temporary reduction in production capacity.

In May 2025, members of the sustainability team visited the supplier and production sites, and conducted a SMETA audit at the stitching unit. The dyeing and printing mill has since been rebuilt and is fully operational. An additional stitching unit was also constructed by the supplier during the reporting period. Both the dyeing and printing mill and the original stitching unit have undergone social compliance audits (SMETA) and maintain completed SAQs on the Sedex platform. The new stitching unit is planned for SMETA after three months of full operation. The Group considers this case concluded and regards the supplier's recovery and continued commitment to social compliance as a positive outcome.

Bangladesh — Political unrest and wage situation

In 2024, Bangladesh experienced significant political unrest including large-scale demonstrations. The Group's main supplier in Bangladesh, representing 87% of the Group's sourced value from the country, is located in an area affected by the unrest. The factory remained open on all days when legally permitted to operate, and employees received full wages even during periods of closure due to curfew.

Regarding wages, despite a 56% increase in the legal minimum wage for garment workers in late 2023, a significant gap between minimum wages and living wages persists. The Group maintains continuous dialogue with the supplier's HR and compliance department and monitors the situation. The supplier's management has indicated intent to begin tracking living wages, but no target date has been confirmed as of the reporting period.

Cotton - Earthsight report, Brazil

Following the publication of the Earthsight 'Fashion Crimes' report in early 2024, which raised concerns about land grabbing, illegal deforestation and human rights violations among 'Better Cotton' growers in the Cerrado region of Brazil, the Group conducted an updated mapping of all raw cotton materials including countries of origin. A follow-up mapping in 2025 confirmed that a small share of the Group's cotton continues to originate from Brazil via a mass-balance system, at approximately the same level as identified in 2024.

The Group has not initiated a formal ban on Brazilian Better Cotton, but continues to issue guidelines to relevant suppliers encouraging a shift to cotton from other regions. The Group's assessment is that remaining within the Better Cotton system — where risks can be identified and addressed — is preferable to shifting to conventional cotton where similar risks may be present but unmonitored. The Group's longer-term response to the traceability limitations underlying this issue is described in Section 4.6.

Electronically signed, Lier, 16. June 2026

The board of directors, Kid ASA

Espen Gundersen
Chairperson

Jon Brannsten
Board member

Liv Berstad
Board member

Gyrid Skalleberg Ingerø
Board member

Karin Bing Orgland
Board member

Marianne Fullford
Chief Executive Officer