

# Norwegian transparency act

2023

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Organizational structure and business

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Our supply chain structure

---

Due diligence process

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Capacity building on main risks along the supply chain

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Risk assessment and management

---

How do we measure our performance

---

Further steps

# Norwegian transparency act

## Norwegian transparency act

This document has been prepared in accordance with the Norwegian Transparency Act. It sets out the steps taken by Mango to control business operations along the supply chain which shows the commitment to respecting fundamental human rights and decent work conditions, to minimize risks and to promote positive impacts.

This Statement constitutes Mango Group Norwegian Transparency Act Report for the Financial Year 2022 and refers to both MANGO MNG HOLDING SAU and its subsidiaries, including MANGO NORGE, AS.

## Organizational structure and business

MANGO MNG HOLDING, S.A.U. is the parent company of a group of companies whose principal business purpose is the design, manufacture, distribution and marketing of clothing and accessories, as well as other categories such as decoration and homewear.

Mango was founded by Isak Andic in 1984, who opened his first store in Barcelona at Paseo de Gracia, before beginning the international expansion of the company. Today, Isak Andic continues as Non-executive Chairman of Mango, which has become Spain's most international fashion company in terms of number of countries in which it operates and one of the leading European groups in the sector.

Although Mango started its business activity focusing on the female target market, over the years it has diversified its activity. In 2008, the company entered the male fashion market with the launch of Mango Man; in 2013 it entered the children's fashion market with Mango Kids and in 2021 launched a line for adolescents, Teen. In 2021, adapting to the new consumption habits caused by the Covid-19 pandemic, the company strengthened with a line of homewear items and extended its product portfolio with cosmetics and perfumery.

Mango is a family business whose top executive body is the Steering Committee, made up of eleven members who represent key areas of the company and manage and coordinate the day-to-day activity. In 2021 the Sustainability Committee was established, made up of various members of the Steering Committee and other key decision-making areas in the sustainability strategy.

Mango sells its products through company stores, franchises, and its online channel. The franchise system is operated in countries where the cultural and administrative characteristics are different to our own and for this reason it is more convenient for the management to be carried out in the same country.

## Our supply chain structure

Every year we advance in the construction of both a structure and a solid vision in terms of corporate

social responsibility (CSR), viewing this concern as an intrinsic part of the organization, that will lead to a solid commitment in terms of sustainable development.

This business perception extends throughout our value chain, and it takes shape in a responsible management model that is based on the search for shared value with our stakeholders.

There are two different production systems: one, where Mango designs the product, orders its manufacture and purchases the finished garment. In this case, the supplier is responsible for purchasing all the raw materials for production. In the other case, all the raw materials used in the garment are purchased by Mango and later sent to the suppliers for manufacturing.

Supplier's characteristics are exactly the same in both production systems. Using one or the other depends, mainly, on geographical (proximity) and technical (specialization on the manufacturing) factors.

Suppliers can work with more than one factory for the manufacturing of our collections. Some of them may be used discontinuously depending on the characteristics of the product required.

In terms of production volume, more than 155M of articles were produced by Mango. The main supplier market for Mango continues to be China, followed by

Bangladesh, Turkey, Vietnam, Pakistan and Morocco. Spain and Portugal are in the top ten production countries.

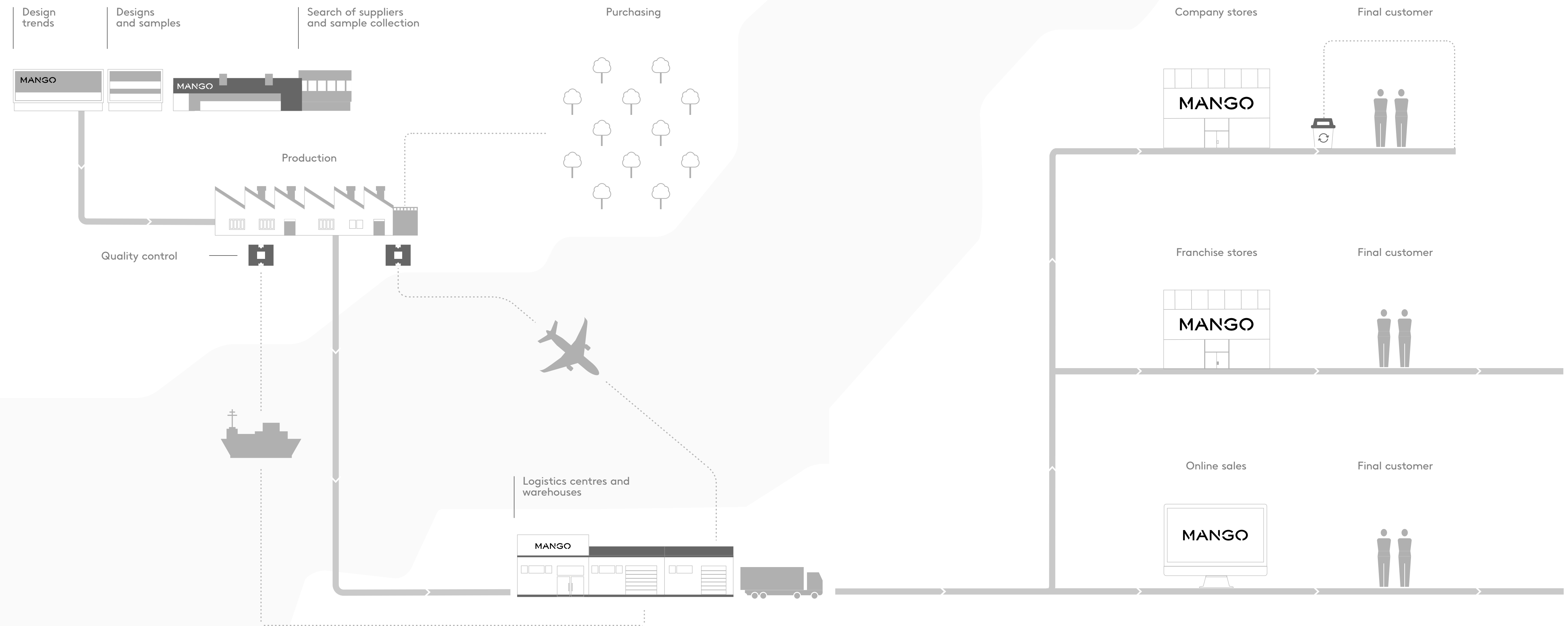
During 2022, Mango advanced in the traceability of its value chain. In 2022, we became the first major Spanish company to publish its list of manufacturing, processing, and raw materials factories, according to the Transparency Pledge Standard and within the framework of the bilateral agreement with CCOO of Industry. The complete list with the name and address of the factory, number of employees and type of product is published on the Mango webpage. This factory list can be also found in the Open Supply Hub (OS Hub) platform.

## Due diligence process

At Mango we believe that it is essential to promote the sustainable development of our supply chain. For this reason, we strive to establish responsible management of suppliers that considers environmental and social issues.

The so-called Ruggie Framework to Protect, Respect and Remedy has been the fundamental basis for companies to include human rights aspects within their internal management. To a large extent, they helped raise awareness of the need to develop tools to measure and evaluate the application of human rights in all spheres of activity, both internal and external.

Figure 1. Mango's Value Chain



As part of our commitment to work towards defending and respecting universal human rights, in 2014 we joined the Business and Human Rights working group of the Spanish Network of the Global Compact, among many other initiatives related to the due diligence performance.

One of our responsibilities at Mango is to guarantee respect for the protection of human rights within our area of influence. This is the basis for working in accordance with the United Nations Guiding Principles on Business and Human Rights and Principle 1 of the Global Compact.

**Mango Code of Conduct**

Within Mango, sourcing departments work together with CSR and quality departments for prior verification of the production centers proposed by suppliers and for valuation before any order confirmation. This ensures that Mango requirements are met in all areas.

All CSR and sustainability policies are focused to promote good practices (employment, social and environmental) along the supply chain and the respect of workers’ human rights in the production sites. We need the suppliers to become our strategic partners who commit with these goals.

We prioritize consolidating the relationships of trust with suppliers at long term basis.

For this purpose, all suppliers are required to comply with Mango code of conduct (CoC) which is part of the commercial agreement they sign with Mango. Our code of conduct is based on the principles and philosophy of the United Nations Global Compact, the Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child. It also includes all the applicable conventions and recommendations of the International Labour Organization (ILO). Mango joined Amfori in 2017 so that, BSCI code of conduct can be considered as a reference code for all Mango business partners.

**Auditing process**

We are conscious of the risks within the textile sector and therefore, in our supply chain and recognizes that it can be challenging to achieve full compliance with the requirements of the code of conduct, but we believe it is critical.

We use external social audits as the control basis for the implementation of Mango code of conduct. The external audits carried out in the production centers are undertaken by different first level auditing companies. On certain occasions, the internal CSR audit team may also participate in the audits or perform the follow-up of a specific aspect of the code of conduct.

Audits are always non-announced.

Besides, representatives of the International Industrial Division of the CCOO trade union, affiliated with Industrial and Global Union (international trade union federation), make joint visits to some factories in Asia. These visits are under the framework of the bilateral cooperation agreement with trade unions signed with CCOO Spanish trade union in 2018. The main aim of this agreement is working together to improve working conditions along Mango supply chain as well also learn at first-hand about the role of the trade union representation in the same.

The risk map in the value chain, drafted by the Mango CSR Chair, has been the key starting point to detecting risk factors by production country and is helping us prioritize actions according to requirements.

Since 2021, Mango has also considered the Higg Facility (Higg FSLM) by Sustainable Apparel Coalition (SAC) for social and labour standards compliance at factory level. With this tool, Mango aims to contribute to the effort being made by the entire industry in order to promote significant changes in the social and employment conditions of global supply chains.

**Grievance Mechanism**

The Mango code of conduct provides an e-mail address to channel complaints or breaches from any of company location. Access to the appropriate complaints channels is key to guaranteeing an effective

and immediate solution for the companies, workers and communities. Solid and reliable complaints procedures make it possible to resolve issues proactively as they arise, before the confidence of workers or the community erodes, or becomes more complicated. They are a valuable tool for detecting current and potential future problems and offer good guidance on how to improve commercial operations for all stakeholders.

With this in mind, Mango joined the amfori Speak for change (SCGM) programme in order to allow the workers in the supply chain a means to express their complaints when other procedures do not provide solutions or a satisfactory remedy.

**Capacity building on main risks along the supply chain**

During the last years we have developed additional procedures to prevent and/or minimize the risks of Modern Slavery and human trafficking, among others risks detected along our industry. For that purpose, we have developed a training plan focused in improving the capacity building along the supply chain. All the suppliers and factory managers of our main production countries are invited. These workshops have been successfully held in India (Delhi and Bangalore), in China (Shanghai and Guangzhou), in Turkey (Istanbul) and Bangladesh (Dacca) and in Spain and Portugal, so far. The goal is to continue working on the same direction and go deeper into the most common issues detected as main non

conformities during the audits as an approach to mitigate modern slavery risks.

Training the supply chain helps to promote due diligence and reduce the number of breaches during social audits, thus reinforcing our commitment to improve conditions in production centres.

Besides, we inform our suppliers about Zero Tolerance non conformities and highlight the importance of the follow-up and corrective actions plans for continuous improvement.

# Zero tolerance level

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Child labour

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Any form of forced or obligatory labour

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Serious risk to employee health and safety

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Refugee exploitation

In line with its commitment, Mango held in early 2023 the Vendor Summit, a hybrid event to inform all its suppliers about the ongoing internal projects. This meeting also helps them to understand the role each one will play in those projects and discuss several compliance subjects, among other human rights, decent work conditions on the basis of transparency.

We recognize the extreme complexity of managing these issues in the industry; that is the reason why we involve suppliers as partners to work together in the detection and prevention of any modern slavery risk also along their own supply chain (cascade effect).

**Risk assessment and management**

We work on the management of impacts, risks and opportunities. Guaranteeing ethical and responsible conduct within the organisation is a key issue for Mango. With this aim, the various management bodies continually evaluate the risks derived from the various aspects of sustainability with an impact on the activity of Mango, adopting all the necessary measures for their monitoring and control, directly and in permanent dialogue with the other departments of the company.

The internal control and compliance departments and management bodies also analyse the possible risks of corruption, taking the necessary measures to ensure that such situations of risk do not arise.

In the event of any situation that involves conduct that is not ethical or in breach of the Mango code

of ethics, there is a communication channel for the correct management of any potential reports, queries or comments that may arise.

**Map of risks to the value chain**

The Mango CSR Chair (ESCI-UPF) drawn a map of social and environmental risks to classify manufacturing countries according to their level of risk from the perspective of responsible management of the supply chain. This information is very useful to evaluate the risk of suppliers located in different countries, support due diligence procedures and provide guidance on the need for conducting social audits in supplier factories, and how often.

The overall classification of the social and environmental risk of countries is produced by estimating the level of risk in nine areas that correspond to the sections of the Mango code of conduct. For each section an indicator was selected which expresses the specific conditions of the country that could put at risk its compliance toward the requirements of the code of conduct.

The standards of reference used were, among others, statistics and studies of the International Labour Organisation (ILO), Children’s Rights & Business Atlas, World Risk Poll and the Global Gender Gap Index.

**How do we measure our performance**

In order to ensure that Mango complies with the highest ethical and sustainability standards, Sus-

tainability department presents a monthly report to the Sustainability Committee. Our strategic plan is reviewed continuously, internally, and externally through third parties auditing bodies.

Mango performance on environment and on human rights is reported in the Sustainability Report 2022.

Apart from the internal audits by Compliance department, Mango uses tools such as the Higg Brand & Retail Module (Higg BRM) to identify strengths and opportunities for improvement throughout our value chain.

Mango is a member of the SAC since 2020 and is subject to its yearly evaluation. The results are published in the Sustainability Report 2022, available on Mango’s corporative website.

Furthermore in 2022, Mango obtained a result of 73.4% environmental performance in the Higg BRM (2021: 65.8%) and 79.6% social performance (2021: 75.5%).

In 2022, Mango participated for the first time in the Carbon Disclosure Project (CDP) to measure its environmental impact and strategy.

**Further steps**

**Global partnerships (SDG 17)**

To support and achieve the Global Agenda 2030, we promote the creation of alliances with key organiza-

tions in order to ensure an efficient and responsible management of our supply chain. Through these connections we intend to align our company and policies with those Sustainable Development Goals we identify the most (SDG8 & SDG12 & SDG17).

Details about the partnerships can be found in the annual sustainability reports released in the corporative website.

**Commitment for future**

Mango is aware of emerging risks in the garment industry. We need to be alert to the impacts of our operations in sourcing regions and communities. We will therefore continue to develop and extend our approach to respecting fundamental human rights and decent work conditions along Mango supply chain and, to go on working in collaboration with industry partners and stakeholders.

This statement was prepared by Mango and was approved by the board of directors as of June 29, 2023.

More details and information about Mango sustainable performance indicators, key figures, expansion, and financial status of the company can be found in the Sustainability Report 2022 released on the website: [www.mangofashiongroup.com](http://www.mangofashiongroup.com)

**SUSTAINABLE DEVELOPMENT GOALS**



**MANGO**