

# DUE DILIGENCE STATEMENT

IN

LAGER 157 AB

01.01.2025-31.12.2025

## 1 INTRODUCTION/FOREWORD

Lager 157 AB follows the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Our approach to compliance is set out in this statement and is supported by independent third-party audits of our suppliers according to Amfori or Sedex standards.

The OECD Guidelines are recommendations from governments to multinational companies on how to conduct business responsibly regardless of where the companies operate. The OECD has developed a Due Diligence Guidance for Responsible Business Conduct with the aim of helping companies to implement the OECD Guidelines for Multinational Enterprises in practice. The OECD Due Diligence Guidance includes recommendations and other provisions on due diligence that aim to better enable companies to avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships.

Lager 157 AB is the parent company in a group whose activities are in the clothing industry, with sales of self-designed clothing in stores and online. Our physical store locations in Sweden, our e-commerce platform and group management, control and support functions are owned and operated by Lager 157 AB, while physical store locations in other countries are owned and operated through national subsidiaries. Products are purchased through supplier agreements entered into by Lager 157 AB. The suppliers, in turn, collaborate with various manufacturing companies. Our suppliers are mainly established in Sweden, but some are also established locally in the countries where production takes place. Through their subcontractors, our suppliers have production facilities in Bangladesh, China, Turkey, Myanmar and India.

In line with our [Sustainability Page](#), Lager 157 AB has adopted a Supplier Code of Conduct based on principles enhancing Corporate Social Responsibility to ensure responsible business conduct throughout our supply chain. All suppliers are required to sign our Code of Conduct before we enter into a contract with them. The Code of

Conduct sets out that our suppliers must respect and uphold international human rights standards in accordance with the UN Declaration of Human Rights .

We want to be a responsible purchaser by only working with suppliers that have signed our Suppliers Code of Conduct and comply with it. Lager 157 requires that all suppliers engage in relevant independent third-party audits conducted when the contract is signed and annually or every other year throughout the business relationship, in accordance with Amfori or Sedex standards. The Amfori Business Social Compliance Initiative (BSCI) standard aligns with OECD guidelines, UNGPs, and ILO conventions. The Sedex SMETA standard is based on the Ethical Trade Initiative Base Code, which is founded on ILO conventions. Consequently there are regular third party audits of human rights and labour conditions, and where the Amfori (BSCI) standard is used also of environment, anti-bribery and anti-corruption, consumer interests, and corporate governance across our operations and supply chain. Lager 157 AB can also approve use of other independent third parties and audit standards on a case-by-case basis. As the group's central purchasing and compliance functions and resources are located in the Swedish parent company, Lager 157 AB also works closely with the group's subsidiaries regarding vetting and auditing suppliers.

## 2 IMPORTANT INFORMATION ABOUT THE COMPANY

### 2.1 Company name

Lager 157 AB, company reg.no. 556549-2690.

### 2.2 Products, services and markets

Lager 157 AB sells clothes to consumers in Sweden. Our concept is "GREAT BASIC FOR ALL PEOPLE". Our focus area is basic garments, which have been aesthetically designed to be timeless in style and built to be worn season after season, not just for a single trend.

### 2.3 Organization of the company

Lager 157 AB is the parent company of a group originating in Sweden with subsidiaries in Sweden, Norway, Finland, Denmark and Germany. The group conducts operations (sales from physical stores and a common Sweden-based e-commerce platform) in Sweden, Norway, Finland, Denmark and Germany.

The Lager 157 Group has 2250 employees working in different locations, spread across our 97 stores. The group's management team consists of the CEO, Logistics

Manager, Accounting Manager, System Manager, Assortment Manager, Sales Manager, E-Commerce Manager and Controller, all employed by the Swedish parent company.

## 2.4 Responsible for the due diligence in Lager 157 AB and this statement

Our CEO and founder, Stefan Palm, is primarily responsible for the due diligence of Lager 157 AB and this statement.

## 2.5 Policies and procedures for managing adverse impacts and risks

Due diligence addresses actual or potential adverse impacts (risks) in the following areas covered by the OECD Guidelines for Multinational Enterprises: human rights including employees and labour market parties, the environment, anti-bribery and anti-corruption, information management and consumer interest. Accountability in these areas must form an integral part of the business. It is important that the management creates and communicates a clear direction for the business. Responsibility must be placed internally and training must be given to employees. In addition, we must communicate our expectations clearly to our suppliers and business partners and require them to act responsibly in accordance with our expectations.

To achieve our objective of integrating responsible business practices throughout the entire operation, we have implemented policies and procedures adopted by the Board of Directors and management, including our Suppliers Code of Conduct (click [here](#) to further read about our sustainability approach). These documents are evaluated regularly and updated as necessary. Through the group's supplier agreements, ethical conduct is required by our suppliers. Lager 157 AB and its subsidiaries comply with applicable employment, occupational health and safety, and non-discrimination legislation in the respective jurisdictions in which they operate.

## 3 IDENTIFIED ACTUAL OR POTENTIAL ADVERSE IMPACTS

### 3.1 General

Part of the process of incorporating responsible business conduct outlined in the OECD Guidelines includes identifying and evaluating actual and potential adverse impacts associated with the company's operations, products or services. In assessing what constitutes a potential adverse impact, the severity of the consequences for those affected and the likelihood of adverse impacts shall be taken into account.

We have conducted due diligence and have identified actual and potential adverse impacts linked to the company's operations, products or services that the company has either caused or contributed to, or that are directly related to its operations, products or services through supply chains or business partners.

### 3.2 Method of mapping

The mapping of our supply chains and negative consequences has been carried out by the central coordinators of Lager 157 AB. Part one consists of gathering general information about risks associated with different industries and geographies or products and activities in our supply chains. The information has been obtained from government and non-profit data, industry standards, third-party reports and analyses, etc. Part two of the mapping consists of collecting information from and about our suppliers and their subcontractors in particular.

Lager 157 AB obtains data from independent assessment bodies, both in connection with the engagement of new suppliers and subcontractors and on an ongoing basis throughout the business relationships. The assessment bodies are international trade organisations enabling their members to develop their organisations and strengthen supply chains in a manner that respects human rights and facilitates continuous improvement. These assessment bodies conduct independent assessments of production facilities and subsequently generate reports based on these assessments, which are made available to their members and partners. This documentation forms the basis of our due diligence.

For the group's suppliers, a third-party assessment of each individual subcontractor (i.e. the producing factory) is required before the subcontractor is hired to produce goods for the Lager 157 Group and audits are carried out regularly throughout the business relationship.

The assessments shall be carried out by an accredited third-party assessment body in accordance with the Amfori Business Social Compliance Initiative (BSCI) standard or the Sedex SMETA standard. The Amfori Business Social Compliance Initiative (BSCI) standard aligns with OECD guidelines, UNGPs, and ILO conventions. The Sedex SMETA standard is based on the Ethical Trade Initiative Base Code, which is founded on ILO conventions. The assessments include visits to physical factories and employee interviews. The assessments follow the procedures and reporting templates of the respective relevant independent assessment body. Where issues are identified, suppliers must complete a corrective action plan monitored by the

relevant assessment body. Suppliers that fail to participate in action plans and demonstrate improvements in these areas are not used.

In our mapping process particular focus is placed on the following areas:

#### Manpower (BSCI and SMETA)

Only people who are established in the labour market in accordance with the legislation in force are allowed to work in the factories. We have zero tolerance for child labour, illegal labour or other forms of exploitation, including forced labour as defined within the ILO framework.

#### Working time (BSCI and SMETA)

Statutory working time regulations must be followed. Any exceptions must be approved in writing by any relevant trade union and must be certified, kept and presented on request.

#### Salary (BSCI and SMETA)

Where there is a statutory minimum wage in the country in which the subcontractor operates, the worker's wages may not in any case be lower than that minimum wage or, where applicable, the minimum wage laid down in a collective agreement. Compensation for overtime and inconvenient working hours shall be paid in accordance with applicable law and/or the relevant collective agreement.

#### Production environment (BSCI and SMETA)

The production environment must always be in accordance with or better than the statutory requirements for the work environment. Deviations related to these provisions shall be documented during an inspection with the associated plan and/or deadline for correction of the deviation.

#### Organizational rights (BSCI and SMETA)

The workers at the manufacturing factories shall have the right to organize themselves to collectively represent their interests in accordance with the applicable work environment legislation in the country. Communication between workers and trade union representatives must not be obstructed under any circumstances.

#### Environment

The suppliers and the manufacturing factories shall comply with applicable environmental legislation and shall require their business partners and suppliers to do the same. In addition, suppliers and manufacturing factories shall comply with the chemical compliance requirement based on the EU REACH and related Regulations. Suppliers shall document their environmental and chemical compliance in accordance with the procedures set out in the Supplier Code of Conduct.

#### Raw materials

The suppliers and the manufacturing factories shall adhere to certain principles regarding the selection of raw materials, production methods, and sourcing, in line with our sustainability requirements as set out in our Supplier Code of Conduct. In selecting materials, priority is given to natural fibres – including cotton, linen, viscose/cellulose, wool, and bamboo – where possible. Where this is not feasible, pure material compositions are preferred to facilitate recycling and minimize the use of unnecessary chemical treatments.

#### Energy consumption during production

As of the date of this statement, no finalised plan for reducing energy consumption and climate impact during production has been established.

The suppliers and the manufacturing factories are, together with Lager 157 AB, working to develop an appropriate plan in this area. As part of the third-party audit in accordance with AMFORI or SEDEX standards, the suppliers and the manufacturing factories must agree with providing primary data on energy sources at factories producing the company's garments. As Lager 157 AB is committed to improving energy efficiency in its supply chain, it will publish measurable targets and timelines on its Sustainability Page once these have been established and independently verified.

#### Anti-bribery and anti-corruption

The suppliers and the manufacturing factories shall actively work to counteract corruption in the business and the giving or receiving of bribes. They shall also contribute to internal controls and audits to identify and prevent corruption in its operations and the giving or receiving of bribes.

#### Accounting

The suppliers and the manufacturing factories shall comply with the applicable legislation and good practice for their accounting.

#### Handling of information

The suppliers and the manufacturing factories shall, where appropriate and when required by applicable legislation, share information to increase transparency for, among others, corporate governance, investors and employees.

#### Consumer interest

The produced products and services shall at all times comply with the requirements of applicable legislation for the protection of the health and safety of consumers, including standards relating to health warnings and safety information where applicable.

3.3 Identified negative consequences

Through our mapping, we have identified certain actual and potential adverse impacts that are subject to further investigation by us as described in paragraph 4. In assessing risk, we consider both the magnitude of the consequences and the probability of their occurrence. The identified adverse impacts have been assigned a priority rating on a scale of 1 to 5, where 1 represents the lowest level of severity and 5 the highest.

Negative impact	Area	Connection	Actual or potential impact	Priority
Possible risk of incorrect chemical handling during production	Decent working conditions – Occupational health and safety (OHS)	Supplier	Potential	3
Possible risk that factories do not comply with the requirement for third-party inspections in accordance with Lager 157's Code of Conduct	Decent working conditions – Occupational health and safety (OHS)	Supplier	Potential	1
Loose buttons on product and risk of injury to children	Product safety	Supplier	Actual	4

4 MEASURES TO STOP OR MITIGATE RISKS

4.1 General

The adverse impacts on fundamental human rights, including employees and labour market parties and environment identified in paragraph 3 shall be addressed by taking appropriate measures to stop, prevent or mitigate adverse impacts based on the priorities and assessments made during the mapping phase.

When assessing which measures to implement, we take into account our connection to the negative impacts and what opportunity we have to influence them. If we cause a negative consequence, the causative activity should cease. In the event that the causative activity cannot be completely stopped, we will do our best to limit the consequences as far as possible.

Lager 157 AB requires all suppliers to comply with the Amfori or Sedex standards as well as applicable legislation in the jurisdictions in which they operate. Through Lager 157 AB's supplier agreements, which the subsidiaries are also bound to and place orders under, the suppliers are obliged to comply with the Lager 157 Group's principles for ethical business and production and to contribute to third-party assessments being carried out on subcontractors. This is also followed up through

controls, and the Lager 157 Group through Lager 157 AB, has business partners who can be used to obtain and order third-party assessments, as described in section 3.2 above.

If a breach is discovered, an internal case is established at the group's purchasing department, and the breach is followed up by conducting a dialogue with and taking action with the supplier and any other parties involved. If the supplier (or subcontractor) fails to demonstrate willingness or capability to take necessary actions to address the violation and document the measures, the cooperation will as a general rule be terminated.

4.2 Our continuous work to improve internal control systems, procedures and guidelines to ensure our own compliance with relevant legislation

Measures taken

The following actions have been initiated and/or concluded in 2025 in relation to the identified negative consequences and risks described in section 3.3 above.

Negative impact	Connection	Measures	Status	Result / expected result
Possible significant risk related to human rights violations due to internal conflict in a production country, assessed in autumn 2024	Supplier	Risks were investigated in 2024 and has been further assessed in collaboration with local partners/industry organizations in 2025	Completed/Closed	Based on the follow-up, a specific assessment of production conditions was carried out. The conclusion was that production in the country will continue. The case is considered closed
Supply chain transparency is limited	Supplier	We are increasing transparency in our supply chain by making basic production information available through our Product Pass initiative.	Ongoing	Basic production information is already available online for a majority of products. The scope is continuously expanding as additional suppliers and products are included, improving visibility into our production chain over time.
A case of a workplace accident/explosion outside a production facility resulting in personal injury	Supplier	Review of relevant incident reports and commissioning of a new independent third-party audit. Assessment of necessary corrective	Completed/Closed	Follow-up showed that the explosion was caused by a gas leak at a neighboring factory. The supplier followed safety



		actions or termination of cooperation		procedures in accordance with the Code of Conduct
Discovery of a product where buttons on a sweater come loose – potential risk of injury to children	Supplier	Product recall	Completed/Closed	All sales were stopped and the product was recalled across all markets in which it had been placed. Internal procedures and the website were updated on all markets. The case was handled in consultation with the Swedish Consumer Authority (Konsumentverket), through which the recall was reported for all affected countries.
Possible risk of incorrect chemical handling during production	Supplier	The Company has updated its Code of Conduct and requires all suppliers to comply with REACH and applicable EU chemical safety legislation. We have introduced a requirement for suppliers to submit a chemical compliance report for each product	Ongoing	Chemical compliance reports are being collected from suppliers. A review of the reports is planned for 2026 to assess any necessary follow-up actions.

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5. CONTACT For questions about this statement or how we work to comply with the OECD Guidelines for Multinational Enterprises, please send an email with the subject "OECD Guidelines" to [compliance@lager157.com](mailto:compliance@lager157.com)

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Gällstad 2026

On behalf of Lager 157 AB



Stefan Palm  
Founder and CEO

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## Signatories

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