



Report on

Responsible Business Conduct 2021

for Barnas Hus Norge AS - BH Nordic AS

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SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

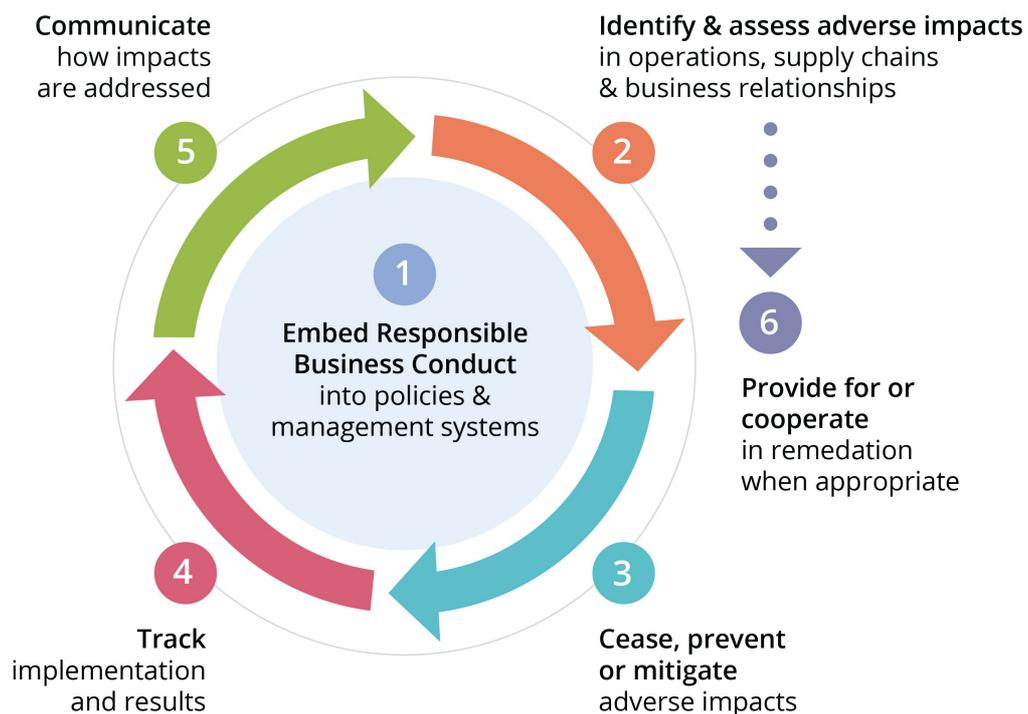
The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGP) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available on Ethical Trade Norway's website.

Heidi Furustøl
Executive Director
Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

Barnas Hus Norge AS is a leading retailer in Norway selling clothing, nursery, strollers and car seats for small children. The chain has 28 stores across the country and an online webstore: www.barnashus.no.

Our vision is "we will create a better everyday life for the little ones - and for everyone who loves children"

For us, this vision is an important guiding star and a good reminder in our daily work that we should focus on design, quality and of course safety and security in everything we do. In addition, we have four basic values that will characterize our everyday work in the company - simple - enthusiastic - change willing and responsible.

Through the value "responsible", we are concerned, among other things, with ethical trading and issues around the purchase of products from other cultures.

Barnas Hus has therefore focused on ethical trading for several years and joined Ethical Trade Norway in 2013.

We sell clothing and equipment from leading brands but are also a proud manufacturer of "Reflex" clothing and "Yngri" equipment. Through Reflex we focus on "children's working clothes" - reasonable clothing that keep children dry and warm in kindergarten, on outdoor trips and in daily play. Yngri is good quality equipment and accessories at a reasonable price.

The clothes from Reflex are designed in Norway through a collaboration with the company Blåbær Production AS which contribute to this report.

We are very pleased with this collaboration, and we find that Blåbær Production AS makes a good contribution to quality assuring our textile production in line with our codes of conduct and agreements with each manufacturer with whom we trade. Regarding Yngri, the development takes place in Sweden in our company "Barnens Hus AB".

We are confident that Blåbær Production AS and Barnens Hus AB has a close cooperation with close follow-up of our suppliers in accordance with Barnas Hus's criteria. Nevertheless, we have had a desire for greater insight and increased knowledge among our own employees. Therefore, in both 2019 and 2020, we made factory visits to our largest suppliers in China, where Blåbær Production and Barnens Hus AB Barnas Hus made visits. This provided useful insight, and a guarantee that our responsibility towards our customers in Norway and to our production plants in Asia is in the best hands. Due to the Covid-19 we had only 3 visits to China and one visit to India in 2020. Covid-19 have slowed down our plan visiting physically our factories in Asia. We have weekly meetings with our factories on Teams since March 2020 and hope we will have the chance to make visits in autumn 2022.

**" Reflex - childrens working clothes - with safety and sustainability in focus.
Yngri - everyday products for young explorers designed by Scandinavians "**

Lasse Erik Moen
CEO

Company information and business context

Key company information

Company name

Barnas Hus Norge AS - BH Nordic AS

Head office address

Grenseveien 107A, 0663 Oslo

Main brands, products and services offered by the company

Reflex. Kids and babies garments 0-10y - Yngri accessories

Description of company structure

Barnas Hus Norge AS is a subsidiary of BH Nordic AS. The stores including the online store and the central warehouse are organized in Barnas Hus Norge AS, while the service office is organized in BH Nordic AS. Purchases of goods from Asia (Reflex and Yngri) is an assignment from the category department on behalf of all the stores. Blåbær Production AS og Barnens Hus AB coordinates our design and sourcing from Asia.

Turnover in reporting year (NOK)

661 000 000

Number of employees

330

Major changes to the company since last reporting period

We have opened two more store in greater Oslo area – Cc Gjøvik, number 27 and CC Drammen, number 28

Contact person for the report (name and title)

Lasse Erik Moen, CEO

Email for contact person for the report

lasse.erik.moen@bhnordic.com

Supply chain information

General description of the supply chain and the company's sourcing model

Reflex - privat label

All design, development and sourcing made in Norway by Blåbær Production AS.

Even though we have a wide range of products, we maintain a limited number of suppliers. Approx 83% of business is direct with manufacturers/producers. Approx 17% is business through agents.

Yngri - privat label

Design, development, and sourcing made in Sweden by Barnens Hus AB. The business is mostly handled directly with the manufacturers and through agents

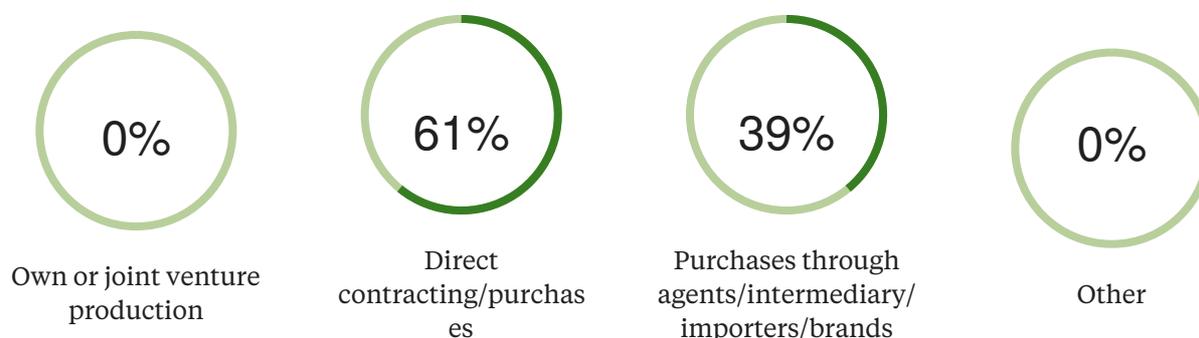
Number of suppliers with which the company had commercial relations in the reporting year

21

Comments

Reflex/Blåbær Production AS had totally 16 suppliers of whom we had commercial relations. These are mainly manufacturers from China. Reflex accounts for approximately 32,5% of total turnover in Barnas Hus - remaining sales are purchased from external bra

Approximate ratio by sourcing options



Reflex/Blåbær Production AS:

Percentage based on purchase value - Direct purchase 83%, Purchase through agent 17%. Percentage based on qty is almost same; 85% direct and 15% through agents.

YNGRI:

Percentage based on purchase value - Direct purchase 13%, Purchase through agent 87%. Split in pcs is 36% direct purchase and 64% through agent on site.

Yngri brand is very broad and falls into several different categories within our business, the brand is growing within new categories each year and the products are for children (e.g strollers) or directly at children (e.g toys) - counting pcs will thus not be correct for the entire brand.

List of first tier suppliers (producers) by country

China :	46
Sri Lanka :	1
India :	1
South Korea :	5
Turkey :	1
Poland :	1
Russia :	1

Reflex/Blåbær Production AS have totally 31 production units for all styles. E.g. our main supplier of outer wear uses 4 different production units.

Yngri have totally 25 production units for all products. 5 stroller/baby producers have their textile production in separate factories and also supply other raw materials such as metal and plastic from sub-contractors – total 8 sub-contractors.

State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:

Number of workers

8 020

Number of suppliers this overview is based on

42

Numbers of workers per supplier (calculated average)

191

Comments to number of workers

Reflex/Blåbær Production AS: 3480 workers from total 31 production units in first tier, and covers 100% of our total 16 commercial suppliers. Yngri: (4540 workers 13 different manufacturers) these are manufacturers/producers in first tier in our suppl

Key inputs/raw materials and associated geographies

Wool	Australia China
Cotton	India
Wood	China
Aluminium	China
Steel	China
ABS Plastic	China
Polyester	China
Viscose	China
Natural rubber	Vietnam
Polyethylene foam	China Poland

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

Goals Reflex/Blåbær Production AS 2021:

- We will continue to engage stakeholders to approach our salient risks such as discrimination, environment, worker representation and general labour conditions. In addition to stakeholders that we have already involved with, we will engage with organizations like IDSN, Amnesty International & Unicef to continue our on-going risk mapping.
- Based on minimum criteria that were set during 2020 we will follow up progress at all our suppliers. We will aim at raising the level of all suppliers based on the minimum criterias.
- We will continue to increase the amount of recycled materials. During 2021 we will particularly focus on outerwear, rainwear & swim wear.
- Make sure that 100% of our first-tier of our suppliers have signed and follow our chemical agreement.
- We will continue to update our risk mapping. We will investigate new salient risks to focus on as a result of COVID19. Examples are increased risk of corruption, child labour and the threat of workers' rights.

Goal :

Progress Reflex/Blåbær Production AS during 2021:

- We have during 2021 engaged with additional stakeholders like IDSN, Amnesty International & Chemsec to continue our on-going risk mapping.
- We have integrated a set of minimum criterias for suppliers. These are sent out as separate communication to suppliers, but are also included when placing purchase orders. We must admit that some parts have been challenged by the current situation during 2021. This is mainly due to lack of direct communication and physical meetings with suppliers.
- We have increased the amount of recycled materials. During 2021 we have particularly focused on outerwear, rainwear & swim wear. (Indicator Fleece: We achieved 39%)
- We have achieved our goal that 100% of our first-tier of our suppliers have signed and followed our chemical agreement.
- We have continued to update our risk mapping and investigated new salient risks. It has however been difficult to detect concrete additional risks in our supply chain during this period. As a result of COVID19 we have seen delays and limitations in audits & certification processes due to lock-downs and local restrictions.

Status :

2

Goals YNGRI 2021:

- * Internal commitment regarding sustainable business practice:
- * Create minimum criteria in this area in collaboration with suppliers in China - June 2020 - send these out by August 2020
- * Set up a minimum criteria for product areas where sustainability is not top of mind e.g toys and strollers.
- * Follow-up of the criteria in supplier meetings

Improve and develop sustainability practices:

- * Increase the proportion of recycled material on all packaging material
- * Start a work of change to certified recycled material on stroller textiles by end of 2022
- * Encourage suppliers to apply OEKOTEX-certification, or source OEKOTEX certified materials.

Ongoing during 2021

- * Encourage suppliers to apply FSC-certification, or source FSC certified materials. Ongoing during 2021

Goal :

- * Start the job of introducing a reporting system for deviations, with the help of a third-party inspection company and focus on the 5 largest suppliers.

- * Develop and educate the knowledge in Calsun team which is on site

Risk mapping of supply chain:

- * Continue on-going risk mapping, continue on sub contractors level.

Social compliance in supply chain:

- * Ensure number of suppliers who have undergone complete social audits is at a minimum of 40% by end Dec 2021 and 70% by end Dec 2022. Remaining 30% must be involved in audit process by at least have signed CoC and completed self-assessment report.

- * Minimum 85% of all suppliers who have undergone social audit, must have been assessed with an "A", "B" or "C" in Amfori BSCI system or equivalent social audit.

Status YNGRI:

- * Create minimum criteria in this area in collaboration with suppliers in China - June 2021 - send these out by August 2021 – all supplier and manufacturers have signed our minimum criteria, we received the last ones in October 2021.
- * Set up minimum criteria for product areas where sustainability is not top of mind e.g. toys and strollers – we did a brand strategy for the entire brand and all product categories within this brand in April 2021, this strategic plan is a 3 year plan. This was presented for our board in May and we have started to implement this work on all new products. This will be ongoing until 2023.
- * Follow-up of the criteria in supplier meetings – ongoing, we are discussing this with our agent and manufacturers on regular basis. However we feel the need to be on-site.

Improve and develop sustainability practices:

- * Increase the proportion of recycled material on all packaging material - and we have come a long way but there are still much we are working on to change. For all new orders arriving 2022 we have no paper manual in the boxes more, customers will be able to scan a QR code in order to access the manual.

- * Start a work of change to certified recycled material on stroller textiles by end of 2022 – we did pause this project since we did not order any new strollers during the year. We did place smaller orders for 2022 but due to increase of raw materials and shipping cost we have this on hold.

- * Encourage suppliers to apply OEKOTEX-certification, or source OEKOTEX certified materials. We had discussions with our agent where we want them to always source OEKOTEX certified materials on textiles. On all new products where applicable. Existing products in our assortment will be changed to OEKOTEX certified materials if possible when we do re-orders.

Status :

- * Encourage suppliers to apply FSC-certification, or source FSC certified materials. The pandemic has had some consequences on raw materials – price increases and lack of raw materials made us postpone this project to 2022. But also delayed deliveries have done that our current stock levels have been high and there have been no need for new orders at this category.

- * Start the job of introducing a reporting system for deviations, with the help of a third-party inspection company and focus on the 5 largest suppliers. Will be top priority during 2021 we only managed to get 11 BSCI reports due to lock downs and closed areas.

- * Develop and educate the knowledge in Calsun team which is on site – we have weekly meetings online and this is a topic. However we feel an urge to educate on site.

Risk mapping of supply chain:

- * Continue on-going risk mapping, continue on sub contractors level.

Social compliance in supply chain:

- * Ensure number of suppliers who have undergone complete social audits is at a minimum of 40% by end Dec 2021 and 70% by end Dec 2022. Remaining 30% must be involved in audit process by at least have signed CoC and completed self-assessment report. Status 2021, we have received signed code of conduct from 85% of our manufacturers and BSCI audits target reached 45%.

- * Minimum 85% of all suppliers who have undergone social audit, must have been assessed with an "A", "B" or "C" in Amfori BSCI system or equivalent social audit - of 11 audits in 2021 all of them were assessed with "C"

Goal for coming years

1

Goals Reflex/Blåbær Production AS 2022:

- Increased control of our supply chain including pension, insurance, grievance and worker representation status
- Address further some salient issues:
 - Rubber production in Vietnam
 - Cotton from China
 - Climate risks & environmental issues
 - Discrimination in India
 - Labour conditions in general
- We will continue to engage stakeholders to approach our salient risks such as discrimination, environment, worker representation and general labour conditions. In addition to stakeholders that we have already involved, we will engage with organizations like Norwegian Uyghur Committee, Fair Rubber Association & Sustainable Natural Rubber Initiative to continue our on-going risk mapping.
- We will continue to increase the amount of recycled materials.
- Achieve complete overview of our second-tier supply chain.
- Improve traceability of raw materials and main components in our products.
- We will continue to investigate new salient risks as a result of COVID19. Examples are increased risk of corruption, child labour and the threat of workers' rights.

2

Goals YNGRI 2022:

Internal commitment regarding sustainable business practice:

* We will continue to engage our agent and stakeholders in order to solve common challenges. We are committed to interacting with all our stakeholders in an ethical and transparent manner – to approach silent risks such as discrimination, forced labour, child labour, environment and overall labour conditions.

* Follow-up of the code of conduct and minimum criteria in supplier meetings

We will follow-up the minimum criteria sent out and signed to our suppliers during 2021 in order to check progress and discuss how to raise the level

Improve and develop sustainability practices:

* Increase the proportion of recycled material on all packaging material, was a goal for us during 2021 and we have come a long way but there are still much we are working on to change. For all new orders arriving 2022 we have no paper manual in the boxes more, customers will be able to scan a QR code in order to access the manual. However we still have some plastic parts that we are working to replace during 2022.

* Start a work of change to certified recycled material on stroller textiles by end of 2022 – this was paused during 2021

* Encourage suppliers to apply OEKOTEX-certification, or source OEKOTEX certified materials. We have started to apply this on new products however we have a work a head of us were we need to change OEKOTEX-certification on existing products.

* Encourage suppliers to apply FSC-certification, or source FSC certified materials. The pandemic has had some consequences on raw materials – price increases and lack of raw materials made us postpone this project to 2022. But also delayed deliveries have done that our current stock levels have been high and there have been no need for new orders at this category.

* Start the job of introducing a reporting system for deviations, with the help of a third-party inspection company and focus on the 5 largest suppliers – will be top priority during 2022. Due to strict policy from Chinese government regarding Covid-19 areas and citys have been closed long times during the year we have not managed to fulfil this goal.

* Develop and educate the knowledge in Calsun team, which is on site, during the year we had recurrent online meetings were this topic was always on agenda.

Risk mapping of supply chain:

* Continue on-going risk mapping, continue on sub contractors level.

* Investigate sub-contractors, find approved suppliers and document these, first priority will be textile. Through

international initiatives coordinated by Ethical Trade Norway

Social compliance in supply chain:

* Ensure number of suppliers who have undergone complete social audits is at a minimum of 70% by end Dec 2022 and 90% by end Dec 2023. Remaining 30% must be involved in audit process by at least have signed CoC and completed self-assessment report – Main focus the coming years.

* Minimum 85% of all suppliers who have undergone social audit, must have been assessed with an "A", "B" or "C" in Amfori BSCI system or equivalent social audit.



1

Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies* and guidelines for due diligence which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to succeeding, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed.



1.A Policy* for own business

1.A.1 Link to publicly available policy for own business

<https://www.barnashus.no/policy-for-baerekraftig-forretningspraksis>

1.A.2 What does the company say publicly about its commitment to respect people, society and the environment?

The company's policy for sustainability and ethical trade is posted on our website / web shop www.barnashus.no/csr. In addition to this, our environmental goals are published out together with our MiljøFyrtårn certification. Our overall HSE goals are also posted on the same page. We will also disseminate these goals and policies to our customers in customer letters.

1.A.3 How has the policy/commitment been developed and how is it anchored in the company?

The company's policy has been developed over time through our internal control system for HSE, environmental certification and work with ethical trade especially on privat label production of goods in Asia. The document is anchored by the CEO and the company's board of directors.

CoC has been translated into Chinese due to some limited English knowledge of workers at Chinese factories - this is made available to everyone. Most of our own goods production takes place in China.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

The CEO is responsible for sustainable business practices in BH Nordic AS and Barnas Hus Norge AS.

This is because the companies have a small organization and that sustainable business practices are a natural part of our operations.

HR is responsible for HSE and the MiljøFyrtårn certification, while it is the individual managers of all the stores, the central warehouse and the central office, that carry out both HSE and environmental work in practice.

Finance is responsible for purchasing supplies, while Sales and Concept Manager are responsible for purchasing store fixtures and equipment.

The management of the department of children equipment and textiles is responsible for purchasing goods for shops sale and especially Reflex, which is our own brand of clothing and Yngri (equipment and accessories).

Here we use Blåbær Production AS and Barnens Hus AB as sourcing partners.

Blåbær Production AS and Yngri/Barnens Hus AB, as our sourcing partners, have a keyrole implementing sustainable business practice regarding Yngri and Reflex. CEO BH Nordic is also CEO in Barnens Hus AB. Blåbær Production AS has one customer only and is "tied up" to BH Nordic AS in that sense. We meet with our college in Barnens Hus weekly and with Blåbær Production AS every month. Category team and CEO also travel with Yngri and Reflex 3-4 times a year to visit plants i Asia.

Regarding other brands and products we are selling in our stores, we require, in the suppliers contracts, that the brand/products/producer has an environmental certification and can document it. If not, they have to document a plan to do so in the near by future. We have a goal to rise the level of numbers of products from eksternal brands with environmental certification by 10% each year - from 2019 to 2021 the number have risen from 900 to 1139. We have a goal by 2023 to implement in our contracts with eksternal brands, demands regarding substeainable business practice as a hole, before they can enter ours stores.

Reporting lines in the work are shown in the organizational chart.

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

All employees in key positions outlined in the organizational chart have been involved in the process both in terms of HSE, Miljø Fyrtårn certification and ethical trade which together become our sustainable business practice. These people know through their positions what responsibilities and duties they have in these areas.

Key people in this context are: CEO, HR Manager, CFO, Marketing Director, Sales and Concept Manager, Category Heads, Store Heads and Operating Manager Barnas Hus AB.

Other employees are informed and involved in the work through environmental certification and information about the products in the Reflex and Yngri range. AMU is also informed about the work.

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

Through many years of experience with our sourcing partner Blåbær production AS and Barnes Hus AB, we have accumulated a high level of expertise in two areas in particular that are significant and important in connection with the production of clothing and equipment, especially in China and India; chemical use and regulations, organic textiles as well as animal welfare.

In addition, they have accumulated a high level of expertise in working environment challenges in China in particular. Employees in both Blåbær Production AS and Barnens Hus AB keep themselves up-to-date in these areas on an ongoing basis. They have visited the factories several times a year for a number of years.

BH Nordic's own employees in the category lack broad expertise in the same areas. These will increase their competence through 2021 by participating in courses and seminars organized by Ethical Trade and by transferring competence from Blåbær Production AS and Barnens Hus AB when visiting China together.

1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment rooted in strategies and action plans?

These are anchored through our sustainability and ethical trade policy, HSE action plan and environmental goals.

These areas are set out in priority tasks for each areas and totally for the company and for each individual manager responsible.

In our strategy, "responsible" is embodied as one of our values described in the Preface. In addition, as one of our customer promises, we are committed to responsible and sustainable trade. We do this through our work with suppliers in Asia, through our HSE work and our environmental certification. All of these areas are prioritized through clear organization and prioritized tasks.

Action plans for 2022 for both Reflex/Yngri is made in close cooperation with with Blåbær Production AS/Barnens Hus AB and the category team in Barnas Hus Norge. The category team in Barnas Hus Norge determines the level of ambition and final measures.

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and in the board?

Through annual reviews by the Board of Directors regarding our policies in this area and prioritized tasks. In addition, priority assignments for each key employee are followed up quarterly by the CEO.

1.D Partnerships and collaboration with business associates, such as suppliers

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

On behalf of BHN, Blåbær Production AS and Barnes Hus AB communicate directly with all suppliers of Reflex and Yngri. All suppliers are expected to make systematic and targeted efforts in order to comply with BHN`s Code of Conduct (CoC). Various elements and parts of CoC are discussed frequently with our suppliers during meetings, negotiations and during daily work and communication. As part of implementing our values in supply chain, we also expect our first-tier suppliers to communicate and share our CoC to any sub-suppliers related to our products.

Updated chemical regulations which applies to textile industry, are sent all suppliers 1-2times/year. Revised regulations and/or limit values are discussed during meetings and continuous dialogue. Furthermore, Blåbær Production AS and Barnes Hus AB support each supplier with customized instructions and chemical guidance with relevance for their production. Collecting environmental certificates, and checking validity and updates, is done continuously.

Indicator

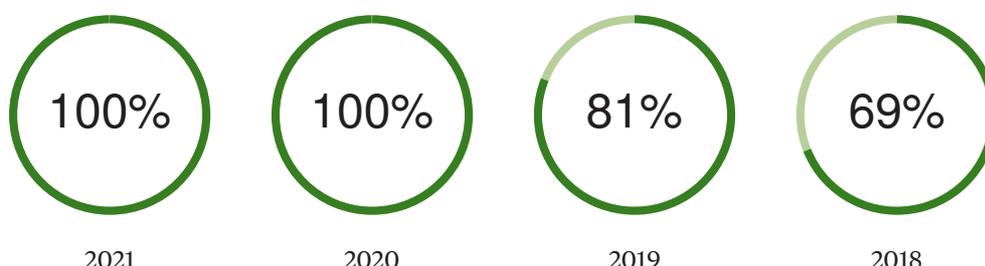
Percentage of the company's suppliers that have accepted guidelines for suppliers



Reflex/Blåbær Production AS: Since year 2018 100% of all commercial suppliers have received, signed and accepted Policy and COC.

Yngri: Since 2021 100% of all commercial suppliers have received, signed and accepted Policy and COC.

Chemical Contract Reflex



Reflex/Blåbær Production AS: Since early 2020 100% of all commercial suppliers have received, signed and accepted our Chemical Contract and follow up locally their production is in accordance with regulations & guidelines.

Yngri: We produce many different product within many categories – a few products are made of 100% textile. During 2022 will take action on all products that are made or have textile.

1.E Lessons learned and changes in the reporting period

1.E.1 What lessons has the company learned during the reporting period concerning responsible business conduct, and what has changed as a result of this?

Reflex/Blåbær Production AS:

The uncertainty which dominated 2020 did unfortunately stay with us during 2021. The pandemic set limitations for the entire world which meant restrictions, local variations and delays in production and shipments.

At the same time, we have seen increased requirements regarding sustainability, environment and demands for a greener textile industry. This applies both new laws and guidelines from governments, as well as more focus from consumers and other stakeholders regarding transparency.

Some after-effects from lock-downs and restrictions has also been seen in the shipping market. Lack of containers and limited work force in many central ports has made our work with logistic extra challenging the past year. This has resulted in delays from supplier/port due to limited equipment and space, and also increased shipment time on sea. Shipping rates have also increased drastically and rapidly. This situation has furthermore lead to additional workload for our suppliers and the entire supply chain.

The pandemic has also led to challenges regarding follow-up on certifications and audits. In some cases our suppliers have been waiting for renewal process and audit dates for way longer than usual. Long renewal- and approval-processes has been challenging to us and to our suppliers as it has limited predictability and caused some uncertainties which could have been avoided.

During autumn 2021 several suppliers and partners in China informed us that the government would cut access to electric energy for an un-defined period. Many factories were closed down for several days a week and some factories were only allowed to keep production during night-time. These energy restrictions may however be a preview of efforts that will be more frequent in the future. These are among the changes we must prepare for, and which must be taken into consideration in our planning of upcoming purchasing and production.

Other lessons learned/experiences from the past year:

- Requests and demands for sustainable materials (e.g. recycled yarns, certified organic yarns, RWS wool, and so on) did increase rapidly – pre-dominantly second half of 2020. This development has continued during 2021.
- Internal recognition and valuation of sustainable materials/garments is now more integrated and fully accepted as essential parts of our standard. We accept higher costs to gain lower risks and are willing to increase RRP to keep margins at decent level.
- We have experienced an improved willingness to change and adopt in our value chain. Our experience is that this is continuing to develop, both among our suppliers, but also among our competitors and other actors in the textile industry.
- The pandemic situation is an example of an unpredictable event that affects goals, plans and risk assessment. We must expect new challenges that can't be predicted when Covid19 is over. Willingness to change and adopt will probably be increasingly important traits in the future. This is an important lesson from 2020 that must be brought further in our future purchasing practice and strategies.

Yngri:

We did set high goals for 2021 and we were hoping that the Covid 19 pandemic would end after the summer – and we would be a loud to travel to our suppliers/manufacturers again. However, the consequences of the pandemic became even worse during 2021. This is due to a chaotic sea freight with a large shortage of containers, record high prices, closed ports, queues to ports in almost all major ports around the world. This contributed to a shortage of raw materials and rising prices. The year have followed by uncertainty in many aspects. When the year started, we did send out our minimum requirements to all suppliers and within 1 month, we had them signed from all. We have kept all suppliers we did have in 2020 and added 6 new suppliers, mostly in the stroller/baby segment. We have been working with these suppliers the past and know them well. We have a long-term experience within the industry and have been working with these suppliers for many years; our agent Calsun and the staff in this team are supporting us on spot and done production and shipment inspections if they were allowed to travel.

We have continued with online meetings with suppliers and our agent, however the connection have been bad and not online tools are working without VPN. Power shutdown and local shutdowns due to Covid 19 have made it to a challenging year.

Leason learned during 2021:

- Online meetings can not replace face to face meeting and in order to grow long term business relations and understanding we must meet in person. This comment is from last year and even though one year pasted we need to meet in person.
- Very hard to get audit reports due to travel and local shutdowns due to Covid outbreake made it impossible to have audits.
- Movies sent from production units – however that only shows us a snapshot of the working environment.
- Our cooperation with Calsun (agent) have been very important, they have informed us in detail about all local challenges due to the pandemic and been on site on productions were they informed us about their experience from the supplier – during the year Calsun team have been affected of local shutdowns several time and could not travel for 2-3 months.
- The pandemic clearly shows us how important it is for us to visit manufacturers and work for change for the better. We did set high goals for 2021 where we thought we would be able to travel after the summer of 2021. Unfortunately, it got worse and we have had challenges to reach the goals we set. An important lesson for us in the future is to set achievable goals and not many, rather work hard with a few to get a result. We also know that when the pandemic is over, there will still challenges also related to the effect of Covid 19 pandemic to labour, enviroment and sustainability and we must work hard for a will to change with our manufacturers and follow our strategy.



2

Defining the focus for reporting

Identify and assess the company's impact on people, society and environment

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

2.A Mapping and prioritising

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List the company's prioritised risk of negative impact on people, society and environment.

Salient issue	Related topic	Geography
Child labour & forced labour in natural rubber and cotton industries	Forced labour Child labour Discrimination Harsh and inhumane treatment	China India Vietnam
Labour conditions	Harsh and inhumane treatment Occupational Health and safety Wages Working hours	China India South Korea Sri Lanka Turkey
Discrimination	Forced labour Discrimination Harsh and inhumane treatment Working hours Regular employment Marginalized populations	China India South Korea Sri Lanka Poland Russia Turkey
Water Usage Cotton industry in India	Environment Water	India
Hazard chemical use India & China	Occupational Health and safety Environment Waste	China India

Environmental issues	Environment Greenhouse gas emission Energy Waste Water Use of materials	China India South Korea Sri Lanka Poland Russia Turkey
Corruption	Corruption	China India South Korea Sri Lanka Poland Russia Turkey

Reflex/Blåbær Production AS & Yngri: Salient issues in above table shows our priority focus areas, with regards to our risk assessment, to follow up closely and do our efforts to improve situation. Above risk are listed in random order as we consider all to be important in different ways. We will target each point in best manner and try to improve issues where we have a greater influence level.

Child Labour (& Forced Labour): Related to natural rubber plantation in Vietnam, cotton industry in India & China

Labour conditions: Related to all countries in our supply chain

Discrimination: Related to all countries in our supply chain, but are linked to higher risk in India & China

Water Usage Cotton industry: Mainly related to business in India

Hazard chemical use: Related to all countries in our supply chain

Environmental issues: Related to all countries in our supply chain

Corruption: Related to all countries in our supply chain, but are linked to higher risk in India & China

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

Reflex/Blåbær Production AS risk assessments are determined based on

- Risk mapping by country & product
- Webinars, online events & various resources from NGO's, NPO's & labour unions such as reports, statistics, official indexes, official regulations & guidelines from authorities.
- 3rd party audits, certifications and self-assessment reports.
- Video meetings and discussions with suppliers
- Our experience

Blåbær Production AS/ Reflex seldom brings in new manufacturers to their supply chain. We always seek to form long term relations with suppliers and business partners who share our values. It is also important that our suppliers focus on offering decent working conditions and environmental practices in the supply chain. Through long term relations, and limited number of suppliers, we have achieved full overview in 1st tier. This is a significant and ongoing project which now include second tier and a full transparent supply chain as our long-term goal.

Yngri:

1. Our frequent visit to manufacturers, review of internal reports and communication/discussion with suppliers.
2. Study and follow-up of suppliers' certificates & audits made by third parties.
3. Available information and reports from non-profit organizations (NPOs), non-governmental organizations such as (NGOs), labour unions, official indexes, statistics, and official regulations and guidelines from authorities.

Due to the variety of products within Yngri we have our products spread within several suppliers, the main product area are strollers, this is because suppliers have different models and we must source the exact model that works in our market in terms of design and functionality – the models are controlled by suppliers and casting tools in each factory.

When we source new products, we always source at an existing supplier, this because we want to create long-term relationships with our suppliers, who shares our vaule and get better collaboration with the supplier in form of sustainability, working environment that are able to change their willing of work.

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other severe impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

Reflex/Blåbær Production AS

- Animal Welfare & wool fibres/farming:

Animal welfare is an ongoing focus area and has also been prioritized during 2021. It is clearly stated in our COC that measures should be taken to minimize any negative impact on the welfare of livestock and working animals. We do not accept wool from sheep who have been subject to mulesing, and require our suppliers to follow same practice. During 2021 we have launched RWS certified yarn and products to secure stricter standards and requirements throughout the supply chain. This engagement will be prioritized further in 2022. During 2021 we have engaged with the organisation the "Norwegian Animal Protection Alliance" to discuss how certifications and other measures can be evaluated to communicate animal welfare to consumers in best possible way. Our common goal is to increase transparency for wool garments and make sure that consumers can be confident that

brands take action to minimize negative impact and secure animal welfare in their supply chain. This dialogue will continue in the coming year.

- **Worker Representation:**

Worker Representation/Workers Committee has been challenging to follow-up and/or control in a year without any opportunities to visit suppliers or meet them face to face. We have however stressed this issue via email and video meetings and will continue to do so. Information and guidelines on how to establish have been sent out.

- **Insurances:**

We still experience that some factories do not have a satisfactory insurance for all their employees. What is repeated is that a certain proportion of workers are not covered. Laws and regulations regarding insurance for employees in China are complicated and vary from rural areas to country side. We will continue to follow this up during 2022 to ensure our workers have insurance coverage according to current legislation.

- **Transparency:**

In 2021 transparency has been an integrated part of collaboration with most suppliers. Some have though expressed their frustration regarding this extra work as 2021 is already too busy and demanding given the situation. One supplier is still less willing to provide full transparency regarding their sub-suppliers. In addition we have discovered that parts of our supply chain is more complex and challenging than we first assumed.

- **Fire Security:**

Fire security is still among our ongoing focus areas. Several suppliers continue sharing photos and training videos from fire drills at factories. Some factories do internal training and drilling, while others contact local fire department for competition of drill and professional competence.

- **Overtime:**

Experience from most factories show that too much overtime work occurs during peak seasons. Factory management explain overtime with dynamic fluctuations regarding need of workers, and that a certain amount of overtime will always be needed during main peak. To employ enough workers to avoid overtime in peak season will have too heavy costs and may lead to financial loss and bankruptcy. Add seasonal workers during peak season is an option but may lead to unskilled workers and/or new issues occurring.

Reviewed reports and audits show workers do receive correct overtime payment, and many workers see this added payment as an advantage. Our policy, which does not allow un-authorized subcontracting may increase need of overtime as well. We do though believe that the potential risks related to UAS are bigger. Several years ago, we introduced early order placements, minimum 6 months prior to shipments, and have received very positive feedback from our suppliers for the many advantages this brings on.

- **Subcontracting:**

As written in above point, subcontracting and overtime is somehow related. Subcontracting is common in China, and not necessarily a problem. Problem occurs when subcontracting is unauthorized, and brand owner/buyer loose overview and transparency. Unauthorized subcontracting is not allowed in our supply chain. We consider this issue as small risk today due to our very early order placements and clear policy. This is though a topic which require on-going monitoring and follow-up.

YNGRI:

2020 was the first report year for our Yngri brand and challenges due to Covid-19 in 2020 and 2021, we have not been able to travel or monitor satisfactorily, as large parts of China and the world were shut down in 2020 and 2021. Production have not been on normal level since power shutdowns and local Covid 19 outbreaks affected production. The pandemic have led to travel restrictions around the world and we have not visited any supplier during 2020 or 2021. We have relied on the BSCI audit reports we have received and CAP documents - online meetings with agent and suppliers have been more focused on production and shipment.

A woman in a blue surgical cap and gown is shown in profile, looking down, in a brightly lit operating room. Other staff in similar attire are visible in the background, working at a surgical table. The scene is clean and professional, with overhead surgical lights and metal railings.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

<p>Salient issue</p>	<p>Child labour & forced labour in natural rubber and cotton industries</p>
<p>Goal :</p>	<p>No occurrence of child labour or forced labour in in our supply chain. Demand of transparency in our supply chain. Accept and understanding of our Coc from first tier supplier in order to gain improved impact.</p>
<p>Status :</p>	<p>Harvesting of natural rubber in Vietnam has been associated with both child labour and forced labour according to wide range of reliable sources. Rubber tappers responsible for extracting liquid rubber from trees receive low wages and must meet high quotas, which require assistance from family members - including children. Plantation workers may experience long working hours, physically demanding and hazardous work, wage deductions, penalties for failing to meet quotas of number of rubber trees tapped, and substandard living conditions. Supply chain of natural rubber is complex and have limited visibility.</p> <p>Our supply chain mapping for India show that there is no child labour or forced labour in our supply chain. Information is supported by certificated cotton. We do though recognize that overview here is difficult and complex due to limited opportunity to monitor all operations back to cotton farming. Furthermore, we know that cotton production and supply chain in garment industry in India is challenging in regards to risk assessment. According to the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor, cotton may be produced with forced and child labor in India. Audits by FWF found signs of both forced labour and child labour of audited factories in Tirupur surroundings.</p> <p>As far as we have possibility to control, neither child labour nor forced labour is existent in our supply chain in China. This includes all manufacturers, authorized sub-contractors, suppliers and sub-suppliers. Our information is based on discussions with factories, studies of audit reports, certificates made by 3rd party companies and also supported by information from NGO`s. However we realize that state-sponsored forced labor is intensifying under the government's mass detention and political indoctrination campaign against Muslim minorities in the Xinjiang Uighur Autonomous Region, and it is possible that hundreds of thousands of workers are being subjected to forced labor as part of this effort.</p>

Objectives in reporting year :

Improve mapping of supply chain related to rubber boot manufacturers
Increase our presence and audits further down supply chain. Seek advice at local NGO`s. Work to collect trustable data.
Increase GOTS certified cotton in supply chain.

Actions :

Natural rubber industry: Initial discussions with our first tier manufacturer in China about salient risks and implementation of common understanding. BSCI audits in first tier. We do though acknowledge limited attention has been paid to labour conditions connected to natural rubber. It's time for change.

Cotton industry: All our cotton used for final production in India is GOTS certified. We have also increased GOTS certification, and taken steps for future increase as well, for Indian cotton used in production on Sri Lanka. GOTS certified cotton has also been introduced in Chinese production during 2021. We aim to continue this progress during next few years. Our suppliers in India and Sri Lanka provide SA8000 and Sedex certificates. Suppliers in China provide frequent BSCI audit reports.

<p>Salient issue</p>	<p>Labour conditions</p>
<p>Goal :</p>	<p>Improve labour conditions in our supply chain. Ensure safe & good working environments, workers' rights, decent wages, insurances and equal payment.</p>
<p>Status :</p>	<p>: Labour conditions is a salient issue concerning all countries in our supply chain. We have however experienced that this needs to be addressed in various ways for each supplier, depending on country, culture and resources. Labour rights will also be related to other salient issues such as discrimination. This is particularly the case for India & China. Lack of trade unions in our production countries is among the greatest risk regarding labour rights.</p> <p>China: According to ITUC Global Rights Index, the ruling party in China does not respect basic rights. Migrants have to endure forced and excessive overtime, and poor and unsafe working conditions. The apparel and footwear industry are among sectors with high chance of forced labour. Freedom of association and collective bargaining is often violated in the textile sector. Official minimum wage is below living wage. Excessive overtime.</p> <p>Migrant workers from the poor rural areas make up majority of workforce in garment industry, and they have no/less rights for health care and social security. China has not signed the ILO-conventions on forming unions and collective negotiations (C87 and C98) & freedom of association is not protected by law. Living wage may differ from areas. Decent living wage must include all basic needs.</p> <p>India: Governments and employers tend to restrict the rights of workers through violations of collective bargaining and the right to strike, as well as exclude workers from unions. The lack of trade unions severely compromises industrial relations across India. In India, only a few social security measures are implemented for the large group of laborers in the informal sector.</p>

Objectives in reporting year :

Labour conditions are among several topics that needs to be addressed in various ways for each supplier. A common framework is however used as foundation to set minimum critertia for Reflex-suppliers, and labour conditions are among our important focus areas. We have followed up on audit results and addressed relevant issues regarding labour conditions. General trends this year have been overtime and missing insurances. We have requested action plans for improvements for suppliers that had deviations on audit reports. Follow-up on these action plans will continue during 2022. Although audits and questionnaires show that many of our suppliers already have integrated some sort of system of worker representation we acknowledge the need to move forward. We have provided suppliers resources and guidelines to move forward with long term systems that will benefit management as well as workers at the factory units we work with.

One of the main challenges in dialogue with suppliers, particularly those from China, is to convince them that engaging with time and resources for these kinds of systems will actually benefit their business. We do however see a development and increased willingness to improve. We think that raising awareness has had some positive effects and hope to see this develop further.

Yngri: This is something we need to address with each supplier and is set and signed by all supplier in our minimum criteria - we have been following up on audit reports and received CAP. In many terms we do the same as Reflex, but we need to follow up our supplier better if they have integrated some sort of system of worker representation and increase our dialogue with suppliers.

Actions :

Discuss risks and concerns directly with our suppliers and sub-suppliers. Make sure all employees have health insurance & working contracts. Ensure that our suppliers establish well-functional workers association and workers representative and include collective bargaining.

Actions :

During 2021 we have attended a number of webinars related to discrimination. We have discussed the situation in India with IDSN (International Dalit Solidarity Network) to help us deal with them and make preventive measures. This is an on-going project that will continue in the coming years. Similarly, we want to involve with Amnesty International and Norwegian Uyghur Committee to have their advice and guidance on how to approach the issues in China. Chinese Governments' use of censorship will make this work complicated which is why we must apply a wider range of efforts.

Salient issue	Water Usage Cotton industry in India
Goal :	Take concrete actions to reduce water usage in our supply chain.
Status :	<p>India's cotton cultivation is the most water-intensive in the world. Water footprint of cotton fabric does however vary from place to place. WRI has ranked future water stress by country and their model show that cotton producing countries like India will suffer from severe water stress in near future. This means that businesses, farms and communities will be more vulnerable to scarcity than they are today. Furthermore, India is among the countries that scores lowest in EPI's ranking of sustainable development. This indicates that there is a need for greater attention to sustainability requirements such as for example water quality and water usage.</p>
Objectives in reporting year :	<p>Majority of our cotton has been GOTS-certified and we have proceeded with these certifications. Our dyeing of cotton happens in closed loop system to reduce water usage and wastewater in best possible way. We have eliminated printing techniques that does not comply with standards. All our prints are GOTS-certified.</p>

Actions :

Explain our goals with suppliers and source knowledge at NGO`s how to reduce water usage for our cotton garments. Increase internal knowledge of water usage in our production chain is the first but essential step. Choosing GOTS-certified cotton will require processing units to demonstrate environment management, including wastewater treatment.

Salient issue	Hazard chemical use India & China
Goal :	No occurrence of prohibited chemicals in our products. Occurrence of chemicals with restrictions must be within current and updated limit values. Reduce and avoid use of hazard chemicals in our supply chain.
Status :	<p>It is estimated that textile dyeing and treatment contribute up to 20% of global industrial water pollution. Hazard chemicals will in end be released to soil and ground water, fresh water sources or at sea, and put millions of people at risks.</p> <p>All our suppliers have been given instructions and guidance for chemical use customized for their production. Furthermore 100% of our suppliers have accepted and signed our Chemical Agreement.</p>
Objectives in reporting year :	Continue supporting our suppliers with updated international legislations and restrictions for chemical use. All info is in accordance with and covers most common standards world wide. In addition suppliers are given free of charge Chemical Guidance with testing standards and substitutes to replace hazard chemicals etc. Info shared with our suppliers are not only valuable for our own safety of goods, but also makes our suppliers able to make correct decisions in regards to chemicals for their entire production and also other customers.

Actions :

Updated chemical guidance has been sent out to all suppliers 2 times during 2021. Random samples and tests have been made on selected materials at nominated suppliers.

Salient issue	Environmental issues
Goal :	Make sure environmental concern is integrated in our entire work process and supply chain. Proceed with concrete actions to improve.
Status :	There are many environmental issues in the countries we produce in. Air pollution, water pollution, garbage, domestically prohibited goods and pollution of the natural environment are all challenges linked to the textile industry. These mentioned issues are top priorities in pushing for a more sustainable industry and to meet the targets of the UN Sustainable Development Goals.
Objectives in reporting year :	We have discussed the need for sustainable progress more frequently with our suppliers. We have increased the amount of certified products which set requirements for the entire production chain. We have increased the amount of recycled materials. We have requested concrete plans from suppliers with their targets for local sustainable progress. We have engaged our shipping agent to gain insight in our GHG emissions from domestic and international freight.

Actions :

Encourage our suppliers to invest in renewable energy, such as for example solar cells. Reduce waste in general, and ensure that waste are handled and collected for recycling. Increase the amount of certified products, recycled materials and raw materials which will give our products a longer life-cycle. Encourage and push our suppliers to make concrete and measurable goals for sustainable progress. In the coming years we also need to combine this work with climate risk reporting. Physical risks, transition risks & liability risks must be taken into consideration in our planning and risk analysis.

Actions :

Through questionnaires that was sent out to map our purchasing practice, we have received feedback from suppliers that have been informative and useful for further mapping and planning. One important finding was how our suppliers experience demands and requests from other European and Scandinavian buyers. Some suppliers emphasized that demands from Scandinavian customers were in general more extensive than customers from other parts of the world, especially when it comes to transparency. They did however point out that request for openness as well as focus on sustainable business practice is increasing, which we see as an indicator of positive change within our industry. Hopefully, an increased focus on the sustainable development goals will increase amount of transparency which further can decrease the risk of corruption. We hope to see this development continuing despite the limitations entailed by the pandemic situation.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

Reflex/Blåbær Production AS:

- 100% sea & rail transport. Deliveries by air have not been used for bulk deliveries during recent year.
- Chemical guidance and regulations are frequently sent out to suppliers. We have chosen to set strict limit values for chemicals. Random tests by third party are required.
- Increased use of recycled materials: polyester made from PET bottles and polyamide from post-consumer textiles.
- Increased use of certified products and materials.

Yngri:

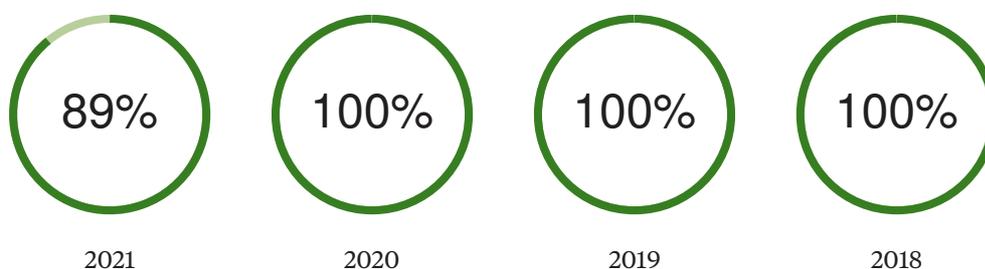
* All bulk deliveries for Yngri are scheduled and planned for sea transportation. Deliveries by air have not been used for bulk deliveries during recent year.

* We have decreased the amount of plastic in packaging materials and replaced product manuals in all products with QR code for products arriving 2022.

* We have changed our way of placing orders against suppliers, we increase the lead time by 3-4 months to total 8-10 months in order to let the supplier plan the production and reduce overtime – similar to 2020 but since the sea freight have been chaotic we have increase lead time to total 12 months in some cases.

Indicator

Sea transport Reflex & Yngri



Rail transport Reflex & Yngri



Reflex/Blåbær Production AS: Due to lack of vessel space (and containers), several shipment during summer 2021 were made by train, approx. 10% of total. GHG emissions from train are difficult to calculate as the electric power often comes from non-renewable sources. GHG emissions from sea transport are calculated since 2021.

Transport by sea is still our preferred choice.

Yngri: We experienced delivery of some containers by rail during the summer/autumn, as there is a lack of space on vessels and ports were on lockdown in China. Qty by rail is less than 0,5% of totals.

Air transport Reflex & Yngri



Reflex/Blåbær Production AS: We experienced smaller bulk delivery by air during summer 2020 as one of our main suppliers had delay due to pandemic related issues. Supplier decided to ship balance by air. Both qty & value of this shipment represented less than 0,1% of totals.

Yngri: No bulk shipments by air.

3.B.2 Adapting own purchasing practices (sourcing)

Reflex/Blåbær Production AS:

During 2021 we have seen the need to proceed with our focus on early order placement and predictable purchasing practice. Due to challenges mentioned previously related to shipping market, local lock-downs, delays in certification processes etc, advanced processes has been even more essential to get goods on time.

We have strived for an ongoing communication with our suppliers to enable good planning and forecasting. To secure on-time delivery, responsible production & fair business we have focused on equal partnership & fair payment terms in our purchasing practice.

We have during 2021 reduced the payment time, but major challenges in logistic market have however decreased the lead time after all.

Yngri:

We did evaluate possibilities of moving parts of our production to Europe to make our supply chain shorter during 2021. This could make it easier to implement sustainable practices but could also have some disadvantages. Due to the pandemic we could not travel to visit manufacturers in Europe. We also received information that shortage of raw material has done it challenging for manufacturers in Europe. This will be further examined and evaluated.

Indicator

Percentage of the company's suppliers with whom the company has had a business relationship for more than three years



Yngri: 2 new direct suppliers during 2021 therefore the percentage is decreasing.

3.B.3 Choice of product design and raw materials

Reflex/Blåbær Production AS:

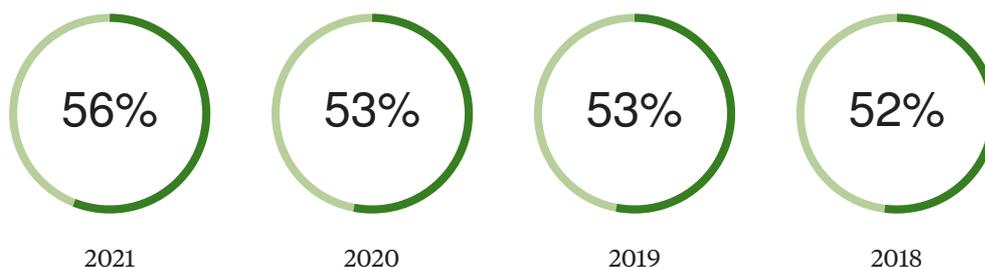
During 2021 we have proceeded with our work to increase the amount of certified products and materials. Oekotex, GOTS, OCS & RDS (Responsible Down Standard) have been carried on from previous year, while RWS (Responsible Wool Standard) & GRS (Global Recycled Standards) are new certifications that have been added this year. We believe that certified materials & products are important tools to set concrete requirements and standards for our production as well as increase transparency in the supply chain.

Yngri:

During 2021 we did set short and long term goals for each of our categories in the Yngri brand. Yngri is a brand within many different categories, some of our products have no industry certification, even though we have set goals for these items as well. 90% of all new textile products developed in 2021 have Oekotex certification.

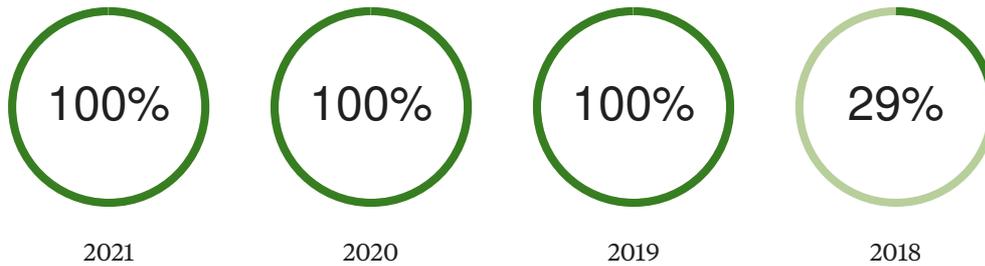
Indicator

Percentage Reflex items certified with OEKOTEX 100



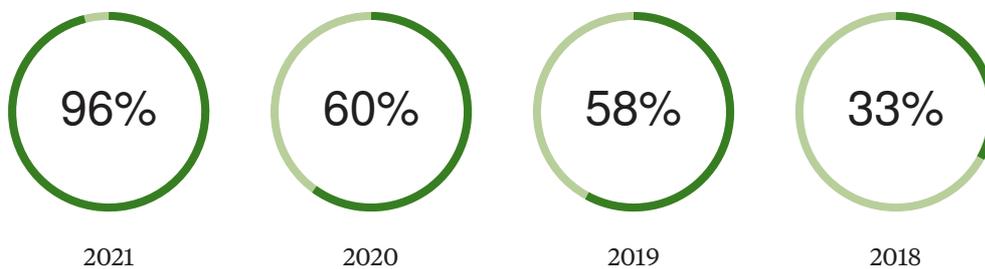
Reflex/Blåbær Production AS: Percentage of OEKOTEX 100 labelled and certified items by number out of total qty Reflex garments. Several of our suppliers who are not OEKOETEX certified, use only OEKOTEX certified materials according to our specifications. A total of 71% (by number) of 2021 garments are either certified garments, or 100% made by OEKOTEX certified materials.

Percentage Reflex down garments with RDS certified down



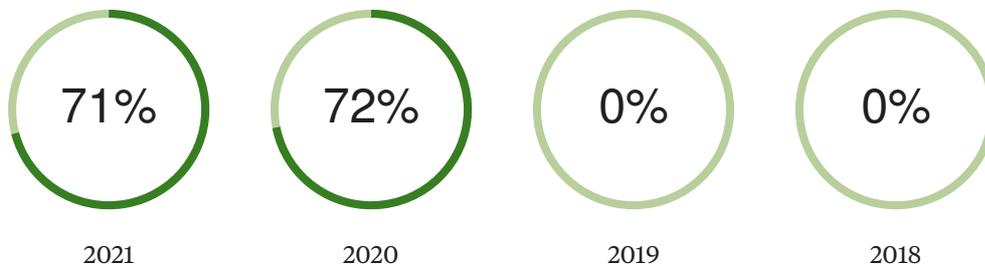
Reflex/Blåbær Production AS: Percentage garments which content RDS down by number out of total qty containing down.

Percentage Reflex cotton garments made with certified organic cotton



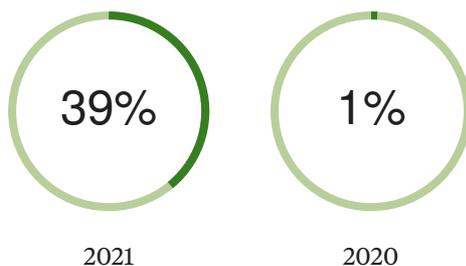
Reflex/Blåbær Production AS: Percentage cotton garments with composition of minimum 50% cotton made by certified Organic cotton by number. Applies GOTS and OCS 100 certification.

Percentage Reflex fleece garments (by number) made of certified recycled polyester



Reflex/Blåbær Production AS: Percentage of fleece garments made by 100% recycled polyester. Percentage rate slightly decreased last year, but expected to increase again in 2022.

Share Reflex garments (by number) of syntethic materials made by at least 70% certified recycled materiel



Reflex/Blåbær Production AS: Garments included are Technical outerwear, PU rainwear, mittens/gloves, fleece, polyester base layer and swim wear. Certified recycled polyester comes from PET bottles and recycled polyamide

is originates from post-consumer.

3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

Reflex/Blåbær Production AS:

As in 2020, 2021 was a year where travels and factory visits were not possible due to Covid 19. Many routines that are usually followed up by business travels to our production areas had to be replaced with video-meetings & mail dialogue. Follow-up regarding worker representation was one of these points which have been challenging without physical meetings and visits. Resources from Ethical Trade Norway have been useful to give suppliers concrete guidelines and advice for setting up and further develop a system for worker representation.

For our main suppliers, we have had an ongoing communication to encourage concrete measures and progress with worker representation. For our production units in China and India, our main challenge is to build understanding for rights that we take for granted with our Western point of view.

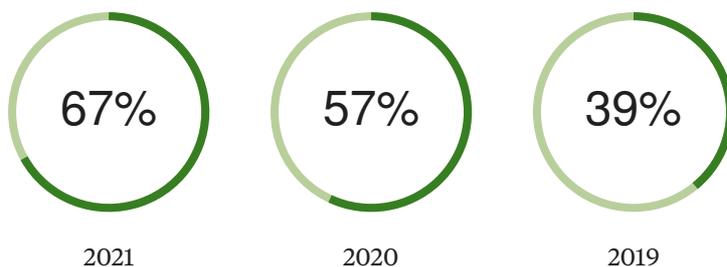
Governments and employers trends to restrict the rights of workers through violations of collective bargaining and the right to strike, and exclude workers from unions world wide. India's repressive labour legislation has seen it re-enter list of "10 Worst countries for workers" during 2020. Workers experienced arbitrary arrests and detention in 61 countries incl Turkey and South Korea. Legislation in China does not allow trade union organizations.

Many factories in our production countries have Workers Representation and/or Workers Committee. We know many of these are functioning well, however we also experience some of the representatives are elected from management only. There are also cases where election has not been made freely, Committee have no actual meetings, or are "ghost unions" without members.

We work hard to detect above cases and encourage all our suppliers to establish and integrate well-functioning Committees with freely elected members from worker staff.

Indicator

Percentage of Reflex suppliers with worker representation other than trade union



Reflex/Blåbær:

Percentage of Workers committee's have increased slightly, but less than we aimed for. Will continue this work in 2022.

Yngri:

We currently have no overview of suppliers with trade unions, we had a goal to have an overview during 2021 but we have postponed this 2022.

3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Reflex/Blåbær Production AS

Chemical guidance through our membership in Kemikaliegruppen RISE is sent out to all suppliers 2times/year. General discussions and follow-up on these topics, and advices to substitute chemicals to be in compliance with future restrictions at early stage is done on-going.

Resources, guidelines and close follow-up to support our suppliers to establish functional Worker Representation/Workers Committee have been sent out and followed up within next few months.

We constantly communicate with suppliers to focus on sustainability and certifications in order to achieve improved competitiveness. Step by step we see improvements on how they take action, make suggestions and share/provide valuable information to help us all improve.

Yngri:

We have shared our strategic plan for the brand to our agent and we communicate , educate and taking step by step to improve and reach our goals during 2022.

Focus in 2022 will be audits and sending "questionnaire for assessing suppliers" to all our existing supplier in order to receive and view data on how we can improve workers in the supply chain.

3.B.6 Other relevant information concerning the company's work to cease, reduce and handle negative impact on people, society and environment

Reflex/Blåbær Production AS

All development samples which can be used are sent with "SAS Juleflyet" which is an ideal organisation helping children at child hospitals in Baltic states.

We have accepted price increases from several suppliers even agreements were made/fixed and deposit paid.

Situations were caused by hiking prices in organic cotton supply chain (India) and recycled fabric supply chain (China).

We accepted all delays from all suppliers during 2021 without any hassle, fines or discussion. Delays were mainly caused due to pandemic as lock-down, late arrival of materials etc.

Yngri:

We have found a new wooden toy manufacturer with a good level of understanding us and that can offer us small volumes of FSC certified wood – this work is in progress and new series of wooden toys will be launched in Q4 2022.

The stroller production process consists of several different raw materials, different textiles, steel, plastic, rubber – we have a plan to get a better control of the sub contractors and will start mapping them (Calsun agent already started) . Several of these raw materials are in high risk for pollution, environment and workers – our focus during 2022 will be textile on all items. We need no document and map all sub-contractors in order have control where the cotton is coming from.

The pandemic have also affected our suppliers in terms of late shipments or no shipment due to lack of containers, during this year we helped and supported them several times by paying deposits of our orders. We have accepted all increases of raw material costs and supported suppliers by placing orders with longer lead time and where there have been delays we have accepted these.



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

Reflex/Blåbær

In recent years we have worked targeted to integrate sustainability and responsible business practice to our overall work and business development, in all steps of our production. This means that from idea and design to final goods, we aim to make decisions which are based on findings and experiences from our risk assessment. Responsibility must be integrated in daily work for all our employees.

- Already in early design- and development process we plan and specify use of same materials and colors in a wide range of products to reduce negative impact from dyeing and other production processes.
- We have introduced a small range of products from left-over stock fabrics and will continue to do so in coming seasons. This will reduce fabric waste and hopefully will show both manufacturers and consumers the importance of utilization.
- Supplier overview: In the past year, information and updates from suppliers have been collected and organized internally in documents and folders for each supplier. As the amount of certifications, audits etc have increased notably, we have seen the need for a better and organized tool. We want to improve our system to gain a better overview of our suppliers, and have set a goal that during 2022 we want to apply for membership in AMFORI or similar.
- Factory visits: During 2020 & 2021 factory visits have not been possible due to travel restrictions and lock-downs. The previous years, supplier visits have however been conducted 2 times a year. These visits have been important to follow up suppliers and sub-suppliers to make sure that they all comply with our standards for responsible business practice, environment and social compliance. At factory visits, current status is always on the agenda and a supplier visit form is used as a foundation for checking all essential requirements for factory conditions.

The effects of implemented improvements can be difficult to measure at many levels. We aim for more insight and better tools for future GHG emissions and water usage from our production. In 2022 we will also continue the sustainable development and aim for more circular products.

Yngri

During the year, we have worked on developing a strategy plan that extends until 2023. It contains clear goals and details down on product level on how we will work with sustainability in the coming years. However, we have a job ahead of us to bring it down in all parts of the production phase.

4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

Reflex/Blåbær Production:

One of many advantages with prioritizing long-term business relations is the possibility to track improvements and developments within important focus areas. Despite challenges related to different cultural viewpoints and standards we have experienced improvements on several areas.

Focus on environment and sustainability in our industry in general, and in our company specifically, is constantly increasing. Our experience is that our suppliers and business partners have shown increased awareness as well.

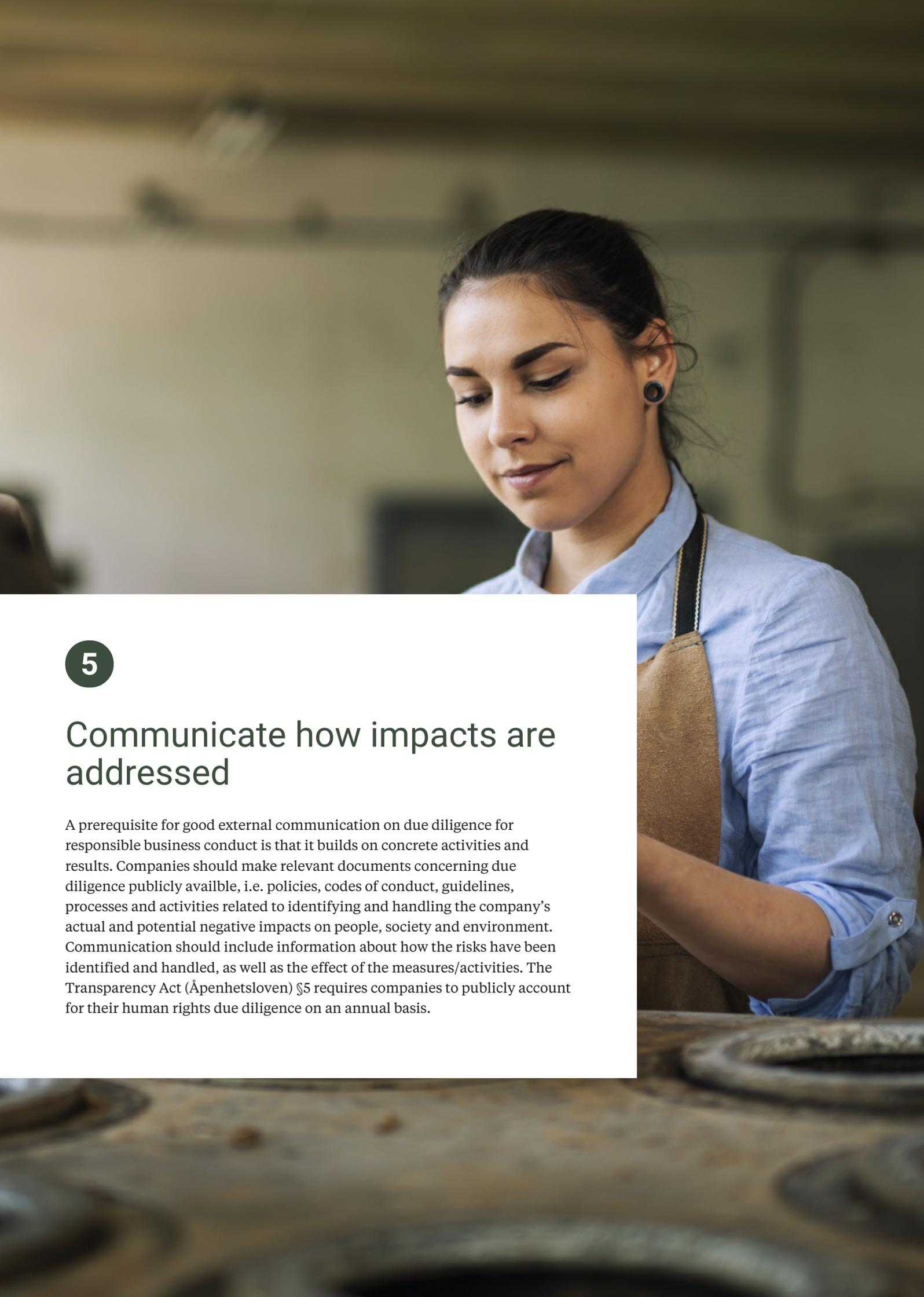
More or less all our suppliers have increased understanding related to our demand regarding openness and transparency. Only one of our suppliers is less willing to provide full transparency regarding sub-suppliers despite our requirements. However, we think that our continuous emphasizing is important to make a positive impact in our business. When discussing these issues with other western stakeholders, most of them state that they experience the same. This is an ongoing focus and important for our company's responsibility.

As our demands and expectations to our suppliers and business partners have increased and evolved, we have also seen the need to map how this is experienced by them. Mapping our own purchasing practice has been done by sending out questionnaires requesting honest and constructive feedback. We have asked suppliers to comment on how we can improve and adapt to enable better partnership and stable business relations. Some trends were that early order placement, fair payment terms & predictability were important factors that will help suppliers plan production time & material use, reduce overtime and enable safe and good working conditions. This kind of mapping will be important tool to proceed with in the coming year to learn how we can improve partnership and collaboration with suppliers.

Yngri

By using our supplier network with which we have had a long collaboration with, we have already developed an understanding of our work and willingness to listen and learn about our focus areas. We have had a long collaboration with our agent Calsun where we through many visits to them and them made several visits to us have given them an understanding of our future goals and we have shared our strategic plan with them. The aim is for the strategy to contribute to environmentally, socially economically sustainable consumption and improving security for all consumers. This with a common understanding from our agent and suppliers is necessary to achieve our goals. Due to pandemic we have not been able to follow up on site, therefore Calsun team have been visiting our manufactures when possible. We also requested BSCI audit reports from all manufacturers to check if anything deviates from our CoC.

The toy and stroller industry has a long way to go when it comes to environment and sustainability. However, through our presence and cooperation, we work for a will to change the work. Most of western stake holders have the same experience within the toy industry - therefor we avoid plastic toys and only produce wooden toys and outdoors items.



5

Communicate how impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly available, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing negative impact

We communicate with the factory management and the employees if possible directly in these areas. Knowing, any serious incidents in relation to, for example, environmental emissions, we will request the factory owner and report this to local authorities.

In audit reports, we will address nonconformities with factory management and request that they publish the report to their employees.

An ongoing dialogue with NGOs is also a natural part of our work. This dialogue will be related to challenges and opportunities in the textile industry in general and our supply chain more specifically. We believe that dialogue between NGO's and companies from the textile industry is constructive for sharing knowledge and experience. While many NGO's have important perspectives and information related to their area of expertise, it is also a fact that buyers, product developers & designers have experiences & insights that are essential to combine with these. We hope that this kind of dialogue will be even more constructive in the future to make sure that consumers get credible and transparent information related to products put to the Norwegian market.

5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks

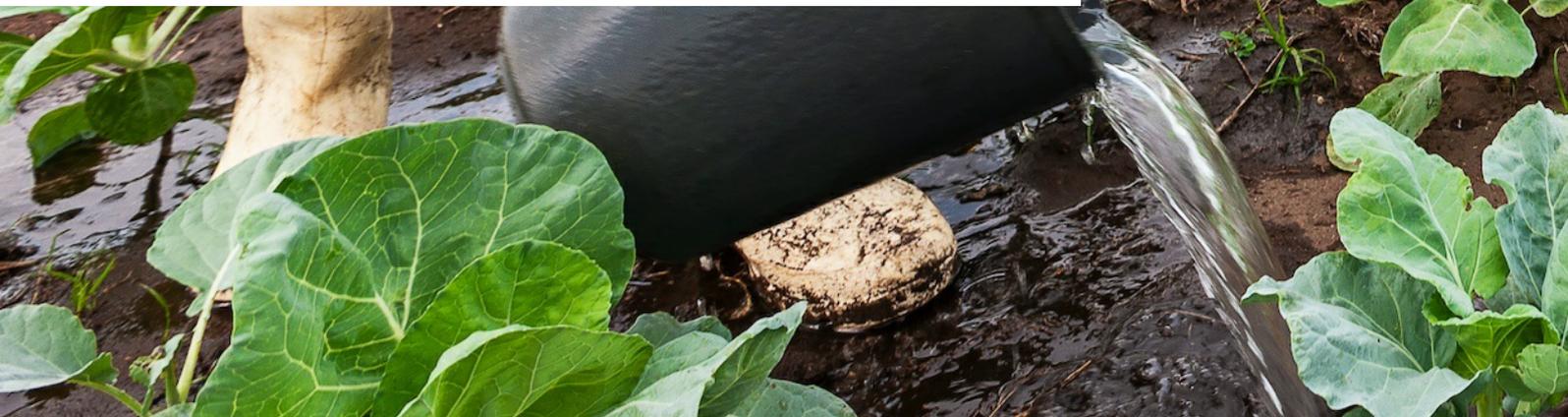
We communicate our sustainability work through our website www.barnashus.no/csr and our website www.Yngri.no will add this with this years report - in addition to the fact that this report is public. A link to the final report will also be posted on our csr pages



6

Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.



6.A Remediation

6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

BH Nordic and Barnas Hus work to have a sustainable business practice that respects people, society, and the environment.

In accordance with that we do due diligence assessment systematically to prevent negative impact to people, society and environment to stop, prevent and reduce such impact. The measures are monitored and the effect of is assessed, and communicated to those affected. Where our activities cause or contribute to a negative impact on people, society or the environment, we will stop this activity, and we will seek to repair the damage. Where the supplier is responsible for the negative impact / damage, the supplier is also responsible for recovery

This is fully described in our sustainability policy posted on our website www.barnashus.no/csr

6.A.2 If relevant, describe cases of remediation in the reporting year

During the first part of 2021, the Norwegian Food Safety Authority carried out an inspection and found plates / cutlery made of bamboo / melamine. Without our knowledge, the EU had requested an audit of the entire market as everyone in the industry misinterpreted current regulations, including us. As a result, we withdrew all products, we destroyed and discarded all. We also created a purchasing routine for importing these items as well as a self-inspection program, the Norwegian Food Safety Authority was satisfied and approved our work to handle this as well the new purchasing routines. There were no harm to people and environment during this case.

BH took the full cost and no damage occurred at the manufacturer.

6.B. Ensure access to grievance mechanisms mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is appropriate

During the previous years, third party audits have been our main source of information when it comes to mapping effective grievance mechanisms in our supply chain. In cases where for example BSCI-reports have shown deficiencies, we have requested concrete action plans from suppliers to secure progress and integration of these kinds of systems.

In the coming year we will work more systematically to request status updates from all suppliers to ensure that effective grievance is established and well-functioning. This will be done in addition to information gathered from audit reports.

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