



Report on

Responsible Business Conduct 2019

for Eurosko Norge AS



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business is key for the achievement of the Sustainable Development Goals (SDGs). A well-functioning and responsible business community contributes to sustainable development through job creation and innovative solutions to global challenges. However, business operations can also have a negative impact on people, the planet and the society. Members of Ethical Trade Norway have committed themselves to work with due diligence for a more sustainable business practice.

The basis of this work is Ethical Trade Norway's Declaration of Principles, which covers the decent work agenda, human rights, environment/climate, anti-corruption and animal welfare. Members are obliged to report annually on challenges they face and on measures carried out to address these. The reporting template is this year for the first time based on the OECD due diligence model. It is new for us and new for our members. It is this report you are currently holding in your hands. The report is publicly available on our website.

The template seeks to respond to the expectations concerning due diligence for responsible business conduct as described in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Ethical Trade Norway's report covers essential elements of the Global Report Initiative (GRI) reporting framework and can be used as a progress report for the Global Compact.

Heidi Furustøl

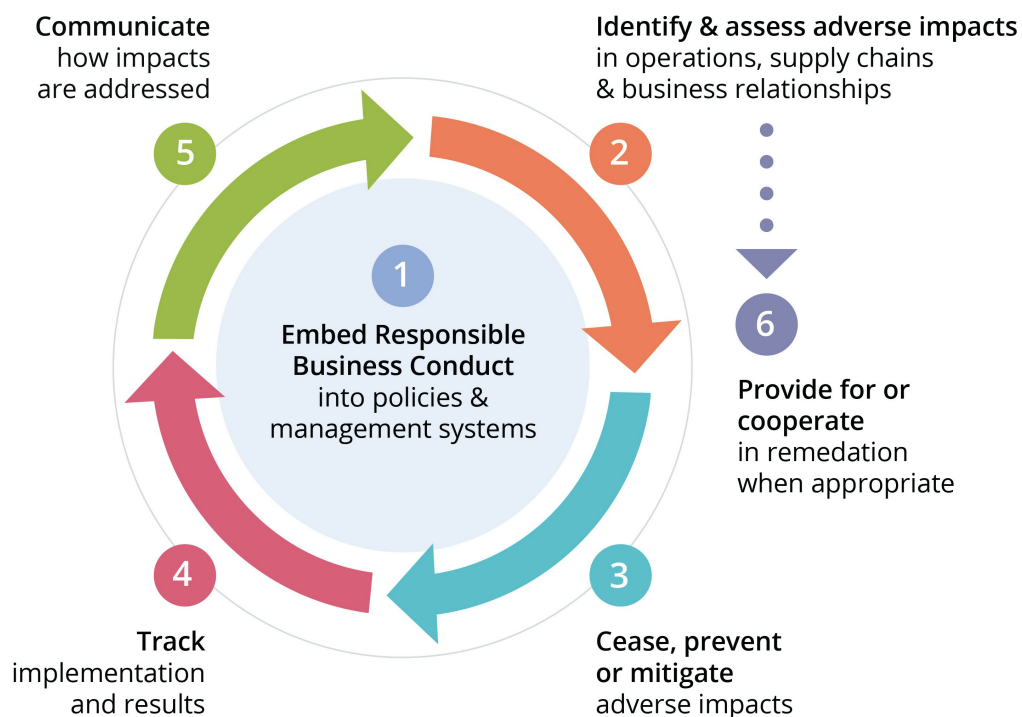
Executive Director

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

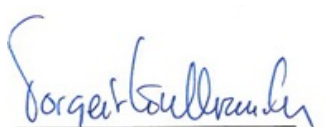
Consumer focus on sustainability is rapidly increasing and we are pleased to welcome this development. To be able to develop and maintain a sustainable business in the future an increased consumer focus is a very effective force. This gives an increased impulse to develop our ongoing sustainability work on a broader base than before. In addition to developing our sustainability work we will also communicate more directly to our customers on relevant sustainability issues in the years to come.

During 2019 more and more of our sustainability work became an integrated part of all our work regardless of departments and their responsibility. As a result, we saw increased involvement and ownership through our value chain.

Our main guideline in our work is the Sustainable Development Goals. Up until now, our work has generally been checked to be in alignment with these targets. Going forward we will increase our effort to work the other way around and based on the guidelines see how we best can contribute positively to the sustainability targets in our business. Our main goal targets are the three aspects of the SDG; environment, economy and social conditions.

We will increase our work on circular economy, we have already established ongoing projects that contributes to this in the reporting year. In addition to increasing this effort and investigating new possibilities, we will also educate and communicate to our employees, suppliers and customers on these issues. To increase our contribution, we will start our focus on a circular economy already in the design process and follow it throughout the value chain.

" Building sustainable supply chain for the future. "



Torgeir Gulbrandsen
CEO

Company information and business context

Key company information

Company name

Eurosko Norge AS

Head office address

Solgaard Skog 86

Main brands, products and services offered by the company

Euro Sko Norge AS has five footwear retail concepts in Scandinavia: Eurosko, dna, Shoeday, Shoe Gallery and Tops. In addition there is Tilbehørshuset that sells accessories. All our retail concepts have their own brands that sells in one or more concepts.

Description of company structure

The company is owned by our members / shareholders.

Turnover in reporting year (NOK)

2 970 000 000

Number of employees

56

Major changes to the company since last reporting period (mergers, acquisitions etc.)

The number above is the total amount of employees at Euro Sko Norge AS office in Moss.

There have been no mergers / acquisitions in 2019.

Contact person for the report (name and title)

Tone Cecilie Lie

Email for contact person for the report

tone.lie@eurosko.no

Supply chain information

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

The essence of the chain organization is development and import of our own brands. We corporate with development offices in Portugal and China, as well as buy directly from factories.

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

67

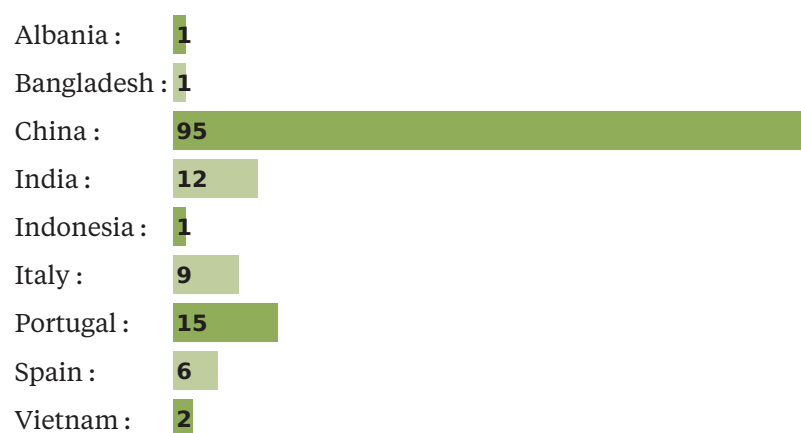
Comments to number of suppliers

Approximate ratio by sourcing options



The information from here and on is in regards to Euro Sko Norge AS own brands; designed, produced and labeled by us. External brands are not included.

List of first tier suppliers (producers) by country



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

Number of workers

Number of suppliers

Comments to number of workers

We have not compiled statistics on this, information can be obtained per factory on request.

Key inputs/raw materials and associated geographies

Polyuretan (PU)	China Taiwan
Skinn	Bangladesh China Spain India Italy Portugal Turkey Taiwan

Goals for 2020

- waterbased PU
 - our suppliers will source from LWG certified tanneries
 - we will start to source outsoles made from recycled materials
-

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

Goal: Facilitate social dialogue processes at key factories

Status: Ongoing

2

Goal: OECD - Due Diligence assessment of core market, both factories and tanneries.

Status: Ongoing

3

Goal: Communicate with tanneries on sustainable choices in order to reduce risk.

Status: Ongoing

Goal for coming years

1

Sustainable Strategy 2021-2025

2

"Paying it forward" by collecting used shoes and donating it to Soles4Souls.

3

The Scandinavian CSR Network for the shoe industry: lead the network forward, make positive changes and collaborate on sustainability.

4

Focus on Purchasing practice in our organization, one actions will be to complete EHN course on the subject

5

Continue to strive for transparency about performance, ambitions and strageies.

6

ny speditør ESPEN?

7

Hvordan kan alle bidra per avd, målsetninger (1-2 mål, enkle hårete etc



1

Governance and commitment to responsible business conduct

Commitment to sustainability means that the business should have relevant policies and codes of conducts in place, as well as effective management systems for implementing them. Central to this is the company's work with due diligence. This means, among other things, the business need strategies and action plans for how the company identifies and manages its risk of negative impact on people, society and the environment, including through business relationships and in the supply chain. Systematic management of such risks will strengthen the company's contribution to the Sustainable Development Goals. Strong commitment from top-management, and clear division of the responsibility for conducting due diligence is key. Those involved need to know how to proceed. Sustainability should be an integral part of business operations. Essential to this is transparency on the company's commitments, challenges faced and measures undertaken to manage those challenges.

1.A Policy commitment

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

At Euro Sko Norge AS we promote decent working and environmental standards in our supply chains. We cooperate closely with our suppliers and business partners in pursuit of this aim. Accordingly, we have prepared this code of conduct to illustrate what we expect of our suppliers and business partners. The code of conduct covers human rights, workers' rights, the environment and corruption.

1.A.2 How is the commitment/policy developed and how is it anchored in the company?

Our company's commitments is expressed in our Responsible Business Partnership and Code of Conduct and is in line with Ethical Trade Norway's Declaration of Principles.

1.B Organisation and internal communication

1.B.1 How is the work with responsible business conduct organised within the company and why in this particular way?

The Director of the Buying department is responsible for the overall sustainability work throughout the company. Sustainability Manager is in charge of the day-to-day responsibility for responsible business conduct and cooperate with the product department on eg. due diligence in the supply chain and other sustainability projects. The work is organised in projects across sustainability and product department where goals are set in collaboration with the people involved.

1.B.2 How are employees made aware of the ways in which responsible business conduct should inform their decisions and actions?

Sustainability dept. educate and inform about our work on ethical trade thru internet, intranet (where we publish documents and other important Sustainability information). Intranet is intended for shareholders, shop employees and all departments at the head office. CSR Editorial is published annually on our website covering sustainability activities during the reporting year (public). The board receive the annual EHN report, in addition they are continuously informed about relevant sustainability issues throughout the year.

1.B.3 How does the company make sure employees have adequate competencies to work towards implementing responsible business conduct?

We have information meetings and workshops.

1.C. Plans and resources

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

CoC and Sustainability Business Strategy in our third pillar: Collaboration, we commit to working in partnership with our stakeholders.

The Group has a public Sustainable Business strategy, here we have our four pillars describing the company's work on responsible business conduct. For each pillar we have internal progress goal that are linked to the company's overall strategy.

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

Our sustainability goals are part of the company's overall strategy. The Board sets the strategy and framework, the management implements and follows thru on the targeted action plans and achievements.

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

1.D.1 How does the company make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

Dialogue and collaboration on sustainable and responsible business conduct is communicated to our suppliers during annual meetings. We expect responsible business conduct from our suppliers in regards people, society and the environment. Euro Sko Norge AS wants to be a socially and environmentally responsible business; we strive to strengthen our efforts to improve working and environmental conditions in the supply chain. In this way we will contribute to a more sustainable development and adapt our social and environmental commitment as embodied in our Sustainable Business Strategy.

The CoC (incl. Animal Welfare Policy) is presented to all new suppliers and attached to all orders along with the Responsible Business Partnership (RBP). Development offices are responsible for forwarding the information to all factories/subcontractors/tanneries producing our brands. When the supplier confirms the orders, they confirm to strive to comply with our CoC. Our intention with the CoC is to establish and develop social and environmental standards. RBP is a supplier manual: a collaborative approach to create Win-Win situation for both parties. The purpose of the manual is to strengthen the dialog and understanding of the importance of corporate social responsibility in our supply chain. Sustainability dept constantly communicate our CoC at all levels of our organization and through our supply chain. All our work is based on compliance with our guidelines that clearly defines the principles we require our suppliers to follow.

https://www.eurosko.com/siteassets/19h-norge/coc_aug2017.pdf

Indicator

Percentage of suppliers that have accepted guidelines for suppliers



Our CoC follows all orders, supplier confirms the documents in their order confirmation.

Percentage of risk suppliers/sub-suppliers mapped on social and/or environmental sustainability



Percentage of suppliers with whom we have had a business relationship for more than three years



Percentage of payments to suppliers that are made on time



1.E Lessons learned and changes

1.E.1 What lessons has the company learned during the reporting period concerning sustainability, and what has changed as a result?

No changes in the reporting year, we have set new goals throughout the organization for next year. In the new strategy we will anchor several new company policies, minimum criteria's and KPI's.

A man with a slight smile, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera. He is in a factory or industrial setting, with blurred machinery and structures in the background. The lighting is soft, highlighting his face.

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 In the table below state the salient issues associated with the company's activities and business relationships, particularly in the supply chain and during the reporting period

Salient issue	Related topic	Geography
Overtime	Wages Working hours	Bangladesh China India
Discrimination	Discrimination	India
Health & safety	Occupational Health and safety Environment	China India
Tanneries	Occupational Health and safety Working hours Environment Animal welfare Emission Water	China India
Chemicals	Occupational Health and safety Environment Use of materials	Global
Transportation avoid air freight	Environment Emission Greenhouse gas emission	Global

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe how the salient issues were determined, in terms of processes and sources of information, including any input from stakeholders

Most of our suppliers share existing social audit reports from their factories, these are used in risk assessments along with our own factory visits where we use eg. Visual Observation Form. Our biggest challenges in China are wages and overtime. In India our concern is childlabour, discrimination and OT. Less than 1% of our total production is produced in other “risk countries”, therefor our main focus is on the above-mentioned countries. Step by step we are mapping out our challenges in cooperation with our development office in Portugal, together we develop a plan for addressing issues that do not comply with our CoC.

ADDITIONAL SEVERE IMPACTS

2.A.3 Identify any severe impacts on people, society and the environment that occurred or were still being addressed during the reporting period, but which fall outside of the salient issues, and explain how they have been addressed.

We have identified OT in China, we will start a project next year prioritising the issue with several factories.

A woman in a blue surgical cap and gown, looking down, in a hospital setting. The background is blurred, showing other people in similar attire and bright overhead lights.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings in a way that contributes to a sustainable and responsible business conduct. The most severe negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are less important or that they are not handled. The way the company is involved in the negative impact is central to taking the right action. Negative impact that the company causes or contributes to must cease, and the business must work to prevent and mitigate such risk. 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 adverse 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 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 SDGs.

3. A Cease, prevent or mitigate

3.A.1 For each salient issue in your supply chain, add a goal, status and describe specific actions and progress made in the reporting year

Salient issue	Overtime
Goal :	Mapp out the supply chain through inspection reports
Status :	Engage external partners in China (TAOS)
Objectives in reporting year :	Collect and obtain information and put this into a system for future training

Actions :

Salient issue	Discrimination
Goal :	Mapp out our suppliers in India
Status :	Involve external consultant such as Indepth and/or iMentor
Objectives in reporting year :	

Actions :

Continue the project for next year and make improvments if needed.

Salient issue	Health & safety
Goal :	Our suppliers kindly share existing social audit reports with us, when we discover breaches in regards to health and safety we communicate directly on expected improvements according to our CoC..
Status :	Ongoing
Objectives in reporting year :	Workers safety.

Actions :

Salient issue	Tanneries
Goal :	We made it our company policy to use Leather Working Group certified tanneries in production of our brands in the reporting year
Status :	Ongoing
Objectives in reporting year :	Implementing new policy in our value chain.

Actions :

Salient issue	Chemicals
Goal :	One of our pillar in our strategy is Environment, here we commit to strengthen our efforts to reduce our impact.
Status :	Ongoing
Objectives in reporting year :	

Actions :

Risk assessments of chemicals used in development of our brands, as well as final products.

Salient issue	Transportation avoid air freight
Goal :	One of our pillar in our strategy is Environment, here we commit to strengthen our efforts to reduce our impact.
Status :	Ongoing
Objectives in reporting year :	Reduce air freight

Actions :

In the reporting year we shipped less than 1% by air.

Other actions related to management of negative impact:

Describe general actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

Risk assessed adhesives in production with our largest partner in China

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

We start forecasting both spring and fall season earlier than before. Therefore, we can have the early sports fair sooner and can split purchase periods to avoid peak season orders. This in return affects choice of transport, spreading of orders and less samples. We always order full pair, at the end of each season we donate the samples to eg. Soles4Souls. Quick approval and less changes is important to avoid overtime.

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

As one of the world's leading suppliers, Sympatex Technologies has been a byword for hightech functional systems in eg. footwear for decades.

In addition to its standard functions (optimal breathability, 100% waterproofness, 100% windproofness), the Sympatex membrane is also 100% recyclable, PFTE-free and PFC-free as well as Oeko-Tex® Standard 100 certified and bluesign® approved

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.

We have had three factories training with Quizrr. One part of their training was The Worker Engagement course, this is aimed at enabling functioning systems for problem solving and worker-management relations, covering issues such as effective communications, employee satisfaction, worker representation and participation.

Factory workers across the world are often unaware of their own rights and responsibilities, which makes it harder for them to exercise their rights and makes them more vulnerable to unfair treatment or abuse. The Rights & Responsibilities training from Quizrr aims to inform and educate workers, managers and supervisors on rights and responsibilities.

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

Positive change starts on the factory floor, resulting in improved worker-manager relations. Quizrr contributes to collaborations between businesses and organisations that realize the benefits of dialogue, worker engagement and decent work.

3.B.6 Other plans and measures taken to deal with salient issue

We are implementing several new company policies in order to make more sustainable choices.

Source more sustainable materials. For SS20: laces, upper materials and insoles.

Most of our plastic bags (in the shops) are made from 100% recycled plastic.



4

Track implementation and results

Tracking implementation of actions and results is key to the company's due diligence process. For example, is the identifying and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect real 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 actions taken by the company alone or carried out in collaboration with others. Companies must have procedures and systems to track their implementation and results in order to assess them. The company's experience with due diligence is used to improve processes and results in the future.

4.A Monitoring and assessment

4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

The sustainability department is responsible for tracking the implementation and impact of our activities related to due diligence. Some measures are long term and general and difficult to describe their specific effects, while simple measures are easier to assess. Eg. we monitor our supply chain by collecting data at factory visits and audits.

4.A.2 Describe how the company evaluates the effect of its own efforts, or those made by suppliers (and other business relations), to identify, prevent and mitigate salient issues

How do we know that what we do works? eg. suppliers are positive in sharing information and experience, the challenge is to get this in the system.

A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at a large, round, metal tray with several circular indentations. The background is a blurred kitchen or industrial setting.

5

Communicate how impacts are addressed

Relevant external communication on company due diligence for responsible business conduct needs to build on specific activities and results. This include external communication of policies and codes of conduct, or processes and activities related to identifying and managing the company's actual and potential negative impact on people, society and the environment. Communication should also include findings, effects and results of concrete actions or activities.

5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing its salient issues

We communicate with stakeholders by visits, together we discuss and make plans for improvements.

5.A.2 Describe how the company communicates publicly about its own work on identifying and management of salient issues

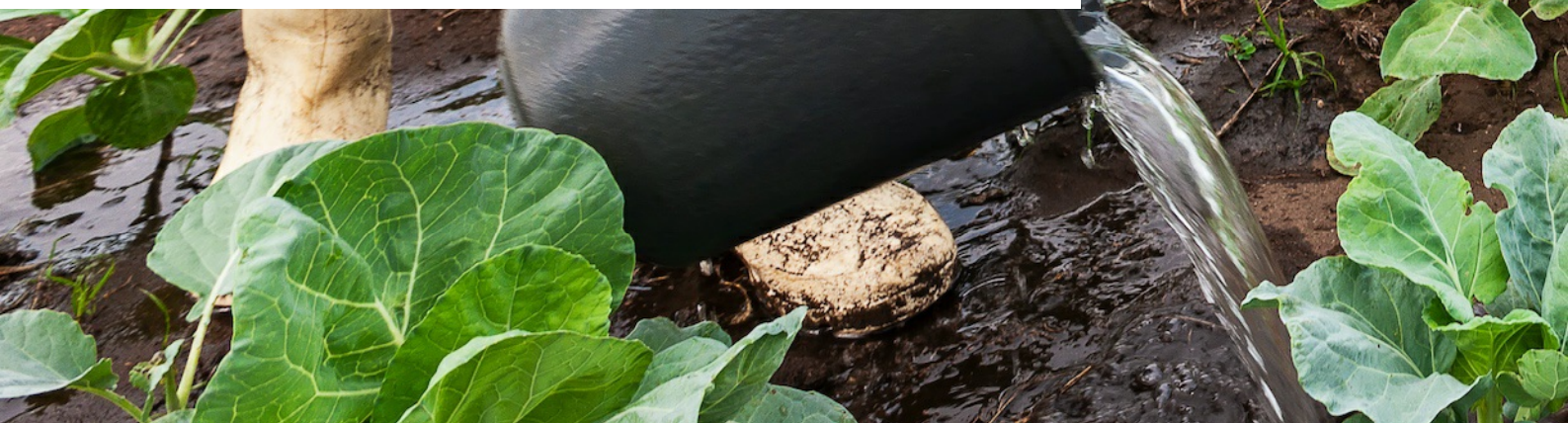
CSR Editorial
EHN annual report
Transparent supplier- and tannerylist



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 to ensure remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. When appropriate, companies should provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints.



6.A Remediation

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

We have an ongoing project where we are developing a company policy for remedy of negative impact and damage. If we are the cause or contribute to negative impact, we are also responsible for taking care of the damage that has been identified.

6.A.2 Describe cases of remediation in reporting year, if relevant

We are mapping OT in China and planing training next year.

6.B Secure access to grievance mechanisms

6.B.1 Describe what the company does to ensure that workers and communities have access to effective remediation mechanisms, when appropriate:

The production facilities have "suggestion box" where the workers can raise their issues anonymous to the management; which in return needs to have a system to address the issues in a fair manner. By implementing QuizRR in our supply chain we hope one of the effects will be increased worker engagement, improved communication and transparency.

Contact details:

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