



Report on

Responsible Business Conduct 2020

for Barnas Hus Norge AS - BH Nordic AS

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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

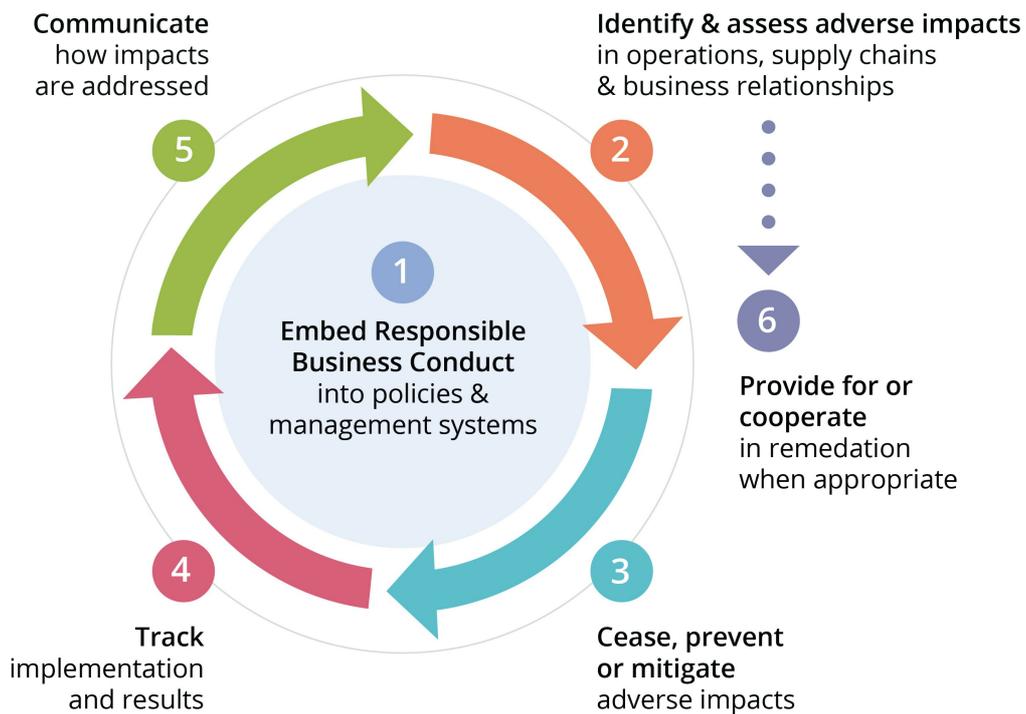
Executive Director

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

Barnas Hus Norge AS is a leading retailer in Norway selling clothing, nursery, strollers and car seats for small children. The chain has 26 stores across the country and an online webstore; www.barnashus.no.

Our vision is that "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 lives 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 life 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 IEH 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 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 code of conducts 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 slow down our plan visiting physicaly our factories in Asia. We have weekly meetings we our factories on Teams sins March 2020 and hope we will have the chance to make visits in autumn 2021.

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

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 are organized in Barnas Hus Norge AS, while the service office and central warehouse are organized in BH Nordic AS. Purchases of goods from Asia (Reflex and Yngri) are 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)

615 000 000

Number of employees

330

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

We have opened one more store in Oslo - Lambertseter, number 26
Sulu AS have changed name to Blåbær Production AS

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 75% of business is direct with manufacturs/producer. Approx 25% is business through agents.

Yngri - privat label

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

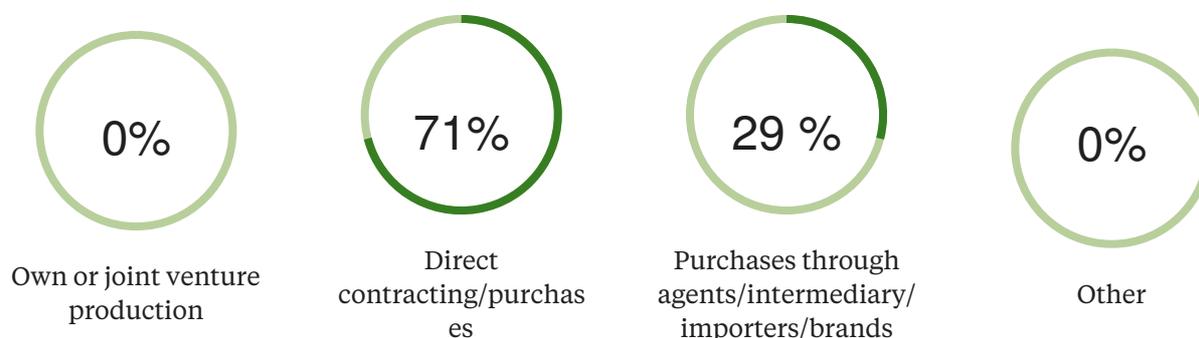
Number of suppliers with which the company had commercial relations in the reporting year

33

Comments to number of suppliers

Reflex had totally 16 suppliers of whom we had commercial relations. These are mainly manufacturers from China. Reflex accounts for approximately 25% of total turnover in Barnas Hus - remaining sales are purchased from external brand suppliers. Yngri had

Approximate ratio by sourcing options



REFLEX:

Percentage based on purchase value - Direct purchase 84%, Purchase through agent 16%. Percentage based on qty is almost same; 85% direct and 15% through agents.

YNGRI:

Percentage based on purchase value - Direct purchase 25%, Purchase through agent 75%. Split in pcs is 40% direct purchase and 60% through agent on site.

Yngri brand is very broad and falls into several different categories within our business 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 :	42
Sri Lanka :	1
India :	1
South Korea :	3
Turkey :	1
Poland :	1
Russia :	1

Reflex have totally 30 production units for all styles. E.g. supplier of footwear use 3 different factories for 3 different category groups.

Yngri have totally 20 production units for all products. 3 stroller producers have their textile production in separate factories.

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

7 512

Number of suppliers

42

Comments to number of workers

Reflex: 3552 workers from total 30 production units in first tier, and cover 100% of our 16 commercial suppliers. Yngri: (3960 workers 12 different manufacturers) these are manufacturers/producers in first tier in our supply chain. We miss correct fig

Key inputs/raw materials and associated geographies

Wool	Australia
Cotton	India
Wood	China
Aluminium	China
Steel	China
ABS Plastic	China
Wool	South Africa

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

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
- * Follow-up of the criteria in supplier meetings

Improve and develop sustainability practices

- * Increase the proportion of certified cotton in our products
- * Increase the proportion of recycled material in our outerwear
- * Motivate more suppliers to certify with OEKOETEX
- * Increase the proportion (90%) signed chemical agreement

Goal:

- * Start the job of introducing reporting system for non-conformity in HSE (3 main factories)
- * Mapping energy consumption (renewable) in 60% of factories

Risk mapping of the supply chain

- * Continue ongoing mapping - updated to November 2020

Social responsibility in the supply chain

- * Completed complete audit (70%) during 2020
- * 85% of them must have achieved grade A, B or C
- * Remaining with signed CoC
- * Decision on QUIZRR by April 2020

Progress Reflex/Blåbær during 2020:

One of our main focus areas in 2020 was to increase our suppliers' attention for recycled and sustainable fabrics. This set a good foundation for replacing existing materials in our production with more sustainable options.

We have set some minimum criteria for suppliers and these have been integrated in purchasing routine. Following up of these criteria has however been more challenging than expected as we have not been able to conduct physical meetings with suppliers and visits at production units. Sustainability practices and goals have however been discussed frequently in all video meetings as well as in our daily dialogue with suppliers.

Since 2019 we have worked to replace a great share of our polyester fleece garments with recycled polyester fleece, and this has resulted in improvements during 2020. In 2021 we will focus recycled materials for outerwear, rainwear and swimwear.

We have fulfilled our goal that 90% of suppliers have signed our chemical agreement. We have added substances to our list of non-accepted substances for our suppliers. Together with RISE this work will continue during 2021 to make our products as safe as possible, free of allergenic and harmful substances.

Status :

We have continued to encourage suppliers to certify for Oeko-tex and to source more sustainable materials. This is an on-going project that will continue during 2021.

Majority of our suppliers have completed a BSCI-audit. We have fulfilled our goal that minimum 85% of these suppliers have achieved grade A, B or C.

Mapping energy consumption (renewable) in 60% of factories; Mapping of the supply chain has started but is not finished. We have not reached our target, but will continue this focal point during 2021

All suppliers have signed COC and have forwarded this to their sub-suppliers.

Decisions regarding Quizrr has been postponed as this was not doable with the pandemic situation. This may be considered again when COVID19 does not longer set limitations for this project, but at the moment this is on hold. We expect that the pandemic will affect business and life for a long time and this will affect how we can implement our new goals and measures. We will set some goals for 2021 that consider the situation with the pandemic, having in mind that physical meetings with suppliers and factory visits may still be out of reach for a while. Being able to adapt to rapid changes and uncertainties is one important lesson that we will bring with us when entering 2021.

Starting introducing reporting system for non-conformity in HSE has not been possible to conduct during 2020.

Goal for coming years

1

Goals Reflex/Blåbær 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 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.

2

YNGRI:

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
- * 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.



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?

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 Miljø Fyrtårn 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.2 How is the commitment/policy 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 work with responsible business conduct organised within the company and why in this particular way?

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 Miljø Fyrtårn 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.

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

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

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 competencies to work towards implementing 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 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 is the company's commitment 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

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?

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 make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

On behalf of BHN, Blåbær Production AS and Barnens 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: Since year 2018 100% of all commercial suppliers have received, signed and accepted Policy and Code of Conduct.

Yngri: During 2020 70% of all suppliers have received, signed and accepted Policy and Code of Conduct.

Chemical Contract



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

Yngri: We work with a big product range and this is covered by appendix in our Purchase/Policy agreements.

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?

Reflex/BLÅBÆR Production:

2020 became a most unexpected year which effected business and private life worldwide. Uncertainty for your own business, our suppliers and their situation, their suppliers again and so on. 2020 revealed how much we depend on each other and how connected we are.

Early January we decided to keep all suppliers and ensure we fulfilled all agreements made. This was not the time to make changes which could have a negative impact in our supply chain.

Even though we managed a trip to India in early stage of 2020, we have not been able to have as close connection with our suppliers as expected. All other trips were cancelled. Meetings on video can be useful, but with mix of national/local close-downs, home-office, low quality wifi with delay and interference on both sound and picture, time difference etc, 2020 has been very challenging. As result this required more individual attention and adjustments suitable for each supplier.

Lessons learned during 2020;

- Our suppliers appreciated video meetings and found them useful, even though the connection was of varying quality in many meetings. However we all agreed that video meetings cannot replace the value of face-to-face meetings and visits.
- Requests and demands for sustainable materials (e.g. recycled yarns, certified organic yarns, RWS wool, and so on) have increased rapidly – pre-dominantly second half of 2020.
- Sustainable materials had significant price increase which interfered with some of quotations received. We accepted price increase for several styles in order to support suppliers and to continue our work to reach the targets we had set.
- Internal recognition and valuation of sustainable materials/garments has improved rapidly and notably. 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.
- Local lock-downs as a result of the pandemic situation has led to some delays in work of renewing certificates or audits.
- 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:

2020 started with an early trip to China and we did set the foundation for our future work with Yngri, but pretty soon the year changed and the Covid 19 pandemic affected the whole world in a way we have not seen since World War II. It affected uncertainty around the world in terms of production, suppliers, businesses and workers on all levels.

Due to our long term experience within the industry and the early visit in January we had it clear with which suppliers we wanted to work with – we also have agent on site with whom we have had a long-term partnership with. And even though we could not travel during the year we have realized the importance of having someone on site. Among other things the agent and his staff have done production and shipment inspections for us. Pretty quick we adapted to the situation and we did set up a different way of working with regular online meetings with the people on site – however the connection have been really bad, local shut downs made it to a very challenging year in many terms.

Leason learned during 2020:

- 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.
 - Some suppliers did send BSCI audit reports without us asking for them, in some cases we also received a CAP with a detailed action plan.
 - Local lock downs due to pandemic made it impossible for some suppliers to have audits.
 - 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 most productions were they informed us about their experience from the supplier.
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- We have noted a better will to change in to sustainable materials even though our orders are not of big volumes in some areas - however within the toy and stroller productions we still face some resistance.
- The pandemic made it difficult for us to visit the production sites and see it with our "western eyes" which affected our risk assessment.



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
Corruption	Corruption	China India South Korea Sri Lanka Russia Turkey
Child Labour	Forced labour Child labour Harsh and inhumane treatment	China India
Discrimination	Forced labour Discrimination Harsh and inhumane treatment Marginalized populations	China India South Korea Sri Lanka Poland Russia
Environment	Environment Animal welfare Energy Waste Water Use of materials	China India South Korea Sri Lanka Poland Russia
Labour Conditions	Forced labour Freedom of association and collective bargaining Harsh and inhumane treatment Occupational Health and safety Wages Working hours Regular employment	China India South Korea Sri Lanka Poland Russia Turkey

Chemical Use	Occupational Health and safety Environment Emission Waste Use of materials	China India South Korea Sri Lanka Poland Russia
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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 on situation. As previous years we continue having Corruption as one of our main focuses, as we see corruption as the major obstacle for improvement on other areas. We acknowledge that this issue will be particularly challenging to solve but consider this to have top priority in order to approach improved socially responsible business.

Other priority areas are divided in 3 main segments: Discrimination, Labour/Labour conditions & Environment/Sustainability

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

Reflex/Blåbær risk assessments are determined based on 3 points of view:

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.

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 acceptable overview in 1st tier. We have during recent years started mapping and visiting of sub-suppliers to gain increased control of our entire supply chain. This is a significant and on-going project.

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 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.

Reflex/Blåbær

Challenges due to different cultures and perspectives:

With some suppliers we experience a lack of understanding of the importance and value of a well-functional worker representation working with management (reference ILO 135). Challenges are among others based on different working culture, both between our western society and management, but also between workers and management. It is important we use our western prerequisite in sensible ways during dialogue and demands.

Worker Representation:

Worker Representation/Workers Committee has been among our focus areas in 2020 and will continue in 2021. More than 50% of our production units in first tier have already established Workers Committee, and more will come during 2021. Information and guidelines have been sent out how to establish.

We must though accept this may take some time. Not only do we need to persuade managers/owners to establish as some may have old-fashioned arguments this will not benefit their business, but also to ensure the Committee is well working. Worker Representation must be freely elected among workers/staff. Elected workers must have training how to perform their task. Managers must ensure frequent meetings and meeting report must be written and signed.

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 2021 to ensure our workers have insurance coverage according to current legislation.

Transparency:

Great majority of our suppliers maintain open supplier lists and transparency with us. We do though still experience one of our suppliers is less willing to provide transparency regarding their sub-suppliers connected with our

Production. This supplier explains their view is based on competition concerns and to protect business, and have experienced several occasions with Scandinavian companies going behind their back and utilized information to their own economic advantage. Due to this they are reluctant to share commercial business partners and still consider these as confidential. We have had several video meetings and mail communications regarding this topic and hope to solve for the better within 2021.

Furthermore, several suppliers have an opinion that our on-going requirements for documentation in supply chains are too demanding, takes too much time, and interrupt core business.

Fire Security:

Fire security is still among our focus areas and will also be in 2021. What we have learned during 2020 is that several suppliers have shared their photos and training videos from fire drills at factory without our reminders. Some factories do internal training and drilling, while others contact local fire department for competition of drill and professional competence. We will continue sharing documentation with other suppliers during 2021

Cleanliness & Sanitary conditions:

Sanitary conditions have been focused since 2018 and in particular toilets for female workers (not exclusively), emphasized the importance of establishing routines for frequent cleaning and heavily argued that that improvements on this area will have good effect for workers well-being, the general standard of factory, hygiene and infection/bacteria/virus control.

Among others we have seen several suppliers both renovating toilets and building more toilets for their workers and set up internal routines for both cleaning and checking.

We will continue to monitor this topic for coming year even though sanitizing has been well known for everybody during 2020.

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 is the first report year for our Yngri brand and challenges due to Covid-19, we have not been able to travel or monitor satisfactorily, as large parts of China were shut down in the spring and in connection with the CNY – the shutdown in China affected the workers and a large of the workes could not return on time to the factories. Production did return to normal levels during the summer. The pandemic have lead to travel restrictions around the world during and we have not visited any supplier during 2020. We have relied on the BSCI audit reports we have received in and CAP documents.

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 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

<p>Salient issue</p>	<p>Corruption</p>
<p>Goal :</p>	<p>No corruption in our supply chain. Transparent and sustainable business practice. Continue to contribute and develop a culture of integrity among our suppliers to avoid corruption in all forms. Doing business with integrity is right way to build long term relation. Reducing corruption is at the heart of the SDGs</p>
<p>Status :</p>	<p>Corruption was one of our main salient issues set for 2020. Corruption in our supply chain is not tolerated at any level and this is clearly stated in our CoC. We acknowledged that the risk of corruption is high when dealing with countries that score poorly when it comes to transparency. Corruption comes in different forms; Bribing official services (e.g. police, fire inspectors etc) to perform or certify services, determine sub-suppliers in our chain by favouring friends or relatives, bribing auditing branches or certification bodies to achieve improved results and/or certifications etc. Small and Medium-sized Enterprises (SMEs) typically lack resources to implement effective anti-corruption measures and conduct their business in compliance with international standards and the applicable legal rules. Growing challenges for SMEs may be lack of transparency as well.</p>

Objectives in reporting year :

During conversations and meetings with people from other cultures, we are introduced to their norms. In business meeting with our suppliers, we try to build an understanding of our view upon corruption and all negative impacts corruption have on the society. Listening to our suppliers' points of views is necessary as well. We build trust and relations and have achieved mutual respect over the years working closely together. By making direct business as far as possible, meeting our manufacturers sub-suppliers and discussing our values, we hope and believe that this will make an impact and stay as an example that business may grow strong without corruption.

Although we experience increased willingness among our suppliers to be transparent, we still have one supplier that are less willing to share and provide all requested info. Encouraging and negotiating to move forward with this supplier has taken much of our time during 2020. Although these efforts sometimes have felt time-consuming and industrious, we see it as indispensable to continue collaboration. We also think that we can make an impact if we are one of many partners who require full transparency and openness. Increased transparency is among the most effective efforts to avoid corruption which is why we continue to gain as much info as possible about all suppliers and their supply chain.

According to «Transparency International» Covid19 is not just a health and economic crisis, but also a corruption crisis. Democratic backslide and undermining health care system is among the great challenges in countries with high level of corruption risk. We have set corruption as one of our most important salient risk as we believe this can be a major obstacle for improvement on other areas. We acknowledge that this issue will be particularly challenging to solve but consider this to have top priority in order to approach improved socially responsible business.

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.

Salient issue	Child Labour
Goal :	No occurrence of child labour in in our supply chain.
Status :	<p>According to international reports, the risk of Child labour is high in India, moderate to high in China.</p> <p>As far as we have possibility to control, child labour is non-existent in our supply chain in China. This includes all manufacturers, authorized sub-contractors, suppliers and sub-suppliers. Our information is based on factory visits, studies of audit reports and certificates made by 3rd party companies., and also supported by information from NGO`s.</p> <p>Our supply chain mapping for India show that there is no child labour in our supply chain. We do though recognize that overview here is far more 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. Reports from NGO`s and NPO`s strongly indicates child labour occurrence in textile business.</p> <p>For Turkey, Sri Lanka and South Korea, risk of child labour is low. However, we acknowledge the importance to emphasize our zero tolerance on this point to all our suppliers.</p>
Objectives in reporting year :	Increase our presence and audits further down supply chain. Seek advice at local NGO`s. Work to collect trustable data.

Actions :

All our cotton in India is GOTS certified. All steps in processing, manufacturing and trading of organic textiles are covered by GOTS and certified to strict ecological and social criteria. Social criteria for GOTS certification minimize risk of child labour, but India is a market to monitor closely in order to comply to our standards.

Salient issue	Discrimination
Goal :	Universal Human Rights that are stated in ILO 100, 101 and UN’s CEDAW (convention on the elimination of discrimination against women) must be complied by all of our suppliers.
Status :	International public reports show that the risk of discrimination is medium to high in our production countries. Some sorts of discrimination may also be challenging to detect as it may occur in various and obscure forms. Thus, we believe this issue needs to be addressed and emphasized to our business partners to make sure that we have a common understanding of fair treatment.
Objectives in reporting year :	Discrimination is one of our salient issues for many reasons. As clearly stated in our CoC we have a zero-tolerance policy on discrimination. No worker should be discriminated based on their ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. According to our findings from our supply chain mapping there is no occurrence of discrimination in our supply chain. These findings are further supported by third-party audits of our factories. However, International public reports show that the risk of discrimination is medium to high in our production countries. Some sorts of discrimination may also be challenging to detect through audits and may occur in many and obscure forms. We believe the topic needs to be emphasized and addressed regularly to all our business partners, even in relations that are built on trust and transparency. Despite challenges related to cultural differences we need to make sure that we have a common understanding of fair treatment.

Actions :

During 2020 we have attended webinars that have addressed discrimination and modern slavery related to caste system. For us this has been highly relevant and informing as some of our production is based in India. Not only was this webinar useful for highlighting issues that may be relevant in our supply chain, but it has also encouraged us to involve IDSN (International Dalit Solidarity Network) to help us deal with them and make preventive measures. This is an on-going project that will continue during 2021. Although we have visited our supplier and their sub-suppliers in India several times, we need to continue our investigation work regarding discrimination and caste system in India. There are several risks connected to production in the Tirupur-area, particularly concerning discrimination of young female workers.

As stated in The Fair Wear report on India from 2019, Tirupur is characterised by a young female low-caste workforce. Although we have not any signs of this practice in our supply chain we acknowledge the fact that these violations may still occur. During 2021 we will continue to involve IDSN to prevent and counteract this kind of discrimination.

Our supplier in India has been engaged in a project of building toilets for school girls in Tirupur to make sure hygienic and sanitary conditions is improved. This is an example of a concrete project for positive change that we want to encourage other suppliers to engage in to participate in positive change within their local society.

Salient issue	Environment
Goal :	We work to integrate sustainability in our entire product development process. This applies all parts from idea/design, during material sourcing and production, to final goods are delivered to our shops.
Status :	We have increased our focus on sustainability in our production and product development. We will continue to improve as our goals are developing while demands in general are also constantly increasing.
Objectives in reporting year :	Work to reduce the amount of microplastic generated from our products. Increase the number of products that are Oeko-tex certified. Increase the number of products that are based on organic fibres. Increase the number of products that are based on natural fibres, particularly focusing on wool. Increase the use of recycled fibres.

Actions :

We continuously update instructions and product specifications according to regulations and legislation for use of chemicals.

Recycled materials

We have replaced polyester microfleece with use of recycled microfleece from PET bottles. Also, we are actively seeking further developments with selected suppliers.

Natural materials

We have had increased focus on wool as preferred material. Wool is among the most sustainable textile fibres as it has longer lifetime and more self-cleaning attributes than other alternatives. We prioritize compositions with 100% wool as much as possible. Wool is easier to recycle than textile blends with for example polyester. Garments with 50-100% wool represents more than 50% of our total production measured in sold units/pieces.

Chemicals

We follow up and keep all our suppliers updated regarding chemical use relevant for their products. All suppliers in our supply chain receive updated chemical guide 1-2 times per year with complimentary explanation for chemicals with restrictions, why these are harmful and which alternative chemicals that can be used.

Environmental certificates

Oeko-tex 100 class I and II: We prioritize Oeko-tex certified suppliers in first and second tier.

GOTS/OCS:

We prioritize organically certified cotton.

Audits

We collect, investigate and follow up updated third-party audits (BSCI) with our suppliers. Insufficient and unsatisfying points are discussed with suppliers to be able to achieve improvements. In general, we encourage our suppliers to reach for certifications as SEDEX/SA8000 etc to gain better internal management systems and control.

Plastic

We have reduced our plastic consumption each year since 2018 by changing packing instructions for suppliers. The reduction of plastic will also enhance suppliers' packing departments, unpacking goods in shops and reduce waste in general. It's an on-going project to reduce plastic in packing.

Animal welfare

It is important to us at BHN that all animals are respectfully treated. Thus, our CoC manifest our point of view regarding use of animal fibres.

All wool purchased from our suppliers is certified mulesing free by third-party audits. Requirements of mulesing free wool is also clearly stated in our CoC. RWS certified wool will be implemented in major parts of our bulk production during 2021.

We do not use any kind of real fur. As the fur industry is linked to cruel and unethical treatment of animals, abstaining from fur is an important statement in our animal welfare policy. Furthermore, fur is not necessary to stay warm.

All down and feathers used for Reflex-production is certified with RDS (Responsible Down Standard) which ensures that the animals have been treated humanely. All down and feathers in our production come from birds that have been raised raised for food. Down from animals that are plucked alive is not tolerated.

Purchasing process

Orders for our production are placed at least 6 months, sometimes 8 months before shipment. This gives suppliers more time for proper planning, sourcing and purchase of materials, testing and follow-up of materials and reduced need of overtime work related to our orders. Furthermore, we strive to be as flexible as possible if suppliers request to adjust shipment dates.

Logistics

All bulk deliveries for Reflex are transported by sea.

Salient issue	Labour Conditions
Goal :	Improve labour conditions, ensure safe working environments, rights and decent wages and equal payment.
Status :	As we have learned and experienced from previous year, labour conditions are among several topics that needs to be addressed in various ways for each supplier. During 2019 we detected some insufficiencies at certain suppliers' labour conditions. During 2020 setting up and integrating a well-functioning worker representation has been included in our minimum criteria for Reflex-suppliers.
Objectives in reporting year :	Lack of trade unions in our production countries is among the greatest risk regarding labour rights. Especially China and India have been focus-areas during 2020. 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 in several ways.

Actions :

Resources provided by Ethical Trade Norway have been useful to give suppliers concrete guidelines and advice for setting up and further develop a system for worker representation.

Salient issue	Chemical Use
Goal :	No occurrence of forbidden chemicals, and occurrence of chemicals with restrictions must be within current and updated limit values.
Status :	All suppliers have been given instructions for chemical use customized for their production. Furthermore 100% of our suppliers have accepted and signed our Chemical Agreement.
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, 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 all their customers.

Actions :

Updated chemical guidance has been sent out to all suppliers in 2020. Random samples and tests have been made on selected materials at nominated suppliers.

Cross-cutting actions related to management of negative impact:

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

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

* We have increased the number of products made of certified recycled materials in our production.

* We have made design and product specifications for a wide range of new developments with certified recycled 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.

* 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.

Indicator

Sea transport



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 goods by air. Qty/value of this shipment represented less than 0,1% of totals.

Yngri:

We experienced smaller bulk delivery by rail during the winter as there is a lack of containers due to the pandemic.

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

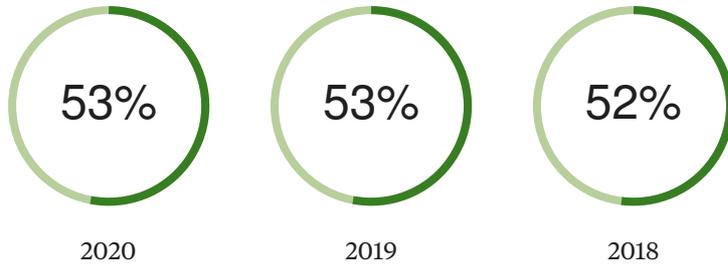
We are currently evaluating possibilities of moving parts of our production to Europe to make our supply chain shorter. This could make it easier to implement sustainable practices but could also have some disadvantages. This will be further examined and evaluated.

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

Oekotex 100, GOTS, OCS 100, RDS, FSC

Indicator

Percentage Reflex items certified with OEKOTEX 100



Reflex: Percentage of OEKOTEX 100 labelled and certified items out of total qty Reflex garments.

Percentage down garments with RDS certified down



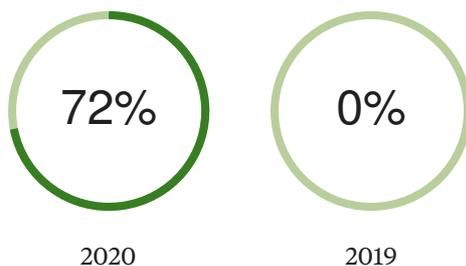
Reflex: Percentage down garments which content RDS out of total number items containing down.

Percentage cotton garments made with organic cotton



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

Percentage fleece garments with Recycled polyester



Reflex: Percentage of fleece garments made by 100% recycled polyester.

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:

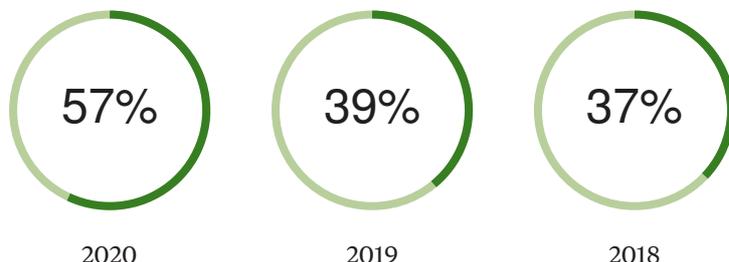
Governments and employers trends to restrict the rights of workers through violations of collective bargaining and the right to strike, and exclude workers from unions world wide. India's repressive labour legislation has seen it re-enter list of "10 Worst countries for workers" during 2020. Workers 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 were 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. 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.

Indicator

Percentage of suppliers with worker representation other than trade union



Reflex/Blåbær:

We will continue encourage our suppliers to establish functional Workers Committees during 2021.

Yngri:

We currently have no overview of suppliers with trade unions, but an overview will be processed during 2021.

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

Reflex/Blåbær

Chemical guidance through our membership in Kemikaliegruppen RISE is sent out to all suppliers 1-2times/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 during 2020 and will be followed up during next months. We will reconsider possible cooperation with Quizrr for capacity building locally. This project stranded early 2020 due Covid19.

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

Reflex/Blåbær Production

Working condition and human rights are always topics of study and concern when working within the garment industry. We are at the moment focusing on India and have recently had meetings and discussions with IDSN (International Dalit Solidarity Network). We know that by producing garments in India we are in a high-risk zone, but instead of moving our production to another countries we believe it is important to have open discussions and try to influence our suppliers. We have visited our garment supplier, dying mill, printing mill and knitting mill where we believe we have a good level of understanding and control. Our next step is to check the spinning mills. Studies shows that we have reasons to believe that there are issues like forced labour and discrimination in the state of Tamil Nadu. Even though we find this very concerning we also believe that by putting pressure, give guidance and have conversations about these topics we have some level of influence. Blåbær Production AS are constantly on the lookout for new innovative fabrics that are eco-friendly and sustainable for use in the Reflex production. We also have a goal to improve the production planning and order setting. As many other brands we have previous years worked with two seasons where most orders are placed. We know this puts a strain on the manufacturers and they have to produce most garments within peak season, which again can lead to overtime for the workers. Our goal is to have orders for NOOS products spread and placed so production also can occur within low season. By doing this the manufacturers can avoid peak seasons with overtime and keep the workforce engaged at low season.

Yngri was founded in 2018 and during the last 2 years we have builded a brand with basic products within several different categories – we know that the production within the toy industry is one of the most vulnerable in terms of labor law, environment and unwilling to change in to sustainable material. BSCI reports have been important and we have seen a lot of improvement areas. We have vistied our production sites and started a dialog directly and via Calsun regarding sustainable material, we have been facing a resistance as our volumes are too small, we are growing within the toy section the work to change in to sustainable material will continue as we also educate the Calsun (agent) staff on site.

We have our stroller procution spread within several different production sites, this beacuse we don not own the moulding tools – during 2020 we have been sourcing same models within all these production units in order reduce the amonut of production sites. We moved one model during 2020.

The stroller production process consits of several different raw materials, different textiles, steel, plastic, rubber – we have a plan to get a better control of the sub cuntractors and will start mapping them (Calsun agent already started) . Several of these raw materials are in high risk for pollution, enviroment and workers.



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

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 is based on findings and experiences from our risk assessment. Responsibility must be integrated in daily work for all our employees. In 2021 we will continue developing more sustainable garments in order to achieve circular products in future.

Yngri

Have just started to intergrate responsible business practice to our overall work and business development, this must be intergrated in our daily work and understand the business benefits of sustainable sourcing. For the coming year our goal is to develop a long term development plan for all the product categories within Yngri.

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

Reflex/Blåbær:

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.

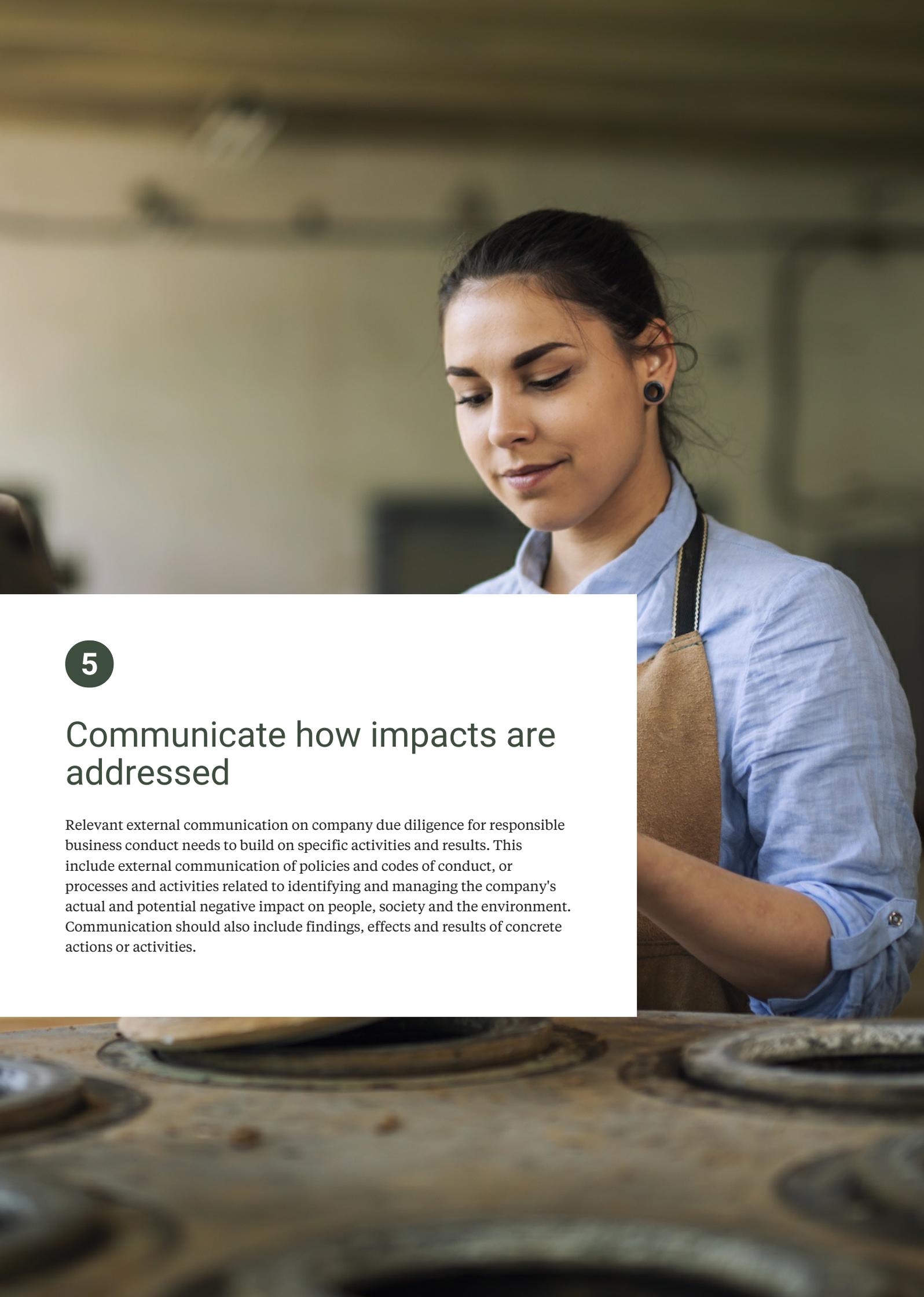
More or less all our suppliers have increased understanding related to our demand regarding openness and transparency. Only one of our suppliers is less willing to provide full transparency regarding sub-suppliers despite our requirements. However, we think that our continuous emphasizing is important 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.

The focus on hygiene at factories which started back in 2018 is an example of efforts that have had positive effects during the recent years. Since we stated emphasizing the importance of establishing routines for frequent cleaning and repairing damages at factories, we have seen improvements which we consider important for workers well-being at our factories, and actually helped when sanitizing was required at early stages of pandemic.

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.

The toy and stroller industry has a long way to go when it comes to environment and sustainability. But through our presence and cooperation, we work for a will to change the work.



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 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.

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

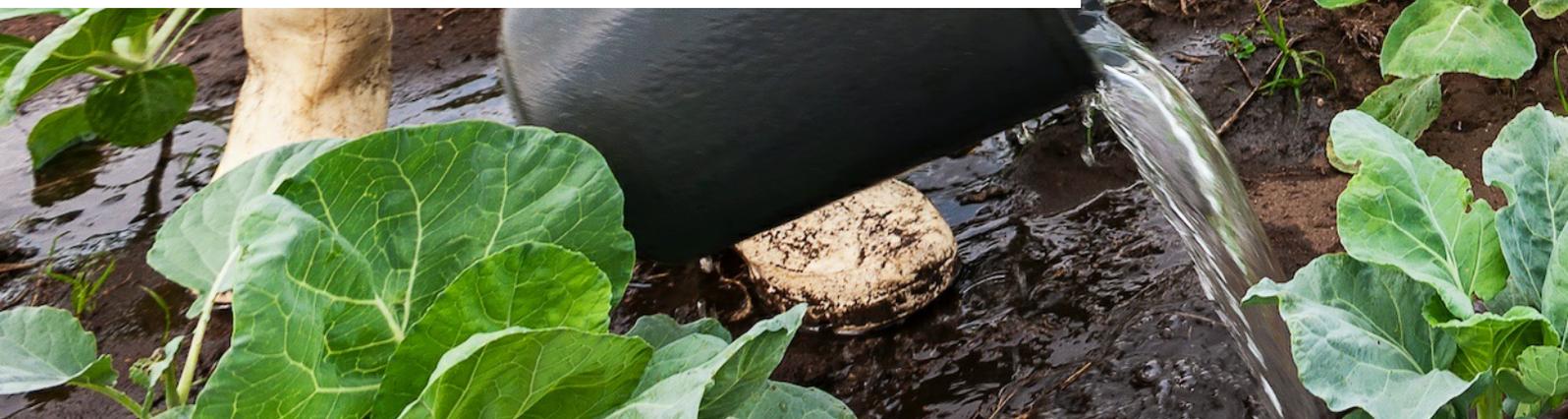
We communicate our sustainability work through our website www.barnashus.no/csr and our website www.Yngri.no will add this with this years report - in addition to the fact that this report is public. A link to the final report will also be posted on our csr pages



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 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

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

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

No cases of recovery in 2020

6.B Secure access to grievance mechanisms

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

In 2021 if possible regarding Covid-19, we will look at the possibility of, in collaboration with the factories we usees, introducing a reporting system that entails obligations that non-conformity with health, environment and safety are reported to us by describing events / non-conformities in the production of our products. Measures and deadlines for new implementation must also be reported.

This could form the basis for an overview of the challenges and need for any recovery that we can discuss with the factory owners.

Contact details:

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Lasse Erik Moen, CEO

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