



Report on

# Responsible Business Conduct 2020

for Stokke 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**

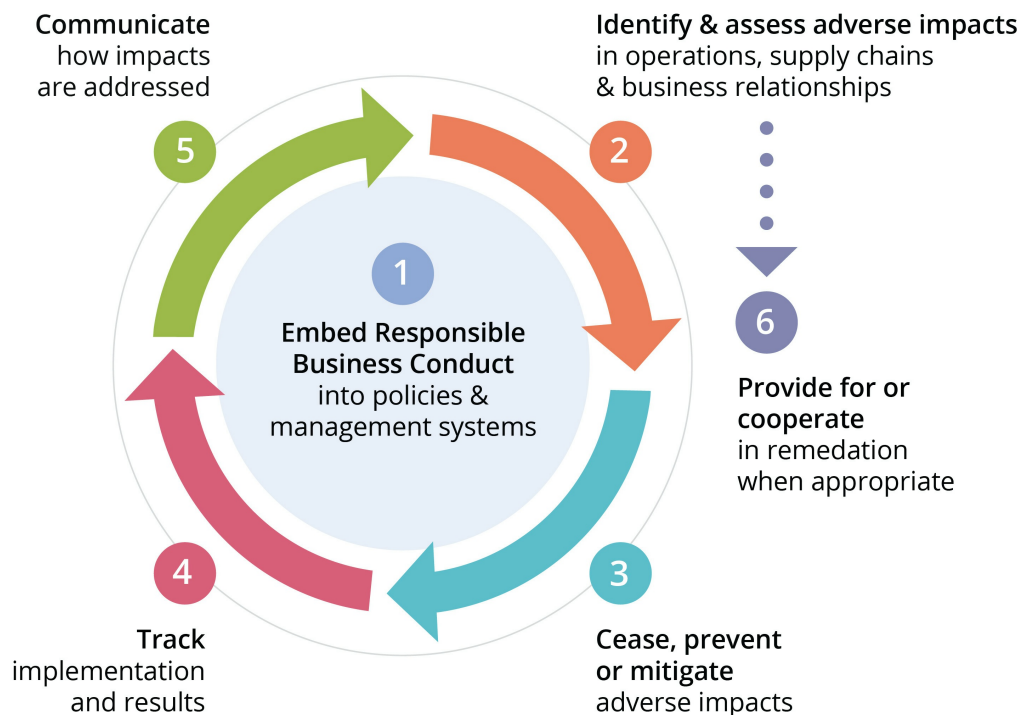
*Executive Director*

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

At Stokke, we take great pride in the products we sell and have done since our beginning in 1932. Our company is focused on solutions for babies' development. Every day, millions of people place their trust in our products to take the best possible care of what is most precious to them; their young children. They expect the highest quality and safety from our products! Therefore, we always strive to do whatever is "in the best interest of the child" – our brand promise.

We are all concerned about the environment and how our actions affect it. In today's modern world, caring for our children means much more than providing them with safety, comfort, and protection. Caring for our children means caring for the planet that they will inherit. We strive to create innovative high-quality products in a responsible business environment that provides the assurance and peace of mind that is expected from Stokke products. This will contribute to the preservation of our planet not only for our children, but for generations to come.

Stokke has been member of Ethical Trade Norway since 2006. As a small organization, ETN is an excellent resource center and support in our work to continuously improve and ensure that our business practice respects people, society and the environment. Through this cooperation, we ensure that our actions are in alignment with best practice according to international expectations such as the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Sustainable Development Goals. As a member, we are committed to:

1. Implementing strategies and policies which, at a minimum, covers ETNs principles for responsible business conduct.
2. Carrying out due diligence for responsible business to prevent negative impact on people and the environment in our supply chain.

Autumn 2019, ETN updated their minimum requirements to ensure that they reflect what is considered good business practice today. Stokke very much welcomes this update, while at the same time, acknowledges that within a few areas, work is still needed to reach the expected level. Our actions for 2020 and 2021 are based on lifting our internal practice within these areas while keeping up the good work we are already doing.

**" In the best interest of the child "**

Jacob Kragh  
*CEO*



# Company information and business context

## Key company information

### Company name

Stokke AS

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### Head office address

Parkgata 6, 6003 Ålesund

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### Main brands, products and services offered by the company

Stokke provides worldwide distribution of children's furniture and equipment within the highchair, stroller, baby carrier and nursery market segments through selected retailers represented in around 70 countries. The products are also available through e-

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### Description of company structure

Stokke AS is a Norwegian company with subsidiaries in Europe, Americas and in Asia. All subsidiaries companies are fully owned by Stokke AS, and conduct sales and marketing on behalf of Stokke AS in the respective countries.

Stokke is owned by NXMH, an investment company based in Belgium, wholly owned by NXC in South Korea. NXC is the largest shareholder in NEXON Corporation.

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### Turnover in reporting year (NOK)

1 949 000 000

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### Number of employees

381

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

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### Contact person for the report (name and title)

Gunnhild Ø Thorsen, Director of Sourcing and Production

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### Email for contact person for the report

Gunnhild.thorsen@stokke.com

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## Supply chain information

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

Manufacturing of Stokke products is outsourced with suppliers located in 13 countries. The production of wooden products is located in Eastern Europe, textiles in China, Pakistan and the US. Injection molding and assembly is located mainly in Europe, but also with some products in China and Taiwan.

Stokke considers our 1st Tier suppliers as System suppliers that take care of the sub-suppliers on behalf of Stokke. Stokke has a close relation to all our 1st Tier suppliers with frequent visits and close cooperation related to continuous improvement within different areas of the common business. Because of the Covid-19 situation, numbers of visits in 2020 have been significantly reduced, but Stokke has continued the close cooperation and follow-up through increased use of online meetings. In Eastern Europe we have local employees, so these factories we have been able to continue visiting, of course taking the relevant Covid-measures to protect the staff of our suppliers as well as our Stokke-employees.

The main pillars in Stokke Sourcing Strategy are:

- Stokke works with suppliers that promote FAIR WORKING CONDITIONS and SUSTAINABILITY in their work
- Stokkes production shall ensure PREMIUM QUALITY PRODUCTS
- Stokke choose suppliers with a LONG-TERM FOCUS and strive for a cooperation based on PARTNERSHIP

These pillars are giving guidance both in our day-to-day work with the suppliers as well as to our long-term actions

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

21

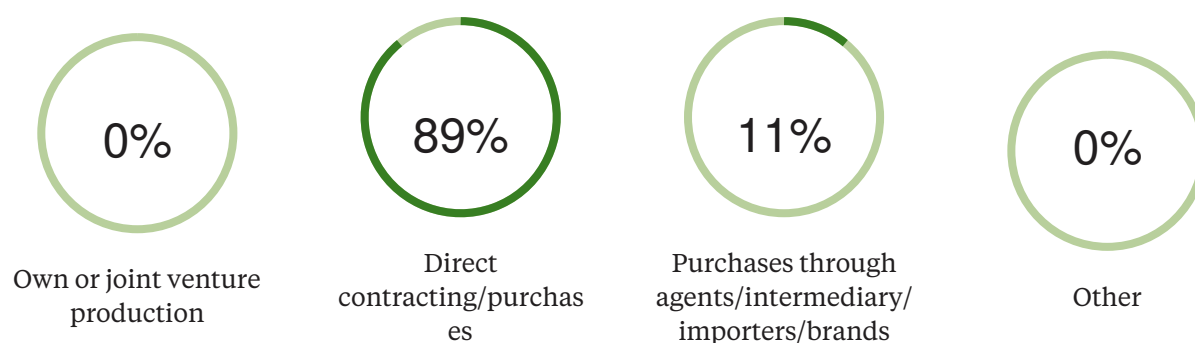
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### Comments to number of suppliers

Stokke has a direct commercial relation to 21 factories/agents that supplies to Stokke AS. Including the factories handled by our agents, Stokke has business relation with in total 30 factories.

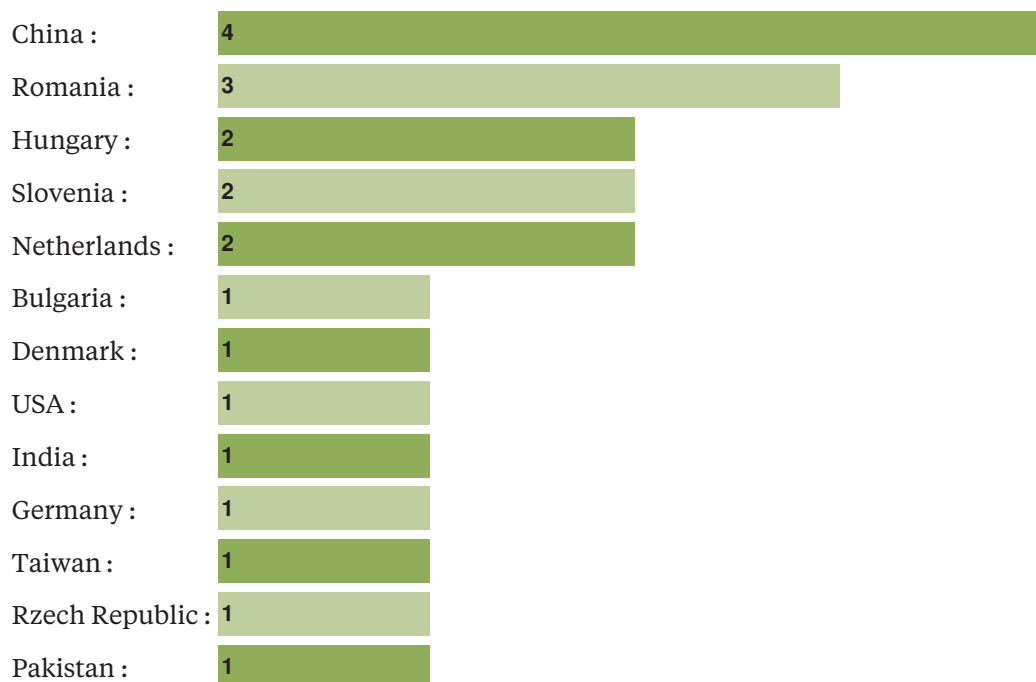
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### Approximate ratio by sourcing options



Purchase of marketing materials and extra packaging for repackaging etc not included

#### List of first tier suppliers (producers) by country



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**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

1 128

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#### Number of suppliers

30

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#### Comments to number of workers

Stokke is producing goods at in total 30 different suppliers. Approximately 1100 employees at these factories are involved in the daily production of the Stokke products. With our daily purchasing practice, Stokke is influencing the daily life of these pe

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## Key inputs/raw materials and associated geographies

<b>Wood (beech, oak, solid wood and plywood)</b>	Bosnia-Herzegovina Bulgaria Belarus Rzech Republic Macedonia Romania Serbia Ukraine
<b>Injection molding and assembly</b>	China Hungary Netherlands
<b>Metals (aluminium and steel)</b>	China Hungary Netherlands
<b>Polyester textile</b>	China
<b>Cotton textile</b>	China Pakistan
<b>Mattresses (foam and textile)</b>	Slovenia USA

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Is the company a supplier to the public sector?

No

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## Goals and progress

### Goals and progress for the reporting year

1

**Goal :** Due diligence system: Building on the system established in 2019, Stokke will proceed with further mapping of the downstream supply chain followed by risk mitigation actions where needed

**Status :** The ratings in the due diligence system have been updated based on 2020 information and risk mitigation actions followed upon.

2

**Goal :** Conduct Quality and Social audits of suppliers according to plan

**Status :** 4 social audits conducted, 0 Quality audits (due to Covid 19)

3

**Goal :** Establish a Stokke Corporate Social Responsibility Strategy giving the ambition for the future work with responsible business conduct

**Status :** Done. See 1.C.1 for further information

4

**Goal :** Continue competence building about Ethical trade of employees with supplier contact - extended to employees with indirect supplier contact (Innovation, Inventory management)

**Status :** Done. Competence building have taken place through participation on Webinars arranged by Ethical Trade Norway and Partners. Employees from both Sourcing&Production as well Innovation have participated.

5

**Goal :** Establish a policy and regular reporting for Stokke responsible business conduct in line with Ethical trade Norway's' declaration of principles

**Status :** Not done. Will be part of the new set-up and internal reporting related to the Stokke Sustainability Strategy.

6

**Goal :** Formalize focus and way of working for evaluation of environmental impact of Stokke suppliers

**Status :** Not done. Has awaited the conclusion on the Stokke Sustainability strategy and the focus areas before proceeding.

## Goal for coming years

1

Establish a policy and regular reporting for Stokke responsible business conduct in line with Ethical trade Norway's' declaration of principles

2

Communication of Sustainability ambition towards the suppliers.  
Formalize focus and way of working for evaluation of environmental impact of Stokke suppliers

3

Conduct Quality and Social audits of suppliers according to plan

4

Establish way of working to mitigate risk within the salient issue of wood traceability

5

Establish collaboration with Taos (or similar organization) for 3rd party support on most salient issues at the chinese suppliers.



# 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?

Our efforts are always in the best interest of the child. All of our products have a common purpose: to encourage child development and to nurture family bonding.

Not only designing products with superior functionality for comfort and ease of use, our designers create products that bring children closer to their parents. Closeness fosters connection. Children need this sense of connection to feel safe and loved, encouraging them to become self-reliant and confident learners in life.

Caring for children means caring for the planet. We strive towards sustainable solutions in everything we do. High-quality, durable materials, grow-with-your-child functionality, together with timeless design, ensure longevity to all our products –some of them lasting for generations.

Stokke's long history of design and innovation began over eight decades ago on the west coast of Norway in 1932. Stokke's values remain deeply rooted in our Scandinavian heritage and our commitment to craftsmanship and quality.

Stokke has published our commitment to people, society and environment on our homepage: [www.stokke.com](http://www.stokke.com)

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

The commitments to sustainability and quality has been part of the Stokke DNA for years. With the launch of a new Stokke strategy in 2020, cross-functional work was conducted to define the Stokke Brand Framework.

Within this framework, Nature is called out as an important part of our Heritage and Brand:

"Being close to nature and living from natural resources, Stokke understands the importance of nature and feels an obligation to care for nature. We strive towards sustainable solutions -for business and for life"

This has led to the definition of Sustainability as one of our three value propositions and Sustainability has been called out to focus on:

- Quality -‘the Stokke way’: Long-lasting products that last for generations offer a sustainable choice.
- Grows with the child: Our core products are made to be used as children grow and develop
- Sustainable value chain: Sustainable sourcing, labour, material, production, transport, packaging etc.

The Brand Framework has been anchored with the Board of Directors and communicated to the organisation through virtual townhalls, roundtable-sessions and focus in department meetings.

## 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?**

In the Stokke Leadership team, the Head of Strategy and M&A is the owner of the Stokke Sustainability Strategy. The position also drives the work within the focus areas “Child Development” as well as “Reduce our climate footprint”, as both areas go across the organization. The other focus areas of Stokke Sustainability strategy are located under the relevant functional departments, but are reporting their progress on the Sustainability strategy to the Head of Strategy. As both “Fair practice for Supply Chain partners” and “Sustainable forest management” are closely related to the supply chain and production of Stokke products, the responsibility of these areas lies at the Director of Sourcing and Production. “Quality Product made to last” is predominantly defined through the design- and product development process and the ownership therefore lies with the Product Development Manager.

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

There is a high focus on sustainability across the organization and through the definition and first communication of the Sustainability Strategy, the employees at Stokke have been made aware that Sustainability and responsible business conduct shall inform their decisions and actions moving forward. Within the focus area “Fair practice for Supply Chain partners”, Stokke has already been active for years through our Membership with Ethical Trade Norway. Internal process descriptions are in place and guiding the work performed with suppliers.

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

Stokke have for years conducted internal and external training of key staff with direct and frequent contact with the suppliers. With an increased focus on Sustainability, there is a need to review if and who to receive further training related both to the practice in our supply chain as well as for the other focus areas of the strategy.

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## 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?

In 2020, Stokke have reviewed and defined a new strategy for the company. Among other areas, the Stokke Brand Framework has been reviewed and redefined through this process. Sustainability is now defined as 1 of 3 value proposition and following that definition, also a Stokke Sustainability Strategy have been established. Sustainability as Stokke see it has three headline dimensions – social, environmental, and economical sustainability. Our sustainability strategy is anchored in the UN Sustainable Development Goals framework to allow stakeholders to easily see where Stokke is aiming to create positive impact on society. While addressing multiple areas around social, environmental and economical sustainability, the pinnacle area for Stokke will be Child Development, with a focus on Early Childhood Development.

Stokke will have four other focus areas to increase sustainable practice at Stokke, namely:

- Fair practice for Supply Chain partners
- Quality Products made to last
- Reduce Climate footprint
- Ensure sustainable forest management.

Stokke will take a step-by-step approach where focus in 2021 is to build a foundation for initiatives that will be scaled in the following years.

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### 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?

The Stokke Sustainability strategy is owned by the Head of Strategy and M&A and is a part of the Stokke Leadership Team. The Strategy is approved by the board and progress will be reported on a frequent base moving forward.

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## 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?

Stokkes developed and implemented the Code of Conduct (CoC) for our work with Suppliers in 2010. This policy was developed by the Director of Sourcing and Production in cooperation with Ethical Trade Norway and has since then been part of our way of working with our suppliers.

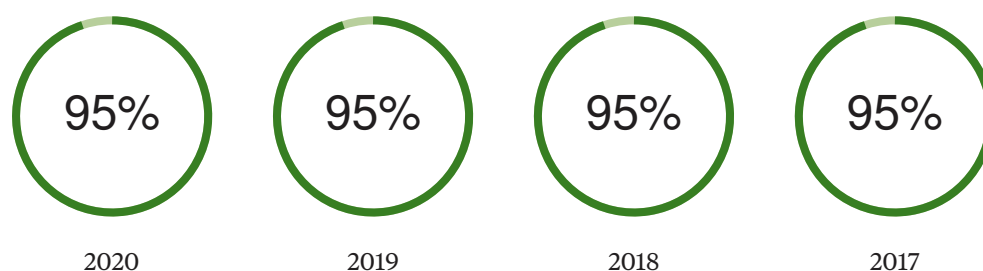
The Stokke Code of Conduct present our expectations towards our suppliers when it comes to:

1. Forced and compulsory labour
2. Freedom of Association and the Right to Collective Bargaining
3. Child Labour (UN Convention on the Rights of the Child)
4. Discrimination
5. Harsh or Inhumane Treatment
6. Health and Safety
7. Wages
8. Working Hours
9. Regular Employment
10. Marginalized Populations
11. Environment
12. Corruption
13. Animal welfare
14. Management systems of suppliers

Stokke CoC is a key document that is signed early in the process when sourcing new suppliers. Regular Social Audits, depending on risk profile of the country and supplier, also put the issue on the agenda at the suppliers. The topic is also a fixed agenda point in the yearly business review with our 1st Tier suppliers. In 2021, Stokke will communicate the new Sustainability Strategy to the suppliers and emphasize the increased focus from Stokkes side on the topic of responsible business conduct.

## Indicator

### Share of 1st Tier suppliers, who have received and accepted the Stokke Code of Conduct

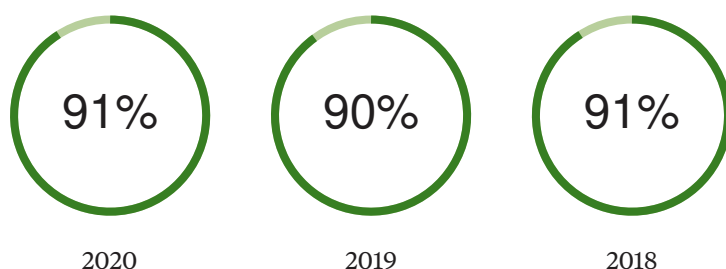


Percentage of Stokkes first tier suppliers who have received and accepted our CoC for ethical trade (percent based on number of suppliers). If the percent should have been based on total monetary value of purchase then % would have been 99,6 for 2020, and 99 for 2019 & 2018

The deviation from 100% is caused by one supplier of Stokke that has not signed the CoC. This supplier is introduced to Stokke through co-branding. The supplier is located in China and has together with it's direct customer an extensive program for sustainability and ethical trade. During visits and screening, Stokke has considered their inhouse program to be equivalent to our Code of Conduct.

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

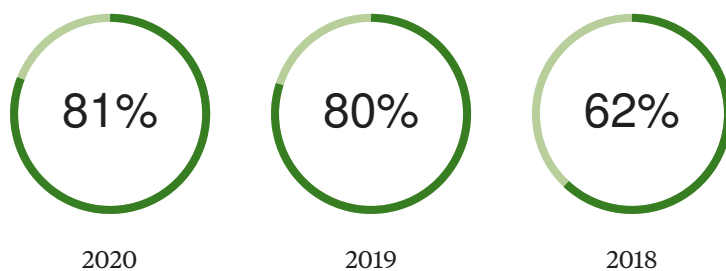


The percentages is based on numbers of suppliers.

Looking at purchase value the percentages are 2018: 98%, 2019: 97%, 2020: 98%.

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**Percentage of suppliers in high risk supply chains that have been mapped**



Numbers based on purchased value. An increased focus on suppliers in Eastern Europe in 2019, has resulted in a significant improvement of this indicator. Countries defined as "high risk": Rumania, Bulgaria, Macedonia, China, Pakistan and India

## 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?

Stokke has through an extra focus on risks in our supply chain and implementation of a Due Diligence system related to the Code of Conduct, become more aware and focused on some of the risks identified. As a result this has helped Stokke to prioritize and follow up on specific risks at some of the suppliers. Control routines have been implemented for the visits at selected suppliers.

In previous years, the main focus within Ethical Trade was related to the asian suppliers. During 2019 as well as 2020 both more presence at the suppliers, but also the risk assessment performed in the new Due Diligence system gave more focus to the suppliers in Eastern Europe.

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
Workload	Freedom of association and collective bargaining Wages Working hours Regular employment	China Pakistan
Wood traceability	Environment Corruption Use of materials	Bosnia-Herzegovina Bulgaria Belarus Macedonia Romania Serbia
Forced labor in the cotton harvesting	Forced labour	

The list represent the most salient issues that Stokke has identified and prioritized during 2020.

## 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**

In 2019 Stokke established a process and systematic approach for performing risk assessment of our supply chain.

For existing suppliers, but also potential new suppliers the assessment performed is split in two parts:

1. General risk assessment of breaches to our Stokke Code of Conduct in the relevant country and industry. The assessment is performed based on available information in the database [www.mvorisicochecker.nl](http://www.mvorisicochecker.nl)
2. A Stokke internal review of the specific supplier. Input to this review is information gathered through
  - a. Social audits performed by 3. party companies
  - b. Own visits and frequency of follow-up
  - c. Own knowledge of risk parameters
  - d. Deep-dive audits of most salient issues at the relevant supplier

The risk evaluation gives a score to the supplier and a list of most salient issues to follow up at the different suppliers in our portfolio. Based on the total list, the three issues listed in 2.A.1 have been prioritized.

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## 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.**

In the performed social audit, so severe findings identified. Violations of working time regulations, salaries (including overtime pay and statutory insurance), and HSE related issues have been identified in social audits. The way of handling such topics is to explain the management of the suppliers how this is in breach with the Stokke Code of Conduct and local requirements and why they should focus on it. Stokke together with the 3rd party supporting the audit give the suppliers recommendations and advice on how to improve the conditions. Stokke follows up with asking for status reports and/or do a re-visit after some months to check if the improvements have been implemented. Moving forward Stokke intend to establish a closer cooperation with our 3rd party audit company in China to gain further insight and support to address these topics the right way with the suppliers.

Another topic addressed internally in 2020 is the use of plastic within some of the Stokke Products. There is a big range of material suppliers in the market offering bioplastics, recycled plastics, plastic enforced with natural fibres. Stokke did in 2020 engage the company Norner to support us on the topic. Norner is a global market leader of industrial R&D services in polymers by exploring opportunities and discovering sustainable solutions. Stokke requested Norner to perform a case study exploring more sustainable raw material options for one of our high-runner products, however taking the needed strength as well as our strict chemical requirements into account. Material cost was not set as a limiting factor in this study. The result of this study was a very limited number of 3 materials that could fulfill the chemical requirements for baby products and at the same time ensuring good material availability. Next step is performing injection molding tests with these materials. During the purchase of the materials, one of them have been ruled out due to very limited availability. The two other materials are to be tested in Feb/Mar 2021.



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**

<b>Salient issue</b>	Workload
<b>Goal :</b>	Production and overtime practice of our suppliers should be according to local law
<b>Status :</b>	<p>Findings in social audit in China that too much overtime is being used compared to local law</p> <p>Stokke have had good sales in 2020 and therefore extra requests on production volumes have occurred at some suppliers, primarily in Europe. In combination with higher absence rates due to the Covid-situation more overtime might have occurred at the suppliers. There have been a very close dialogue on the production increase with weekly meetings. These have been an open dialogue where the supplier have been open on what volumes are possible and what are not due to both availability of staff as well as legal framework.</p>
<b>Objectives in reporting year :</b>	Stokke should make sure that our business practice is not pushing for the use of overtime at the supplier. The supplier should be given information, forecast/orders and other request with a fair chance to be able to respond/produce within normal working hours. Stokke is encouraging the suppliers to give feed-back when they see negative impact on working hours from our purchasing practice.
<b>Actions :</b> <p>- Establish closer cooperation with 3rd party audit company to work more actively towards suppliers on the topics of worker engagement, overtime practice and wages.</p>	

<b>Salient issue</b>	Wood traceability
<b>Goal :</b>	Establish overview from which forests Stokke get the raw material
<b>Status :</b>	<p>Stokke has overviews of the suppliers (2nd Tiers) of our 1st tiers, which in the case of wooden production are the sawmills. Also, information about the specific forests the sawmills are purchasing from has been gathered in 2020.</p> <p>Audits have been performed checking the documentation following the deliveries.</p>
<b>Objectives in reporting year :</b>	Get overview on how much of our raw material comes from certified forest and make a risk analyses on needed amount of control on non-certified forests

#### Actions :

Legality confirmation established and signed by all 1st Tiers of Stokke

FSC® certification implemented for Sleepi, Klikk and Steps

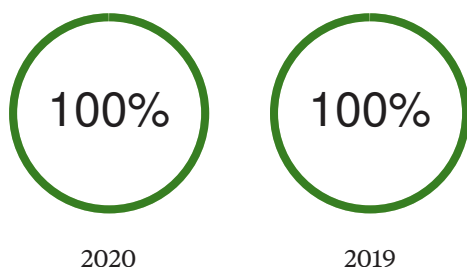
Gaps for FSC certification for Tripp Trapp mapped out

Trace our non-certified wood input back to forest by conducting audit in our supply chain supported by a professional, neutral 3rd party.

Work with the 3rd party company, Soil Association, has been initiated, but delayed due to Covid travel-restrictions.

## Indicator

**Stokke wood suppliers (1st and 2nd Tier) in high-risk countries that are FSC certified**



Stokke will in 2021 define a 3-years plan for the further work within the focus-area of Sustainable forest management.

High risk is based on CPI-rating.

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<b>Salient issue</b>	Forced labor in the cotton harvesting
<b>Goal :</b>	Verify that the origin of cotton raw material, to ensure no cotton origins from regions with challenges related to forced labor.
<b>Status :</b>	Stokke have received confirmation from all our suppliers that no cotton raw material origins from regions with challenges on forced labor.
<b>Objectives in reporting year :</b>	Create clarity that no cotton origins from regions with challenges on forced labor.

#### Actions :

As confirmation was received in Q4, Stokke still intends to follow up more in detail in 2021 with the suppliers to gain understanding and verification on where the cotton is coming from and how the traceability is ensured. Most of the Stokke cotton products are OCS-certified followed by transaction certificates, so the action is a verification of these certificates and the process.

## 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

The key focus of Stokke is to have a high focus on quality of our products and with good quality follows longevity. TRIPP TRAPP® is the perfect example on this, as it can be used for generation and by that contributing to less consumption.

That being said, Stokke want to take an even more proactive approach to reducing our environmental and climate footprint. As part of the Sustainability Strategy, there is a planned action in 2021 to map the climate footprint of Stokke. Based on the mapping, targeted actions both on product- and production side shall be defined and put into action.

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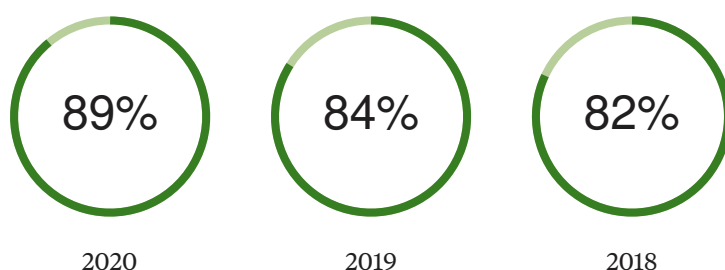
### 3.B.2 Adapting own purchasing practices (sourcing)

Stokke maintain a close dialogue with our suppliers to ensure both parties can operate in a sustainable way. In 2020 two examples of Stokke adapting our purchasing routines can be mentioned:

- Stokke have in two cases after discussion with suppliers adapted payments terms for a short/longer time period to support them through a challenging time period in 2020
  - Stokke is about to adapt our purchase practice towards some of our suppliers, where a long back-log of orders have been the way of working for years. New structures and way of working has been defined and will be implemented in 2021.
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## Indicator

**Percentage of payments to suppliers that are made on time**



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

Wooden products:

Stokke have in 2020 implemented FSC-certification on our wooden products STOKKE® SLEEPY™, STOKKE® CLIKK™ and STOKKE® STEPS™ CHAIR

For TRIPP TRAPP®, Stokke has mapped the availability of FSC-material in our Supply Chain and is now performing a 3rd party feasibility assessment of implementing FSC or similar certification.

Formaldehyde emission is a key focus area for Stokke for wooden products that have glued parts. At Stokke we of course meet the regulatory requirements but are as well focused on fulfilling mandatory requirements to ensure we have the lowest possible emissions. TRIPP TRAPP® is meeting the F 4-Star standard in Japan, which is the best Formaldehyde Emission grade according to JIS A 1460 (2005). In 2020 Stokke have also tested and passed the TSCA certification (Toxic Substances Control Act) for our key laminate supplier without changing the

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manufacturing process, proving so that all plates meet the high requirements on formaldehyde emission of the TSCA standard.

#### Textiles:

Stokke have Standard 100 by Oeko-tex for Product Class I for the indoor textile products. The Oeko-Tex product label certifies adherence to the specifications of the standard by the same name, a document of testing methods and limit values for potentially harmful chemicals. This independent testing and certification system supports our target to develop products in the best interest of the child.

Stokke have the OCS certification for cotton used in our textile products. The Organic Content Standard (OCS) applies to any non-food product containing 95-100 percent organic material. It verifies the presence and amount of organic material in a final product and tracks the flow of the raw material from its source to the final product.

In addition to the certification described, Stokke have in 2020 also worked on the following initiatives:

- In 2021 Stokke is launching a new TT Cushion with natural dyed fabric where no synthetic chemicals are used. The color process is ultrasonic dyeing, which uses 80% less water and energy during the dyeing-process. The same product has also gotten a 60% recycled filling.

- Stokke is in 2021 launching our new Xplory X. The fabric used for the Seat Textiles of Xplory X is made from 100% GRS certified yarn. The GRS is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices, and chemical restrictions.

Both product improvements have been used to gain knowledge on new material and processes. Stokke will following this, evaluate further implementation into other products.

#### Chemicals

In 2015, Stokke implemented an extensive upgrade of Stokke Restricted Substances List (RSL). The list describes which substances to test for dependent of material, which test method to use and acceptable levels. All suppliers must confirm that their deliveries to Stokke will comply with the RSL. RSL is updated on a yearly base, also in 2020, to ensure that the Stokke products follow rules and legislations, voluntary standards and industry trends. Stokke is following up-to-date recommended practice as well as voluntary standards and acts precautionary restricting chemicals that could potentially be harmful, often ahead of legislation.

In 2018 Stokke started the work of implementing a new water-repellent PFC-free coating to our textiles. PFC (Per- and polyfluorinated chemicals) are a family of man-made, fluorine-containing chemicals with unique properties to make materials stain resistant (especially oil) and waterproof. They have been used (and are being used) for most outdoor products on the market. Research has shown that PFCs are incredibly resistant to breakdown; some have the potential to remain in the environment for hundreds of years after being released. PFCs are not known to go directly through the skin and there is no evidence of direct health risks from wearing clothes containing PFCs, but researchers are concerned about potential effects. PFCs are released into the environment during the textile's manufacture, as well as when they are washed and disposed. Stokke have developed a new PFC free test plan together with a 3rd party test-lab. According to our RSL we now test for 33 PFC's versus previously 2 PFC's. Since 2018 all new products being launched by Stokke are PFC-free and Stokke has been working on implementing the PFC-free coating into our existing collection as well. From January 2021, all Stokke products are PFC-free.

The topic of Product Certifications comes with a big variety of possibilities depending on markets, products, and materials. Within Stokke there are many requests for different kind of certifications both from external and internal stakeholders and therefore an initiative has been started to map out relevant certifications and evaluate if Stokke shall move into other areas of certifications as well.

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### **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.**

Mentioned in Stokke CoC. Not a prioritized action to Stokke to follow up on besides through audit.

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

Not prioritized in 2020

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

No plans beside the ones mentioned in this report



## 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**

Director of Sourcing and Production is responsible for tracking performance with respect to due diligence activities in the supply chain. Performance is controlled through dialogue with suppliers after findings in 3rd party audits.

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### **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**

The effort that Stokke takes in identifying, prioritizing, preventing and mitigating issues is coming as a combination of findings during visits, risk assessments and findings in 3rd party audits. Stokke addresses our suppliers or 3rd party cooperation partners to take actions on prioritized and relevant actions. To evaluate the effect of these efforts, Stokke either ourselves or through our suppliers or 3rd party partners requests proofs of actions taken to prevent or mitigate the salient issues.



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

Communication with management at suppliers regarding findings in Social audits. During product development of new products we target a close dialogue with the supplier to ensure a product designed for manufacturing and the processes at the supplier.

Within the area of Sustainable forest management a cooperation with an 3rd party NGO has been established to provide support on this salient issue.

Within the area of responsible business conduct towards our suppliers, more involvement of stakeholders in on the agenda. The first step will be to establish more cooperation with our audit company, that can also provide support outside of the traditional audit set-up.

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

Communication about Stokkes responsibility is done on our homepage Stokke.com.

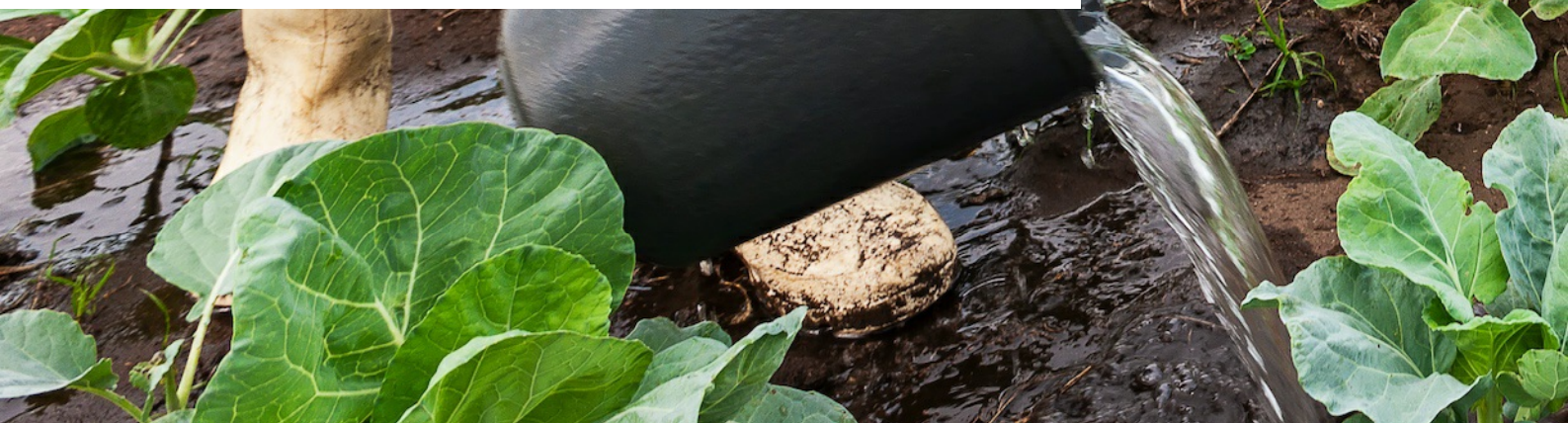




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## Provide for or cooperate to ensure remediation when appropriate

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

Stokke do not have a policy in place yet.

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

Not relevant

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## 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:**

This is an area of improvement.

Contact details:

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