



Due diligence for sustainable business practices

# Statement for the reporting year 2022

for Eurosko Norge AS



## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



### To readers of the report

The business community and the public sector have a major impact on people, society, the environment and animals and can contribute in a positive way to development. However, they can also have adverse effects and cause damage. Businesses therefore have a key role to play in helping achieve the United Nations Sustainable Development Goals.

This report can be used as a statement, as required by the Norwegian Transparency Act, but the report extends further to cover climate change and environmental issues, the circular economy and anti-corruption. Our members are required to conduct due diligence and annual reporting on their operations. Members at a basic level also meet the due diligence requirements of the Norwegian Transparency Act and partially meet the information requirements.

The OECD's term Responsible Business Conduct is what we at Ethical Trade Norway call sustainable business practices. Due diligence is the systematic procedure carried out by companies to identify, prevent, mitigate and account for how they manage the risk of negative impact as well as rectify damage to people, society and the environment. Norwegian authorities expect all companies of all sizes to conduct due diligence and comply with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. This applies to the business community, the public sector and organisations.

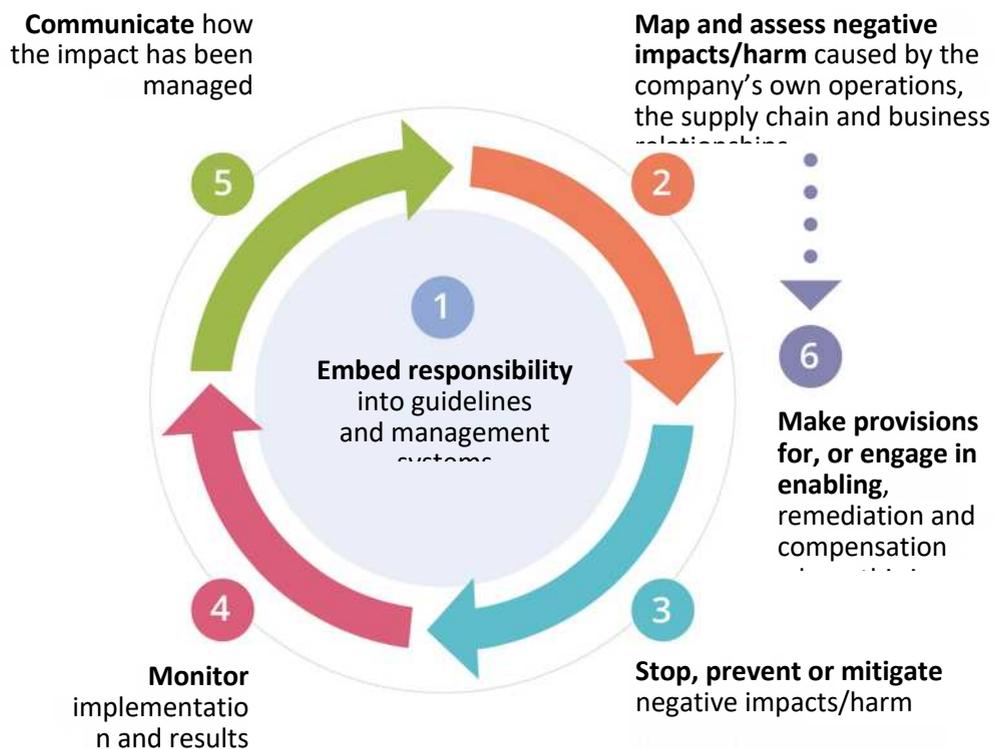
Ethical Trade Norway's principles for sustainable business practices (our Code of Conduct) covers the areas of decent work, human rights, the environment/climate change, anti-corruption and animal welfare. The report provides transparency on how the company works with due diligence in line with the UNGPs and the OECD Guidelines. All the member reports are made publicly available for viewing on the websites of Ethical Trade Norway.

**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 Due Diligence Guidance for Responsible Business Conduct.

The model has six steps that describe how companies can work towards more responsible and sustainable business practices. Being good at due diligence does not mean that a company has no negative impact on people, society and the environment, but rather that the company is open and honest about challenges and manages them collaboratively with its stakeholders in the best possible way. This report is divided into chapters based on this model.



# Introduction from the Executive Director

At last, we have come through a year without any pandemic-related impacts on our markets. However, a large part of our production is located in China where, unfortunately, the situation has been totally different. The country has imposed lockdowns and strict travel restrictions in an attempt to contain and stop the spread of the coronavirus. This means it was not possible for us to travel to China in 2022 either. There have been no travel restrictions for any of the other countries in which we have production facilities.

We are doing our utmost to maintain the pace of development of our CSR activities related to our production in China, but this is obviously made more difficult by our inability to visit the country due to restrictions. All our line builders and designers undertake direct and indirect activities to follow up our requirements and standards when visiting suppliers in all countries. We look forward to being able to travel to China again and, through our own personal presence there, be able to follow up this work.

We were pleased that the Chinese authorities decided to ease the travel restrictions in January and we intend to visit China as usual in May, provided the situation does not change again.

The requirements for our suppliers are not affected by the travel restrictions and we have continued with the measures that we introduced during the pandemic. Our requirements are managed by our local, long-standing partners, which once again confirms the importance of long-term and good relationships during challenging times. We continue to be extremely cautious, as we have been for the past two years, about trying out new manufacturers in China.

In parallel with this, activities are gradually increasing in India and our physical presence there also gives us first-hand insight into the true quality of the manufacturers' CSR initiatives. As a result of this growth in activity in India, we are increasing the number of suppliers/factories and have therefore conducted evaluations of several manufacturers during the year to ensure that all stages of their production and their CSR activities comply with our quality requirements. For the company, it is positive to note that the focus on CSR and our internal processes have increasingly become a natural component of our operations across the entirety of the value chain. Although the demands and scope of this work are growing, its efficiency is also improving automatically as it increasingly becomes a natural part of our daily activities and a basic hygiene factor.

We are gradually improving our communications with our customers when it comes to sustainability and are definitely seeing a growing interest. This represents a positive challenge for the whole industry and us.

**“For the company, it is positive to note that the focus on CSR and our internal processes have increasingly become a natural component of our operations across the entirety of the value chain. Although the demands and scope of this work are growing, its efficiency is also improving automatically as it increasingly becomes a natural part of our daily activities and a basic hygiene factor.”**

Torgeir Gulbrandsen  
CEO

# Signature of the Board



BankID Signing  
Thor Arne Falkanger  
2023-02-07



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for Eurosko Norge AS



Trondheim  
07/02/2023

# Key information about the company and the supply chain

## Key information about the company

### Company name

Eurosko Norge AS

### Head office address

Solgaard Skog 86

### Main brands, products and services

Eurosko Norge AS has 5 footwear concepts in Scandinavia: Eurosko, dna, Shoeday, Shoe Gallery and Tops. In addition, it has Tilbehørshuset which sells bags, shoe care products and other accessories. The group has a comprehensive portfolio of proprietary brands, which are sold in one or more of our concepts. Main brands; Stockholm Design Group, Okaki, Softwalk and Ponny. Most of our concepts also sell external brands, including Adidas, Nike and Birkenstock.

### Company structure

The company is owned by our members/shareholders.

### Turnover in reporting year (NOK)

2,985,000,000

### Number of employees

50

### Is the business governed by the requirements of the Norwegian Transparency Act?

Yes

### Significant changes to the organisation since the previous report

The above figure is the total number of employees at the Eurosko Norge AS office in Moss. No significant changes have been made to the organisation in 2022.

### Name and title of contact person for the report

Nina Ekstrøm - CSR officer

**Email address of contact person for the report**

nina.ekstrom@eurosko.com

## Supply chain information

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

The essence of the chain organisation is development and import of Inhouse Brands, the responsibility for which lies with the CPO. In addition, purchases and sales of external brands for all our concepts are organised via our retail department. The CSR officer is placed in the centre of the product department to minimise the distance between shoe production and the implementation of due diligence etc. in CSR practices. The 2022 report will also include "External Brands" for the first time.

### Number of suppliers with which the company has had a commercial relationship in the reporting year

197

### Comments on number of suppliers

We begin reporting on all brands, and not just those we produce ourselves, in all concepts for the first time in 2022. Therefore, a sharp increase in the number of suppliers from 2021. Inhouse Brands Supplier, the number is 47, which is down from 2021. This is a result of our wish to reduce and optimise our supplier portfolio for inhouse brands. No new suppliers have been entered into our supplier portfolio for 2022. Mapping and due diligence of our own suppliers are well under way. Many of our suppliers have several tier 1 manufacturers (see list of tier 1 manufacturers). These are mapped and reviewed each season down to model level and tanneries. "External Brands" is comprised of 150 suppliers. This represents about half of our turnover. An extensive task of business partner concentration has been under way throughout 2022. Mapping the sustainability landscape of our priority partners commenced in 2022. We have given priority to suppliers that account for a high share of sales volumes. The mapping data received so far are not comprehensive, and we are finding that gathering information from large international companies is a challenge.

### Type of purchase/supplier relationship



Here, purchase volume is reported as "number of pairs" in the market. Purchases direct from manufacturer refers to "Inhouse Brands", and Purchases via agent, etc. refers to "External Brands".

**List of tier 1 suppliers by country**

China: 94  
India: 6  
Italy: 8  
Portugal: 8  
Spain: 5

These are figures for “Inhouse Brands”.

**State how many workers at tier 1 suppliers the company has an overview of and how many suppliers/producers this is based on.**

**Number of workers**

**Number of suppliers/producers this is based on**

**Comments on number of workers**

We have not compiled statistics on this for 2022. Information can be obtained from each factory upon request. We have implemented mapping of all our producers and will have complete statistics for this in 2023. The mapping is also part of our new collaboration with Amfori.

**Key inputs/raw materials for products or services and geographies**

<b>Polyurethane (PU)</b>	China
<b>Leather</b>	China Spain India Italy Portugal
<b>Textiles</b>	China Portugal

Eurosko Norge has a policy stating that we expect our suppliers to source our leather from LWG audited tanneries. This is included with all documents that are sent to the suppliers. This applies to both external and inhouse brands. Our Code of Conduct has specific guidelines on animal welfare.

**Is the company a public sector supplier?**

Yes

## Goals and progress

### Process goals and progress in the reporting year

1

#### Fair Partner

Achieve full transparency to ensure a sustainable and fair value chain; requirements, minimum criteria, mapping, reporting and follow-up of any findings.

Increase competencies internally in order to improve the results in the last link of the value chain.

#### Status:

Work in progress, but greater understanding among our suppliers of “Inhouse brands”. The work is being continued in 2023.

Skills development training was implemented, further investment in CSR resources was put in place at the end of 2022 and will be continued in 2023.

2

#### The environment

Rationalise and streamline our logistics chain in order to cut emissions.

#### Goal:

Further develop our RSL in collaboration with accredited chemical analysis laboratories.

Accounting for climate change, Scope 1.

#### Status:

Increased focus on logistics results in more efficient use of transport modes. Fewer journeys and reduced emissions.

Mapping and choice of business partners for accounting for climate change have been completed and selected. The work is being continued in 2023.

3

#### Collaboration

Strengthen the social dialogue with our consumers, help our customers make better choices in everyday life. Visibility of vegan and other sustainable products on the website and in shops.

#### Goal:

Further integration of sustainability initiatives into all our recruitment processes and training programmes.

#### Status:

Technology and content-related improvements to websites give us more feedback. The work is being continued in 2023.

Separate categories and better information improve visibility of vegan products.

Information about sustainable development initiatives is included in all our recruitment processes and

4

## Innovation

**Goal:** We will use more innovative sustainable materials and increase the percentage of recycled material content. Expedient development of new sustainable materials is under way and the Eurosko Group wants to

**Status:** The percentage of recycled material content is gradually increasing, but we have not reached our target in this area. This work

## GOALS FOR FUTURE YEARS

In 2023, we will be continuing our efforts to achieve the long-term goals of the sustainable development strategy forward to 2025.

Our business is responsible for ensuring that appropriate processes and controls are in place to deliver, monitor and report in accordance with our obligations. We believe that trust is established and maintained by doing business in the right way. We want to be recognised as a leader in transparency in the footwear industry. 2023 will be used to optimise our new tools and increased resources.

Continue to conduct due diligence of inhouse brands, increased focus on living conditions through cooperation with Amfori.

Perform mapping and follow-up of all external brands that contribute more than 1% of total pair purchases.

Accounting for climate change, Scope 1.

Increase the use of environmentally-friendly shoe boxes.

Reduce use of plastic bags. Increase availability of sustainable online shopping.



1

## Embedding sustainability in the business

In order to embed responsibility for sustainable business practices in the business, it is necessary to have strategies, plans, relevant policies\* and guidelines for due diligence that have been approved by the management. These should encompass the entire business, along with its supply chain and business relationships. Success depends greatly on efficient management systems for implementation, and due diligence work should be an integral part of business operations. Implementation of the various due diligence processes requires clear expectations from top management and a clear allocation of responsibilities within the business. Everyone involved must know what they have to do. It is essential to be transparent about the obligations the company has to itself, as well as the challenges it faces and how these are managed.



## 1 .A Policy\* for own business

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

[https://www.eurosko.com/globalassets/eurosko/barekraft/eurosko-norge-as\\_policy.pdf](https://www.eurosko.com/globalassets/eurosko/barekraft/eurosko-norge-as_policy.pdf)

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

The objective of Eurosko Norge AS's Sustainable Business Strategy is to ensure that our company operates in an economically, socially and environmentally sustainable manner. The strategy forms the basis of the company's Code of Conduct (COC) and environmental commitment, and is crucial for our sustainable development goals, which are based on our Code of Conduct and the members' commitment to ethical trade. Core values: Community, business minded, service minded, committed, proud and accountable. We have identified 10 of the United Nations Sustainable Development Goals where we believe our business can make a significant impact. We are developing our sustainability promises and strategy to channel our projects and efforts towards these goals. Our daily work involves conducting a risk analysis of factories and tanneries to obtain as accurate a picture as possible of the production site. This enables us to prioritise where and how we need to work to minimise our overall impact on people, society and the environment. We do our utmost to ensure that our activities do not cause or contribute to adverse impacts on people, society and the environment and we address those consequences when they occur. This also applies to products or services we receive from our business relationships, even if we are not directly associated with the negative consequences.

### 1 .A.3 How has the business policy been developed and embedded?

The policy has been developed in line with Ethical Trade Norway's Declaration of Principles. This policy document, including principles and the strategy for sustainable business practices, forms the foundation for our sustainability roadmap. Due diligence findings will lead to policy updates when necessary. The policy is designed to enable us to achieve our visions and goals, communicate our requirements to our partners and ensure that our company has a sustainable business model.

## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence process organised in the company and why is it organised this way?

The main responsibility for our sustainable development programme, which is an integral part of our business operations, rests with the product department, to which the CSR manager also belongs. The CPO has the overarching responsibility for the sustainable development agenda of the company. The CSR manager has day-to-day responsibility and makes arrangements for due diligence, changes, follow-ups and development of systems where a need is identified by risk assessments.

Goals and implementation are defined and agreed with the parties involved.

### 1.B.2 How does the company specify and clarify the importance of its due diligence to its employees through job descriptions, work tasks and incentive schemes?

The sustainability department is responsible for developing systems and communicating information/results of our work continuously throughout the year. It does so via the intranet, internet, board meetings, reports, meetings and courses. The intranet is intended for shareholders, shop employees and all departments at the head office. CSR is set as a fixed agenda item at meetings for shop employees. We often work across functions, as many of our sustainability targets involve several departments. For example, supply chain improvements involve the product department, development office, marketing department and HR.

### 1.B.3 How does the company ensure that relevant employees have adequate competencies to carry out work with due diligence?

We have/participate in information meetings, seminars, courses and workshops.

## 1 .C. Plans and resources

### 1 .C.1 How does the company integrate its commitment to respect human rights, society and the environment into its strategies and action plans?

The objective of Eurosko Norge AS's Sustainable Business Strategy is to ensure that our company operates in an economically, socially and environmentally sustainable manner. The strategy forms the basis of the company's Code of Conduct (COC) and environmental commitment, and is crucial for our sustainable development goals, which are based on our Code of Conduct and the members' commitment to ethical trade.

Core values: Community, business minded, service minded, committed, proud and accountable. We have identified 10 of the United Nations Sustainable Development Goals where we believe our business can make a significant impact. See performance overview for specific goals. We are developing our sustainability promises and strategy to channel our projects and efforts towards these goals.

Our daily work involves conducting a risk analysis of factories and tanneries to obtain as accurate a picture as possible of the production site. This enables us to prioritise where and how we need to work to minimise our overall impact on people, society and the environment.

We do our utmost to ensure that our activities do not cause or contribute to adverse impacts on people, society and the environment and we address those consequences when they occur. This also applies to products or services we receive from our business relationships, even if we are not directly associated with the negative consequences.

Our main pillars are guidelines for operations right across the Eurosko Group.

### 2 .C.2 How are the company's responsibility and sustainability strategies and plans followed up by management and the Board?

Our sustainability goals are part of the company's overall strategy. The Board approves the strategy and framework. The management team and the CSR manager implement targeted action plans, which are reported to the Board to ensure targets and goals are met. Sustainable development is a standing item on the agenda at all Board meetings.

## 1 .D Partnerships and collaborative working with businesses, especially suppliers

### 1 .D.1 How does the company stress the importance of responsibility and sustainability in its interactions with business partners, especially in the supply chain?

We expect our suppliers to conduct business in a responsible manner with regard to human rights, society and the environment.

Approach for external and inhouse brands:

CoC (including Animal Welfare Policy) is presented to all new suppliers. The Responsible Business Partner (RBP) document is attached to all orders every season in order to put a focus on our supply chain standards.

When the suppliers confirm the orders, they agree to strive to comply with our CoC. Our intention with the CoC is to establish and develop social and environmental standards. The RBP is a supplier manual that is designed to strengthen the dialogue and understanding of the social responsibility that we want to take in our supply chain. All our work is based on compliance with our guidelines. These clearly define the principles to which our suppliers are required to adhere.

Inhouse brands:

Our company has made major changes to our purchasing practices in the last two years to give suppliers the opportunity to comply with our requirements. We provide information 4 times a year about sustainability activities, certifications, etc. in connection with trade fairs, etc. This is a standing item on the agenda at all factory visits.

### Indicator

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



Our CoC is included with all orders. The supplier accepts the documents in its order confirmation.

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



Inhouse brands have been mapped and monitored for several years and we have full overview of the value chain.

Mapping and monitoring of external brands began in 2022. All external suppliers who contribute a large share of sales have been contacted and mapping is now being carried out. Therefore, the percentage of identified risk-filled supply chains is lower than last year, as we reported for inhouse brands only.

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



**Percentage of payments to suppliers that are made on time in the reporting year**



## 1.E Lessons learned and changes made

### 1 .E.1 What lessons has the company learned from its work with sustainable business practices in the reporting year and what has changed as a result?

Inhouse brands:

The pandemic continued to affect several areas in 2022 and our due diligence processes have been made more difficult than usual with China still closed to the outside world. However, we have managed to conduct audits at approximately 25% of our production sites. These reveal that excess working hours remain the key cause of breach on our part. The work of changing the timelines for order placement, and new timelines in the development process, has been further optimised in 2022. This is to ensure that the factories actually have the capacity for the production of our products without being in breach of our guidelines.

In 2022, we had an increased focus on India, which is a growing market for our business. All manufacturing sites have been visited by the CPO or the purchasing team. VOF has been completed and submitted to the CSR Manager.

All production sites in Portugal have been visited.

External brands:

Experience shows that the mapping data from various suppliers are not comprehensive, and we are finding that gathering information from large international companies is a challenge. Our mapping activities to date consist of collecting information about the country of production, region, production site, scope of due diligence, CoC, certifications and membership.

Mapping and work with due diligence in 2022 show that our company needs new tools to enable it to continue to drive its sustainability efforts. Application for membership in Amfori was submitted in 2022.

A man wearing a white hairnet and a dark blue t-shirt, looking towards the camera in a factory setting. The background is slightly blurred, showing industrial equipment and structures.

## 2

### Defining the focus for reporting

## Mapping the company's impacts on people, society and the environment

This requires identifying and assessing the company's risks of and actual negative impacts on or harm to people, society and the environment, including within the supply chain and through business relationships. The first step involves obtaining a rounded picture of the risks and then prioritising the most pressing areas of risk for more detailed mapping and management of findings. Establishing how the company is involved in any negative impacts on people, society and the environment is pivotal to ensuring that the appropriate responses and actions are taken. An essential part of the mapping process is to involve stakeholders, especially those that are affected, when implementing actions so

## 2 .A Mapping and prioritising

### PRIORITISATION OF NEGATIVE IMPACTS ON/HARM TO PEOPLE, SOCIETY AND THE ENVIRONMENT

*Prioritising one or more risk areas on the basis of severity does not mean that some risks are more serious than others or that the company should not take action on other risks. It means giving priority to areas where risks are highest and negative impacts are significant. Mapping and prioritising are continuously carried out.*

**2.A.1 The company's prioritisation of risks of negative impacts on/harm to people, society and the environment. Note that the prioritised risks that you list in the table below will be transferred to step 3 of this report. There you will be asked to describe how you are working to stop, prevent or mitigate the negative impact.**

Prioritised negative impact/harm	Related topic	Geography
Use of overtime work, restrictions on freedom of association.	Union organisation and collective bargaining Wages Working hours	China India
Tanning process: emissions and impacts on workers.	Health, safety and the environment Working hours The environment Animal welfare Emissions Water	China India
Chemicals management	Health, safety and the environment The environment Use of materials	Global
Transport emissions	The environment Emissions Greenhouse gas emissions	Global

## EXPLANATION OF WHY THESE ISSUES HAVE BEEN IDENTIFIED AS HAVING THE MOST SEVERE IMPACTS ON PEOPLE, SOCIETY AND THE ENVIRONMENT

**2 .A.2 Describe: a) the company's procedures for mapping and identifying risks and how the negative impact/harm was identified and prioritised in this period. b) any areas of the company that are not included in this report (product groups, inhouse products, departments and such like) and why you have chosen not to prioritise these in your future actions; c) how information was collected, which sources were used and which stakeholders are involved/you have spoken to; d) whether the company has identified any areas where a lack of information has made it difficult to obtain a clear picture and how the company plans to proceed to get more information/manage this.**

We adopted Ethical Trade Norway's risk assessment tools in 2021 and have continued to work with them in 2022. We have mapped the greatest risks within our own main areas of production and broken them down by country and down through the value chain. The information that is collected for this is a combination of the company's experience after many years of working with the same factories, screening of any new suppliers, dialogue with the suppliers, audit reports, visual observation sheets (visual observation sheet headings are: working conditions, fire safety, emergency preparedness, environment/chemicals), trade publication articles, sources available in the risk tools from Ethical Trade Norway, trade seminars on chemicals management and phase-out. We have applied for membership in Amfori to improve our systems of follow-up and to acquire more information and knowledge about our highest priority areas.

Notification channels will be available on the websites from the beginning of 2023. This will simplify information about potential breaches of the Code of Conduct.

In 2022, we also started to report on external brands and are continuously updating the risk register with relevant information. We will follow the same system there. Country, input factors and further down the value chain. The process of gathering accurate data from our external partners has proved to be a major task and will continue in 2023.

## OTHER NEGATIVE IMPACTS/HARM

**3 .A.3 Describe other negative impacts on/harm to people, society and the environment that were identified during the assessment of the company's operations, the supply chain or in business relationships during the reporting year and how these have been managed**

We perform continuous follow-up of potential negative impacts or harm. The main priorities are described above. We have identified a lack of good management systems that directly affect other conditions such as production planning, working hours and wages in China. Several BSCI reports indicate deviations in "working hours" for 2022.

As well as engaging in ongoing dialogue with the factories/suppliers, we have further modified our own systems for order placement, etc. We have divided each season into several drops, which results in smoother production flows and less stress in the factories

## Stop, prevent or mitigate negative impacts

Stopping, preventing or mitigating negative impacts is about acting upon the findings from risk assessments in a proper manner. Highest priority is given to the company's most severe negative impacts on people, society and the environment. This does not mean that other risks are unimportant or that they are not addressed. The way in which the company is involved is central to implementing the right corrective actions. Any negative impacts/harm that the company causes or contributes to must be stopped, prevented and mitigated. Companies that are directly linked to a negative impact must exert their influence over businesses (e.g. suppliers) to stop, prevent and mitigate it. This involves developing and implementing risk management plans and procedures and may require changes to the company's own policies and management systems. By successfully managing negative impacts on people, society and the environment, companies make a major contribution to the achievement of the United Nations Sustainable Development

## 4 .A Stop, prevent or mitigate

### 3.A.1 Add goals, status of progress and describe actions you have taken to address the company's prioritised negative impacts on/harm to people, society and the environment

<p><b>Prioritised negative impact/harm</b></p>	<p><b>Use of overtime work, restrictions on freedom of association.</b></p>
<p><b>Overall goal:</b></p>	<p>In line with our core values and the 4 pillars, we will be a fair partner and are committed to ensuring that our chosen business partners provide good working conditions. Specifically, this means that we will be conducting audits or site visits in order to follow up on overtime work and opportunities to form free trade unions. If any breach is identified, improvements are made and put in place in compliance with the factories and our internal procedures.</p>
<p><b>Status:</b></p>	<p>Inhouse brands, overtime work: We have introduced a number of changes to our procurement practices to ensure that we do not contribute to unnecessary overtime work. For example, the collections now have several “drops”, descriptions and detailed instructions have been improved, and delivery times have been extended.</p> <p>Inhouse brands, freedom of association: Audits always focus on this factor in the risk country. The aim is to establish a written factory policy on freedom to join trade unions and take part in collective bargaining.</p> <p>We have long-standing relationships with our business partners and engage in moderately close dialogue with them. However, we must understand that we are small when it comes to production capacity. We depend on our “co-producers” to achieve the goal. Our membership in Amfori will increase the visibility of our “co-producers” and the hope is to be able to work more closely together at certain production sites in the future.</p> <p>External brands: We are continuing to map production sites in 2023. We have not carried out any inspections.</p>
<p><b>Objectives in the reporting year:</b></p>	<p>Help reduce “forced overtime” for the workers.</p>

Action taken and justification:

Inhouse brands: Dialogue about delivery times with the supplier to ensure lead times are long enough for the work to be completed within normal working hours. We are also making modifications to our own procurement practices to relieve pressure during periods of high activity. This is achieved by dividing the collection up for a smoother production flow throughout the year. We take Chinese New Year and other major holidays into account when placing orders and planning delivery times. We support the right to freedom of association through our Code of Conduct and the Eurosko Norge AS Policy.

Goals and actions for future reporting years:

Inhouse brands: Help reduce “forced overtime” for the workers.

Obtain a better overview of the living wage in our key provinces, and follow up the production sites on this.

External brands: We are continuing to map production sites.

<b>Prioritised negative impact/harm</b>	<b>Tanning process: emissions and impacts on workers.</b>
<b>Overall goal:</b>	In line with our values and the 4 pillars, we will reduce exposure to hazardous chemicals and reduce our supply chain emissions.
<b>Status:</b>	Inhouse brands: We require our suppliers to provide us with lists of tanneries. The mapping and monitoring of these is an ongoing process and is followed up 4 times a year.
<b>Objectives in the reporting year:</b>	In line with quality assurance principles, we require our suppliers to use LWG tanneries as we have described and expect in our policies.

**Action taken and justification:**

Own suppliers: All our leather suppliers must provide tannery lists when confirming orders. These are logged, along with any gold, silver or bronze rating that the supplier has achieved. The supplier and tannery lists are open and available for viewing on our websites.

External suppliers, the mapping process is in progress.

**Goals and actions for future reporting years:**

Inhouse brands: Continued quality assurance at LWG tanneries.

External brands: Continuing the mapping process for production countries and tanneries.

<b>Prioritised negative impact/harm</b>	<b>Chemicals management</b>
<b>Overall goal:</b>	In line with our values and the 4 pillars, our production processes will contain safe chemicals that are not on our RSL.
<b>Status:</b>	We are working continuously to keep harmful substances out of our production processes and our products. We require compliance with our RSL. This is an ongoing process and our RSL is regularly updated and is attached to all orders.
<b>Objectives in the reporting year:</b>	Minimise risks to the health and safety of the workers, remove illegal/hazardous substances in relation to RSL, reduce any hazardous emissions.

**Action taken and justification:**

Inhouse brands: All our leather suppliers must provide tannery lists when confirming orders. These are logged and followed up. See "the tanning process". The tanneries are followed up via a LWG rating. We require compliance with our RSL at all production sites, regardless of input factor. Risk models in the collections are tested for illegal substances.

External brands: The mapping process is in progress.

**Goals and actions for future reporting years:**

Inhouse brands: Continued quality assurance at LWG tanneries, and testing for chemical substances on the Restricted Substances List (RSL). External brands: Continuing mapping production countries, tanneries and production methods.

<b>Prioritised negative impact/harm</b>	<b>Transport emissions</b>
<b>Overall goal:</b>	In line with our values and the 4 pillars, our emissions will be reduced.
<b>Status:</b>	Ongoing process. We are continuously working on transitioning over to the most environmentally-friendly transport options. Concrete targets have been set per export country in an action plan. We have launched a packaging and volume project that will reduce total transport emissions in the long run. The project is being continued in 2023.
<b>Objectives in the reporting year:</b>	Reduction of air freight/emissions.

**Action taken and justification:**

Inhouse brands: We are continuously working on transitioning over to the most environmentally-friendly transport options. We have achieved 0 air freight in 2022. Changes in procurement practices give us greater scope for action in respect of logistics. Chosen partner for logistics nationally, which uses electric vehicles only.

The project is being continued in 2023.

External brands: information about transport values not achieved in the reporting year.

**Goals and actions for future reporting years:**

Inhouse brands: Reduction of emissions, use the most environmentally-friendly alternatives. Scope 1 clarified for our own production.

External brands: Map logistics for our 3 largest partners.

## Other measures to manage negative impacts/harm:

**Describe the company's cross-cutting measures to stop, prevent or mitigate negative impacts on/harm to people, society and the environment in the supply chain**

### 3.8.1 Reduction of impacts on the environment and natural world

Our main priorities reflect the biggest risks known to have negative impacts on the environment and carbon footprint in the production of our footwear.

#### The tanning process

Chemicals and large volumes of water are used in the tanning process. All our leather suppliers must provide tannery lists when confirming orders. These are logged together with any gold, silver or bronze rating that the supplier has achieved. The ratings help us ensure that the high quality standards we demand of our suppliers are being met. Should anything on the tannery list not meet the criteria, the product controller, product manager and CSR manager will work together to draw up a follow-up plan. Repeat breaches result in the termination of the contract. We consider this to be an ongoing process and close monitoring of the tanneries is planned for 2023 as well.

#### Chemicals management

We require compliance with our RSL, and we test risk products in production. This is an ongoing process and we regularly update our RSL. To ensure that we meet the required quality standards in the area of chemicals management, we work in close collaboration with Stefan Posner/founder of RISE. This collaboration also helps enhance in-house capabilities and skills, and improves our understanding of follow-up at several stages of the value chain.

#### Transport - greenhouse gas emissions

We are continuously working on transitioning over to the most environmentally-friendly transport options. Concrete targets have been set per export country in an action plan. We have launched a packaging and volume project that will reduce total transport emissions in the long run. The project is being continued in 2023.

#### The rights of workers

Living wage, trade unions and general overtime are particular areas of risk. In 2022, we made significant improvements to our procurement practices, and are continuing to optimise our procurement processes in 2023. Optimisation of the supplier portfolio also delivers gains in the form of increased production at fewer sites, long-term relationships, well-documented production sites, easier follow-up when past data are available.

Naturally enough, our "external brands" reporting process is quite some way behind the progress we have made with "inhouse brands" reporting. When it comes to publishing producers, tanneries, due diligence and general information, we are experiencing some resistance, but hope this will be resolved in 2023. Although the work is in the start-up phase, we assume that the same priority risks we have for inhouse production are more or less the same for our external brands. Almost all shoe production requires relatively similar processes. External brands account for approximately 50% of our portfolio, so it is obvious that major gains can be achieved if some improvements are made here.

### 3.8.2 Reduction of emissions

Scope 1 will be implemented in 2023. Concrete targets for reduction will be set when specific figures have been obtained.

### 3.8.3 Modifications to company procurement practices

Inhouse brands: We have introduced a number of changes to our procurement practices to ensure that we do not contribute to unnecessary overtime work. For example, the collections now have several "drops", descriptions and detailed instructions have been improved, and delivery times have been extended. We have long-standing relationships with our business partners and engage in moderately close dialogue with them. However, we must understand that we are small when it comes to production capacity. Our membership in Amfori will increase the visibility of our "co-producers" and the hope is to be able to work more closely together at certain production sites in the future.

### **3.8.4 Choice of products and certifications**

Inhouse brands: Sympatex Technologies is used in many of our models with functional systems. In addition to the standard functions (optimal breathability, 100% waterproof, 100% windproof), the Sympatex membrane is also 100% recyclable, PFTE-free and PFC-free, as well as certified in accordance with the Oeko-Tex® Standard 100 and the bluesign® environmental standard.

Inhouse and external brands: We encourage and support the use of more recyclable materials in the collection as a whole.

Inhouse brands: A separate category for vegan footwear has been established and is growing. In 2022, it accounted for approx. 5%.

External brands: Several of our business partners make their own “sustainable collections”, e.g. recycled plastic bottles are used for some parts of the Timberland collection, which we encourage and support. We know that several of our suppliers have recycled materials or brand new sustainable materials high on the agenda.

Inhouse brands: In 2022, we focused on the materials for our shoe boxes, which now use over 50% environmentally-friendly materials and this figure continues to increase.

### **3.8.5 Actively support freedom of association and collective bargaining, or where the law does not allow this, actively support other forms of democratically elected worker representation**

As stated in Eurosko Group’s Code of Conduct, we respect the right of workers, including their freedom to join trade unions and take part in collective bargaining. This is a mandatory item in audits and on our programme for visits to factories.

### **3.8.6 Contribute to the development, upskilling and training of internal employees and of suppliers and workers in the supply chain**

Increase general skills of the CSR officer through courses at Ethical Trade Norway and other interest organisations.

Sustainable development is a standing item on the agenda at our meetings, from the Board and out in the value chain. This is to develop a deeper understanding and expertise, and enable decisions that can optimise the value chain.

Chemical management and the tanning process. We are closely involved in the development of the “hazardous chemicals list”, and use it to follow up suppliers and tanneries. We require our business partners to source from approved “Leather working group” tanneries.

To ensure that we meet the required quality standards in the area of chemicals management, we work in close collaboration with Stefan Posner/founder of RISE. This collaboration also helps enhance in-house capabilities and skills, and improves our understanding of follow-up at several stages of the value chain.

Increased collaboration with our largest external partners, continuing towards the goal of launching a CSR network for footwear manufacturers in 2023.

### **3.8.7 Fighting corruption and bribery in our own business and the supply chain**

Our commitment to fighting corruption and bribery is part of the Eurosko Group’s Code of Conduct. This is a mandatory item in audits and on our programme for visits to factories.

### **3.8.8 Other relevant information on how to work to reduce, prevent and manage negative impacts on people, society and the environment**

Increasing recycling of shop fixtures and fittings.

100% use of LEDs in shops.

Phase out plastic bags. goal: recyclable bags only.





## 4

### Tracking implementation and results

Tracking implementation and results is about measuring the effects of systems and the company's own work at each stage of due diligence, and shows whether the due diligence activities that the company undertakes are good. The company must have systems and procedures in place that enable it to detect and critically review and assess its own conclusions, priorities and actions that have been taken as part of due diligence. For example: Are identification and prioritisation of highly negative impacts carried out in a scientifically sound and credible way that reflects the actual conditions? Do measures aimed at stopping, preventing and/or reducing the company's negative impacts/harm work as intended? Is harm redressed where this is relevant? This may apply to actions taken by the company itself or measures undertaken collaboratively with others. The experience that the company acquires from its due diligence is used to improve processes and results in the future.



## 4.A Monitoring and assessment

### **4.A.1 Describe who is responsible for monitoring the impact of measures taken to address the company's significant risk of negative impacts on/harm to people, society and the environment and how the monitoring is carried out in practice**

The main responsibility for our sustainable development programme, which is an integral part of our business operations, rests with the product department, to which the CSR manager also belongs. The CPO has the overarching responsibility for the sustainable development agenda of the company. The CSR manager has day-to-day responsibility and makes arrangements for due diligence, changes, follow-ups and development of systems where a need is identified by risk assessments.

The CSR manager has responsibility for follow-up of measures. In practice, this is usually done through our on-site product team following information from the CSR manager. China has now opened up again, which also makes due diligence easier in 2023. Other breaches are followed up through a new round of audits and/or talks with suppliers. All visits and audits are logged and followed up in our internal documentation.

### **4.A.2 Describe how you strive to ensure that your company's measures to identify, prevent and mitigate negative impacts actually work**

The sustainability department communicates with all our suppliers several times a year. We can reasonably assume that our constant communication in itself leads to heightened focus at the production sites

We check new information and the status at the factory. For example, the list of production sites and tanneries at model level gives a good guideline as to whether they are switching to an LWG-certified tannery.

Continual audits also reveal whether measures are having an effect.



## 5

# Communication of how negative impacts/harm are managed

Concrete activities and results form the foundation for good external communication about the work related to companies' due diligence for sustainable business practices. Businesses are required to publicly communicate the relevant governance document related to due diligence, such as policies, guidelines, processes and activities related to identification and management of the actual and potential negative impacts of the business on people, society and the environment.

Communication should include how the risks have been detected and addressed and what effects were achieved by the measures/actions. Under Section 4 of the Norwegian Transparency Act, companies to which the Act applies are required to publish an annual statement on the results of their due diligence.

## 5.A. External communication

### **5.A.1 Describe how the company communicates with affected stakeholders about management of negative impacts/harm**

Our Code of Conduct is available to all stakeholders on our websites. It is also sent to the suppliers twice a year together with minimum criteria. We list tanneries and suppliers openly on our websites, and briefly describe the risks associated with our production.

We communicate with stakeholders through visits, phone calls and email. We discuss risks in connection with our areas and make plans for improvements, where required, in our own operations and at suppliers.

### **5.A.2 Describe how the company communicates publicly about its work on identifying and managing negative impacts/harm**

We publish our Code of Conduct and Corporate Policy on our websites. This makes our principles and requirements visible.

Ethical Trade Norway publishes its annual report in June each year.

We list suppliers and tanneries openly on our websites.

### **5.A.3 Describe the company's procedures for managing and responding to external enquiries for information, which companies are required to report clearly and transparently under the Norwegian Transparency Act.**

All enquiries concerning information as required under the Norwegian Transparency Act are dealt with by the CSR manager.

We have information about production sites, materials, tanneries, etc. for all models that we produce ourselves, which is part 1 of the "summary of answers"

Brief information about our due diligence work with individual focal points forms Part 2 of the "summary of answers".

Direct questions about other points are answered to the best of our ability.

Our internal goal is to respond to such enquiries within 1 week.

Information related to production sites, materials, and tanneries for external brands is obtained as and when required.



6

## Remediation where this is required

When a company has identified that it has caused or contributed to harm to people or society, it must make provisions for, or engage in enabling, remediation of the harm. Remediation may involve financial compensation, a public apology or other redress for the harm. It is also about providing workers and/or local communities with access to complaint mechanisms so they can have their cases heard and dealt with.



## 6.A Remediation

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

This is an excerpt from our policy, which is available for viewing on our websites:

#### Due diligence

Eurosko Norge AS shall conduct due diligence for sustainable business practices. This means it shall conduct its own risk analysis of negative impacts on people, society and the environment, and stop, prevent and mitigate these impacts. The actions are monitored and assessed to determine their effect, and are communicated to the parties concerned. We will stop any of our activities that cause or contribute to negative impacts on people, society or the environment, and we will undertake to redress the harm. If the supplier is responsible for the negative impact/harm, the supplier is also responsible for remediation.

Our Code of Conduct sets out our requirements for remediation and corrective action in the event of a breach:

"In the event of a breach of the Code of Conduct, Eurosko Norge AS and the supplier will jointly prepare a plan for remedying the breach. Remediation must take place within a reasonable period of time. The contract will only be terminated if the supplier remains unwilling to remedy the breach following repeated enquiries."

### Describe any cases of remediation in the reporting period

Breach of overtime rules has been identified at our business partners. We have worked with our suppliers to review our procurement procedures in order to prevent a recurrence of this within our production operations.

## 6.B Secure access to complaint mechanisms

### **6.8.1 Describe what the company does to ensure that affected workers and local communities have access to effective remediation mechanisms, when required**

The rights of the workers and their opportunities to influence are presented in several of our documents. Workers are encouraged to engage in dialogue during visits and audits.

The eurosko.com notification channel goes live in early 2023, and this is communicated continuously.

Contact details:

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