



Report on

Responsible Business Conduct 2021

for Stokke AS



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

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

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

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

Heidi Furustøl

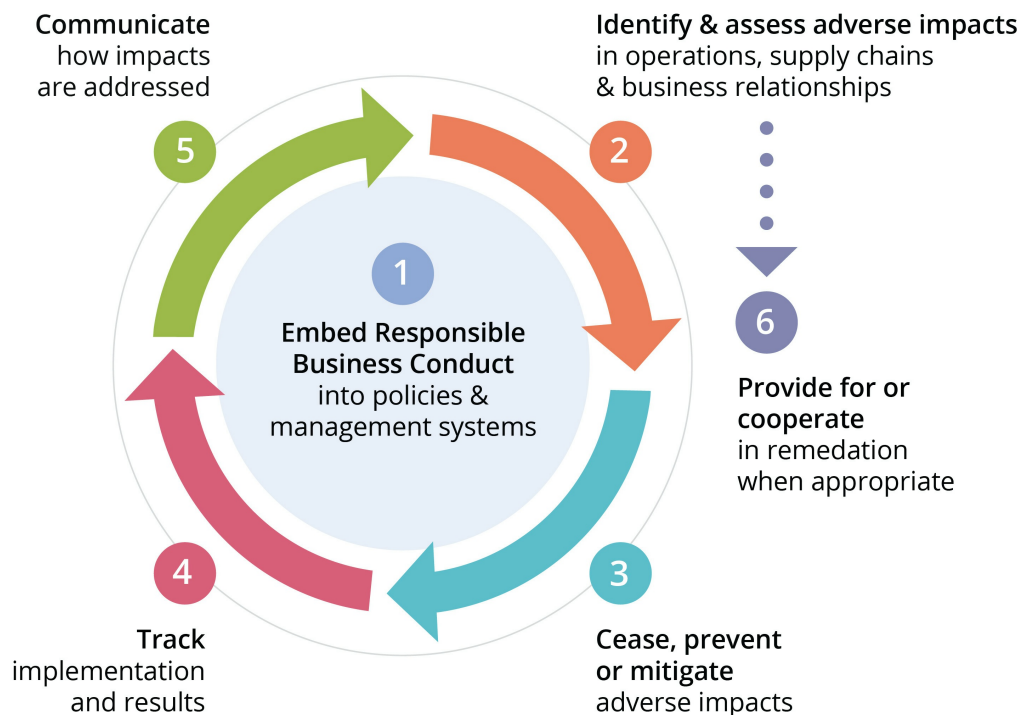
Executive Director

Ethical Trade Norway

Due diligence

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

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



Preface From CEO

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 2022 and 2023 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

Head office address

Parkgata 6, 6003 Ålesund

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-

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.

Turnover in reporting year (NOK)

Number of employees

347

Major changes to the company since last reporting period

Stokke AS has in 2021 acquired

- MUTABLE™, a multifunctional play table that grows with the child
- LIMAS, a German babywearing company selling baby carriers and slings
- BABYZEN, the makers of the premium YOYO all-in-one lightweight stroller

Integration of these companies is still on-going and they will therefore become part of the reporting from 2022.

Contact person for the report (name and title)

Gunnhild Ø Thorsen, Director of Sourcing and Production

Email for contact person for the report

Gunnhild.thorsen@stokke.com

Supply chain information

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

Stokke products are manufactured by independent contract manufacturers in 13 countries. The production of wooden products is located in Eastern Europe, textiles are produced in China and the US. Injection molding and assembly is located mainly in Europe, but also for 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 2021 have been significantly reduced. Stokke has continued the close cooperation and follow-up through increased use of online meetings. Our field based colleagues located in Eastern Europe were able to continue visiting, 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.

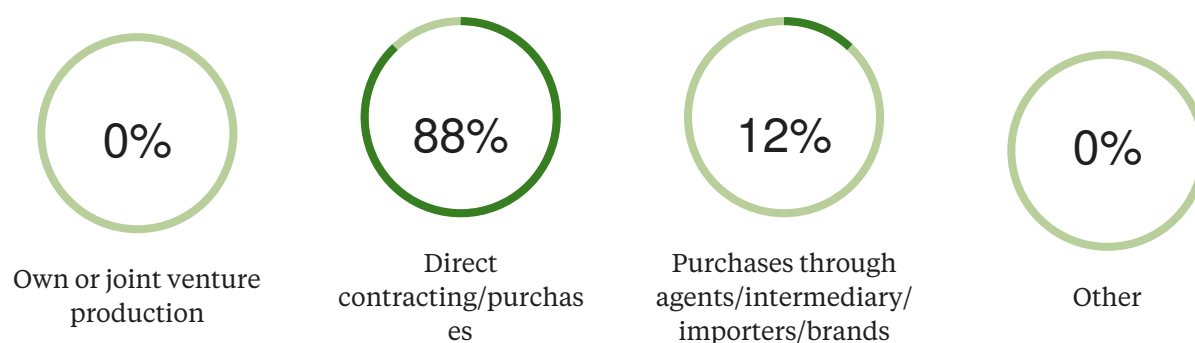
Number of suppliers with which the company had commercial relations in the reporting year

21

Comments

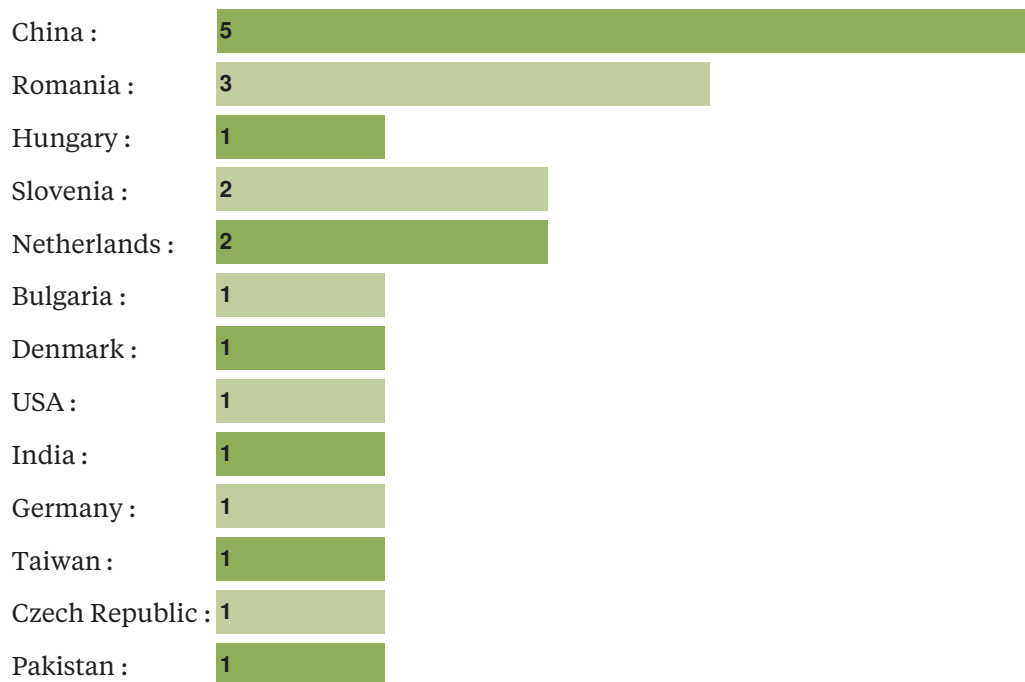
Stokke has a direct commercial relation to 21 factories/agents that supplies to Stokke AS. Including the factories handled by our agents, Stokke has business relation with in total 29 factories.

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



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

Number of workers

1 219

Number of suppliers this overview is based on

29

Numbers of workers per supplier (calculated average)

43

Comments to number of workers

Stokke is producing goods at in total 29 different suppliers. Approximately 1200 employees at these factories are involved in the daily production of the Stokke products.

Key inputs/raw materials and associated geographies

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

Is the company a supplier to the public sector?

No

Goals and progress

Goals and progress for the reporting year

1

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

Status : Done

2

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

Partly done.
Status : The Stokke sustainability ambitions have been communicated to the Stokke suppliers and Stokke have gathered input from all suppliers to complete our CO2-mapping on scope 1, 2 and 3 for 2020. Evaluations are ongoing for defining way of working and actions regarding environmental impact of the Stokke suppliers

3

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

Status : Done

4

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

Status : Done

5

Goal : Establish collaboration with Taos Certification Body for 3rd party support on most salient issues at the Chinese suppliers.

Status : Work initiated, but scope has been extended to find an organization and system to support across the complete supply chain.

Goal for coming years

1

Improve current system of risk management, supplier audit and supply chain transparency through ESG monitoring scheme.

2

Establish emission reduction roadmap for the Stokke supply chain

3

Establish grievance system and remediation mechanism

4

Take action to mitigate identified risks in the supply chain



1

Governance and commitment to responsible business conduct

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

1.A Policy* for own business

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

Stokke has published our commitment to people, society and environment on our homepage: www.stokke.com

1.A.2 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.

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.
-

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

By implementing Responsible Business Conduct Stokke wants to assure our customers and business partners that we understand and manage negative impacts on society and the environment. Stokke Policy for Responsible Business Conduct was developed and presented to the Board in December 2021. We are integrating social, environmental, ethical and human right concerns into our business strategy and operations following the OECD Guidelines on Due Diligence. It is anchored in Stokke Sustainability Strategy and as such part of the training program for newcomers as well as communicated internally through Stokke intranet site.

1.B Organisation and internal communication

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

In the Stokke Leadership team, the Head of Strategy and M&A is the owner of the Stokke Sustainability Strategy. The Stokke Sustainability Manager is reporting to the Head of Strategy and M&A and is responsible for the development and further execution of the Stokke Sustainability Strategy. The Sustainability Manager is also in lead for the focus areas “Early Childhood Development” as well as “Reducing our climate footprint”.

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 Sustainability Manager. 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 Innovation team. As there are many new laws and regulations related to Sustainability and ESG, the Sustainability Team also have a member from our Legal department.

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

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. There is established a cross-functional Sustainability Team and for the key members of the team the focus areas are defined as part of their job descriptions and work tasks are set.

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

Stokke have for years conducted internal and external training of key staff with direct and frequent contact with the suppliers. Global Reporting Initiative (GRI) online training was accomplished by two Stokke representatives. Several colleagues attended training on sustainable textile fundamentals provided by Sustainable Fashion Academy. Stokke is evaluating and planning sustainability related trainings across the organisation in 2022.

1.C. Plans and resources

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

In 2020, Stokke revisited the strategy for the company. Among other areas, the Stokke Brand Framework was redefined through the process and Sustainability became one of the three value propositions for Stokke. Following this commitment of the Stokke Brand to Sustainability, the Stokke Sustainability Strategy was 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.

The focus in 2021 has been to build a foundation of initiatives that can be started and scaled in the years to follow. These initiatives are anchored in action plans managed by the Stokke Sustainability Manager.

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

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

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

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

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.

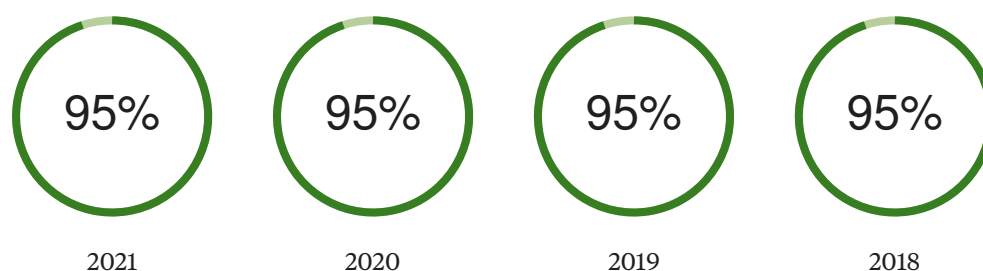
The Stokke Code of Conduct present our expectations towards our suppliers when it comes to:

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 have communicated the new Sustainability Strategy to the suppliers and emphasized the increased focus from Stokkes side on the topic of responsible business conduct moving forward.

Indicator

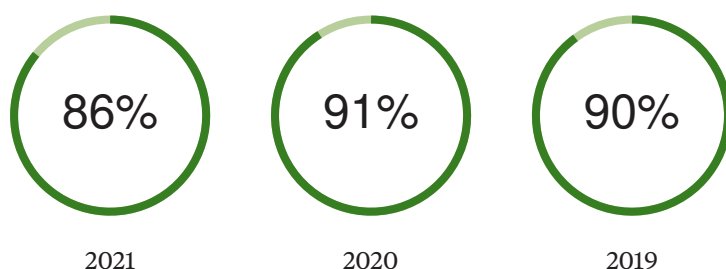
Share of 1st Tier suppliers, who have received and accepted the Stokke Code of Conduct



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 99,9% for 2021, 99,6% for 2020, and 99% for 2019

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.

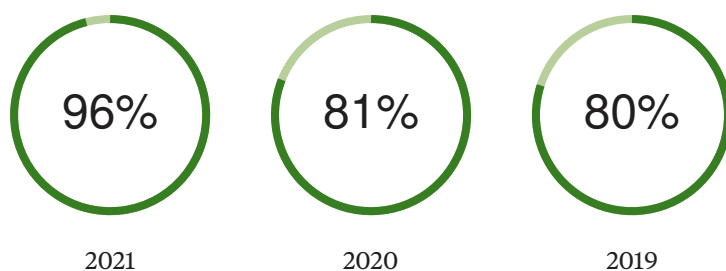
Percentage of the company's suppliers with whom the company has had a business relationship for more than three years



The percentages is based on numbers of suppliers. Stokke AS started to produce in 2 new locations in 2020 and 1 in 2021.

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

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 last years, and social audits of all new suppliers have resulted in a significant improvement of this indicator. Countries defined as "high risk": Romania, Bulgaria, Macedonia, China, Pakistan and India

1.E Lessons learned and changes in the reporting period

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

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

Salient issue	Related topic	Geography
Workload	Freedom of association and collective bargaining Wages Working hours Regular employment	Bulgaria China Pakistan Romania
Risk of deforestation and negative impact on environment due to illegal logging	Environment Corruption Use of materials	Bosnia-Herzegovina Bulgaria Belarus Macedonia Romania Serbia
Climate footprint of Stokke production	Environment Emission	Global

The list represent the most salient issues that Stokke has identified and prioritized during 2021

DETERMINATION OF SALIENT ISSUES

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

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
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 issues listed in 2.A.1 have been prioritized.

ADDITIONAL SEVERE IMPACTS

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

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 lights.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

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

3. A Cease, prevent or mitigate

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

Salient issue	Workload
Goal :	Production and overtime practice of our suppliers should be according to local law
Status :	<p>With increased sales in 2021, Stokke have requested additional production volumes from many of our suppliers, primarily in Europe.</p> <p>In combination with higher absence rates due to the Covid-situation overtime has occurred compared to last years. Stokke have had a close dialogue with the suppliers around the production increase with weekly meetings. This dialogue has been focused on how to increase production through investments at the suppliers combined with commitments from Stokke. Next to that there has been an open dialogue where the supplier have been open on what volumes are possible with their availability of staff and not conflicting with local legal framework.</p>
Objectives in reporting year :	Significant increase of production capacity at key 1st Tier suppliers in Europe without violating overtime regulations

Actions :

- China: Cooperation with 3rd party audit company to assess relevant suppliers on the topics of worker engagement, overtime practice and wages. Close follow-up by our local long-term sourcing agents
- Europe: Close cooperation with suppliers to increase production capacity, with commitments from Stokke to support the growth. Social audits performed based on risk evaluations.

Salient issue	Risk of deforestation and negative impact on environment due to illegal logging
Goal :	Establish overview of the wooden supply chain down to the forestries
Status :	<p>Legality confirmation established and signed by all 1st Tiers of Stokke</p> <p>FSC® certification implemented for Sleepi, Klikk and Steps</p> <p>Gaps for FSC® certification for Tripp Trapp mapped out and action plan in progress</p> <p>Assessment of wood supply chain ongoing</p>
Objectives in reporting year :	Get detailed overview on origin of wooden raw material, including risk assessment

Actions :

Stokke has contracted a neutral third party, Soil Association (SA), to assess our Supply chain for all sustainability aspects. Soil Association is well known NGO with founded experience in forestry with experts located in countries where Stokke operates.

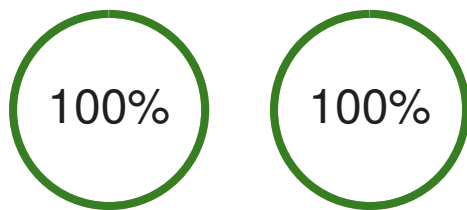
In Phase 1 (Oct 2020 – May 2021) Soil Association assessed the legality and sustainability of the Stokke supply chain relating to the Tripp Trapp chair. 1st and key 2nd Tier suppliers were contacted by the local SA assessment team and asked to provide information about their supply chains and due diligence systems using a checklist format. Site visits were conducted when possible, but due to COVID pandemic travel restrictions other assessments were conducted remotely via email, phone and on-line meetings.

Assessments included documents, reports and records inspections, interviews with relevant personnel and review of audit reports carried out by government agencies. Systems developed by the companies to assess legality of their supplies were discussed in relation to EU Timber Regulation (EUTR) and national legislation of the supplying countries.

In Phase 2 (Aug 2021 – Feb 2022) Soil Association is gathering further information from suppliers and sub-suppliers with the main objective to identify the actors along the supply chain and to assess their capacity to trace the timber up to the forest of origin. The expected outcome of Phase 2 is a supply chain map providing detailed information along with a risk assessment and potential risk mitigation proposals for each main supplier/sub-supplier.

Indicator

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



2020

2019

Stokke have defined a 3-years plan for the further work within the focus-area of Sustainable forest management.

High risk is based on CPI-rating.

Salient issue	Climate footprint of Stokke production
Goal :	Reduce climate footprint of Stokke
Status :	<p>Scope 1, 2 and 3 emissions were calculated by external consultant following the GHG Protocol method.</p> <p>Stokke committed to short (2030) and long (2050) term emission reduction targets following the Science Based Target (SBT).</p>
Objectives in reporting year :	Establish baseline and target for Stokke's work to reduce our climate footprint

Actions :

The first climate footprint for 2020 was performed by external consultant CemaSys.. The mapping included the total Stokke business and will in 2022 serve as a base for setting climate actions for our business and our supply chain

Targets have been established for our ambition level following the guideline for Science Based Targets:

- Stokke commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year. Stokke also sets a target to reduce absolute scope 3 GHG emissions 25% within the same timeframe.
- Stokke commits to reduce absolute Scope 1 and 2 GHG emissions 90% by 2050 from a 2020 base year. Stokke also sets a target to reduce absolute scope 3 GHG emissions 90% within the same timeframe.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

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

3.B.1 Reduction of environmental and climate footprint

Textile production is known to have significant environmental impact. Majority (98%) of cotton used in Stokke products is organic cotton certified according to Organic Content Standard (OCS). Most of our indoor textile (%) are certified according to Oeko-Tex Standard 100, world's best known label ensuring substances used are harmless for humans. Stokke have for several years been working on reducing the impact by securing our cotton textiles are certified according to Oeko-Tex and Organic content standard OCS. Stokke has also worked on securing PFC-free coating for all relevant products.

Actions taken for the textile products in 2021:

- Organic cotton according to OCS-standard: 98% of the cotton used is now according to OCS and actions in progress for the remaining items
- Outdoor textiles: 100% PFC-free for relevant products achieved
- Recycled polyester from plastic bottles is used for the main textile in our Xplory X Strollers.

In 2021, Stokke took action to further extend our efforts within textiles and provide guidelines for the organization as part of the Sustainability Strategy:

- Increased internal competence through participation on the training "Sustainable Textile Sourcing" with a deep dive in textile qualities and production methods. With cross-functional participation from Innovation, Compliance & Safety as well as the Sourcing & Production team, we secured competence and alignment across disciplines.
- 3rd party assessment performed by CemaSys to evaluate the materials used, certification status, dyeing processes and treatments. The conclusion of the study is the recommendation to move certifications standards to higher level with a strong focus on environmental and social aspects (Global Organic Textile Standard, GOTS and Global Recycled Standard, GRS).
- Roadmap defined to raise the level of certification:
 - Identify products eligible for Global Organic Textile Standard (GOTS)
 - Establish Global Recycled Standard (GRS) certification

Stokke have through 2020-2021 made long-term agreements with key suppliers giving them room for more long-term planning as well initiating investments to modernize production equipment. Two key suppliers have with the support from Stokke been provided funding from Norway Grants for investment for replacing old production equipment. The funding was granted as the new equipment comes with reduction of environmental and climate footprint.

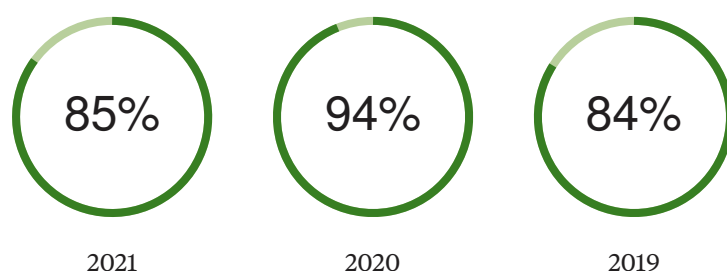
3.B.2 Adapting own purchasing practices (sourcing)

Stokke maintain a close dialogue with our suppliers to ensure both parties can operate in a sustainable way. In 2021 the following 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 2021
- Stokke have through discussions with suppliers, made long-term agreements with key suppliers giving them room for more long-term planning as well initiating investments
- 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 2022

Indicator

Percentage of payments to suppliers that are made on time



3.B.3 Choice of product design and 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 prevention is a key focus area for Stokke for wooden products with glued parts. Stokke is meeting the regulatory requirements but our efforts are focused to achieve the lowest possible emissions level. TRIPP TRAPP® is meeting the F 4-Star standard in Japan, which is the best Formaldehyde Emission grade according to JIS A 1460 (2005). The laminates are according to TSCA certification (Toxic Substances Control Act).

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 2021 Stokke launched our new stroller Xplory X. The fabric used for the seat, canopy, shopping bag and baby inlay is made from recycled polyester.

Chemicals

In 2015, Stokke implemented an extensive upgrade of Stokke Restricted Substances List (RSL). The list describes which substances shall be tested through which test method and defines acceptable levels. All suppliers must confirm that their deliveries to Stokke will comply with the RSL. We have updated RSL in 2021 to ensure that Stokke products follow rules and legislations, voluntary standards and industry trends. Stokke is following state-of-the-art practices 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.

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.

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

Not prioritized in 2021

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



4

Track implementation and results

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

4.A. Track and assess

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

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.

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

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 surface, possibly a stove or a workbench. The background is blurred, showing what appears to be a kitchen or industrial setting.

5

Communicate how impacts are addressed

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

5.A External communication

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

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.

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

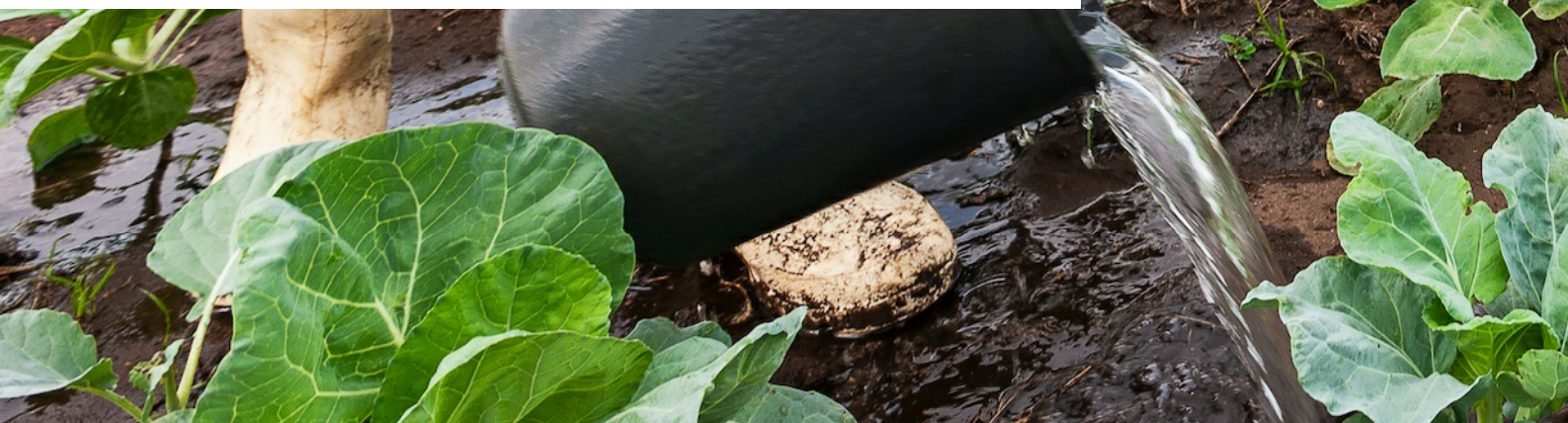
Communication about Stokkes responsibility is done through the reporting on Responsible Business Conduct to Ethical Trade Norway.



6

Provide for or cooperate to ensure remediation when appropriate

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



6.A Remediation

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

The measures put in place are monitored and their effect evaluated. The measures are communicated to those affected by our actions. If our activities are found to cause or contribute to negative impact on people, society or the environment, we will stop the activities and seek to provide remedy. If our supplier is responsible for the negative impact, the supplier is responsible for providing remedy.

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

Not relevant

6.B. Ensure access to grievance mechanisms mechanisms

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

Stokke have set as a goal for 2022 to establish an effective grievance mechanism.

Contact details:

Stokke AS

Gunnhild Ø Thorsen, Director of Sourcing and Production

Gunnhild.thorsen@stokke.com