



Due diligence for responsible business conduct with regards to people, animals, society and the environment

# Account reporting year 2023

for Europris ASA

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# SUSTAINABLE DEVELOPMENT GOALS



## To Readers Of The Report

Enterprises and the public sector have a great impact on people, society, the environment, climate, and animals and can both contribute positively to development, or negatively by causing harm. Enterprises therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs) and the Paris Agreement's 1,5-degree target.

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level1 members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Ethical Trade Norway's concept of responsible business conduct equals OECD's terminology and due diligence methodology. This is the systematic effort that enterprises do to identify, prevent, or mitigate adverse impacts and explain how they manage their risks of negative impact, as well as provide remediation to people, animals, society, and the environment where this is required – is called due diligence. Norwegian authorities expect all enterprises, regardless of their size, to carry out due diligence on society, the environment, and animals in accordance with the UN's Guiding Principles for Business and Human Rights (UNGPs) and OECD's Guidelines for Multinational Enterprises. This applies to enterprises, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) for Responsible Business Conduct covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGPs and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

**Heidi Furustøl**

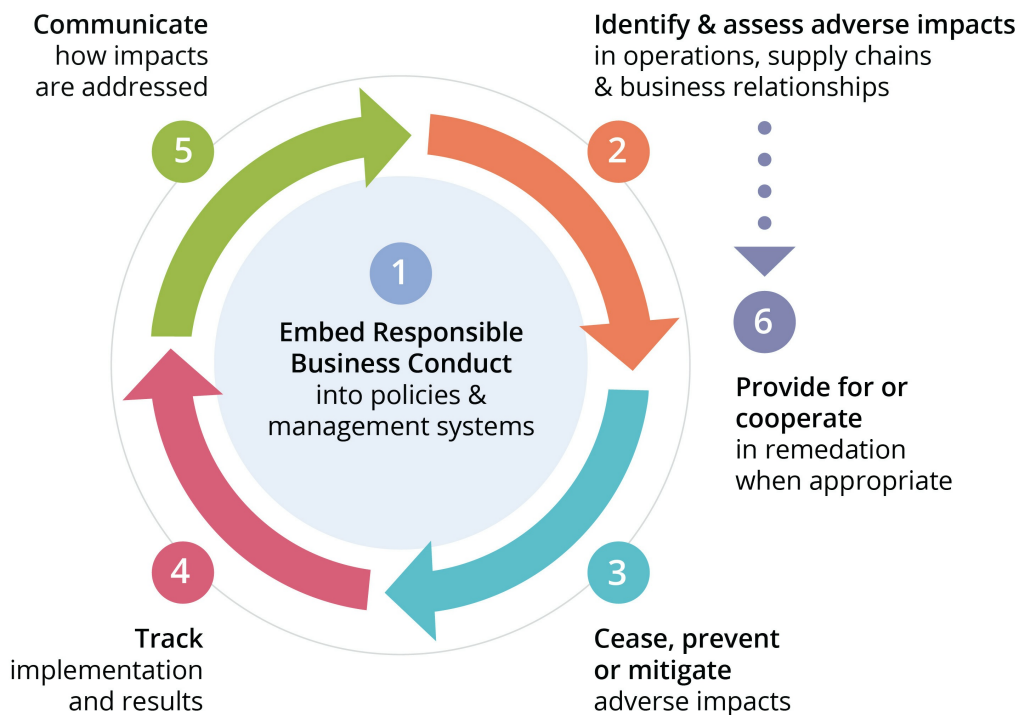
*Executive Director*

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

The issues related to human rights, workers' rights, biodiversity and the environment are complex and interconnected. It is crucial to recognise the linkages between these issues and to develop a business approach which respects the dignity of individuals, promotes fair labour practices, preserves biodiversity and safeguards the environment.

Our sustainability strategy is based on the UN sustainable development goals (SDGs) and a comprehensive materiality analysis covering our actual and potential impact on environmental, social and governance (ESG) aspects. The strategy covers four main areas: our products, our climate profile, our people and our social responsibility. Sustainability is an integrated part of our value chain, and thereby a natural part of our decision processes. We want to give all our customers the opportunity to make sustainable choices at affordable prices, and we work to reduce our emissions in line with the Paris agreement. We have therefore committed to the Science-Based Targets initiative (SBTi), with the goal of reaching net zero by 2050.

Admittedly, sustainability is not only about emissions. Every individual is entitled to basic rights and freedoms, irrespective of race, gender, religion or status. Workers' rights are integral to the broader human rights framework. Fair wages, safe working conditions and the right to organise are essential components in ensuring the well-being and dignity of people.

With our large volumes and efficient operation, we can ensure that ethical and sustainable products become more readily available to customers at affordable prices. Our job is not only to procure responsibly. We also have a responsibility to make it easier for customers to reach sustainable choices in store, and we look forward to continuing this important job in the coming years.

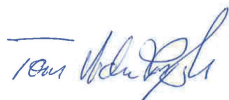
**" Our job is not only to procure responsibly. We also have a responsibility to make it easier for customers to reach sustainable in-store choices. "**



Espen Eldal  
*CEO, Europris ASA*



# Board Signature



Tom Vidar Rygh  
Chair



Claus Juel-Jensen



Hege Børmark



Bente Sollid Storehaug



Jon Martin Klafstad



Tone Fintland



Pål Wibe



Espen Eldal  
CEO

Fredrikstad  
19.03.2024

# Enterprise information and enterprise context

## Key enterprise information

### Enterprise name

Europris ASA

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### Head office address

Dikeveien 57, 1661 Rolvsøy

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

Europris offers its customers a broad range of quality own brand and branded merchandise across a wide range of product categories. Laundry and cleaning, pet food and accessories, storage, confectionery and snacks, candles and interior, and seasonal items are defined as top-of-mind destination categories.

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### Description of enterprise structure

Europris is Norway's largest discount variety retailer by sales, featuring 282 stores throughout the country where 257 are directly owned by the group and 25 operate as franchise stores. The group offers its customers a broad range of quality own brand and branded merchandise across a wide range of product categories. Laundry and cleaning, pet food and accessories, storage, confectionery and snacks, candles and interior, and seasonal items are defined as top-of-mind destination categories. In addition, Europris has three pureplayers, a 100 per cent stake in Lekekassen (Toy Space), and 67 per cent stakes in Lunehjem, Strikkemekka (Yarnmania) and Designhandel. These are specialised e-commerce stores, concentrating on toys, DIY and interior. The group's vision is to be the preferred choice for those seeking convenient, intelligent and affordable shopping experiences. A key strategic priority for Europris is acting responsibly, placing a strong emphasis on social and environmental initiatives. Its ambition is to be recognised as a responsible retailer providing sustainable and affordable products for everyone.

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### Turnover in reporting year (NOK)

9 467 000 000

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### Number of employees

3 826

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### Is the enterprise covered by the Transparency Act?

Yes

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### Major changes to the enterprise since last and current reporting period

There were no major changes to the enterprise in the reporting period.

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

Rino Lithander, Sustainability Adviser

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**Email for contact person for the report**

rino.lithander@europris.no

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## Supply chain information

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

Europris has an extensive value chain, from raw material extraction to end-of-life waste management. The procurement model emphasises efficiency throughout the value chain, from supplier to customer, with the aim of minimising costs through optimised procurement, logistics and distribution. The skilled procurement team acquires substantial quantities of goods, predominantly from suppliers located in Europe and Asia.

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

739

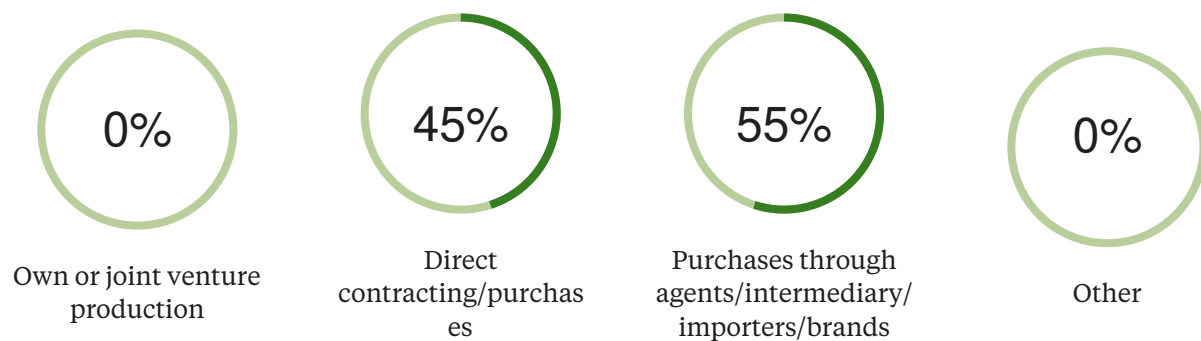
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### Comments

Europris procures products from suppliers worldwide. The large number of these imposes an even greater responsibility for ensuring that fundamental human and labour rights are observed.

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### Type of purchasing/ suppliers relationships



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

Global : 332

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

### Number of workers

1 958



**Number of suppliers this overview is based on**

10

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**Numbers of workers per supplier (calculated average)**

196

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**Comments to number of workers**

The number of workers is derived from 10 prioritised suppliers.

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## Key inputs/raw materials for products or services and associated geographies

<b>Plastic</b>	Global
<b>Palm oil</b>	Global
<b>Soy</b>	Global
<b>Wood</b>	Global
<b>Cocoa</b>	Global
<b>Coffee</b>	Global
<b>Beef and leather</b>	Global
<b>Polyester, nylon and other synthetic textiles</b>	Global
<b>Risk minerals</b>	Global
<b>Metals</b>	Global
<b>Cotton</b>	Global
<b>Wool</b>	Global
<b>Feathers and down</b>	Global
<b>Paraffin wax</b>	Global
<b>Fur</b>	Global

Key inputs are derived from a materiality analysis of raw materials, defining actual and potential impacts.

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**Is the enterprise a supplier to the public sector?**

Yes

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## Goals and progress

### Process goals and progress for the reporting year

1

**Goal:** Yearly increase in all products from risk areas that come from socially audited suppliers, measured in purchasing cost.

**Status:** Achived

2

**Goal:** Update all supplier contracts by the end of 2023.

**Status:** Achieved

3

**Goal:** Provide training and adequate resources for new people given procurement responsibility.

**Status:** Achieved

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### Goal for coming years

1

Yearly increase in all products from risk areas that come from socially audited suppliers, measured in purchasing cost.

2

Annual increase in share of total sales from third party certified products.

3

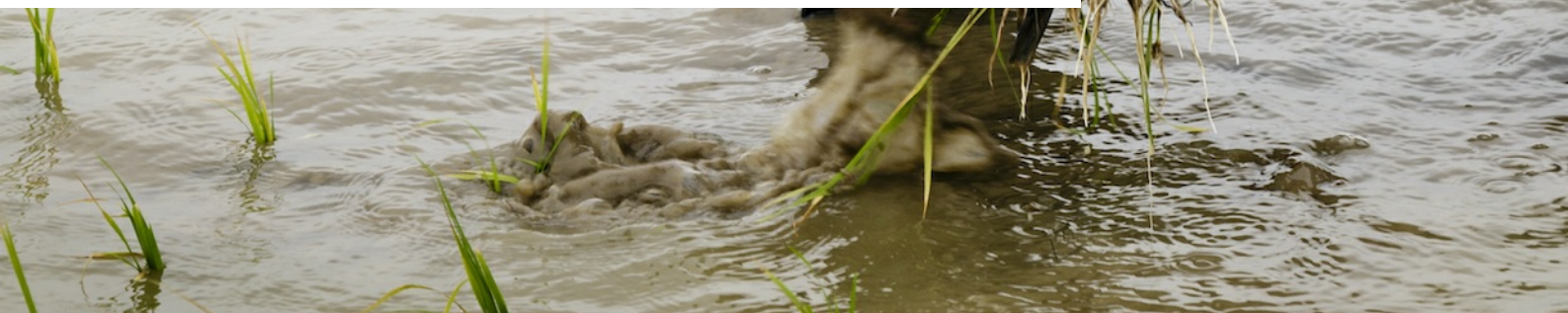
Provide training and adequate resources for new people given procurement responsibility.



# 1

## Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the enterprise should have strategies and plan, as well as relevant policies and guidelines for due diligence for responsible business conduct (hereafter 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 success, and due diligence should be an integrated element in enterprise operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the enterprise, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the enterprise has for itself, challenges they are facing, and how these are managed is fundamental



## 1.A Policy\* for own enterprise

### 1.A.1 Link to publicly accessible policy for own enterprise

<https://investor.euopris.no/about-us/corporate-governance/policies/default.aspx>

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### 1.A.2 What does the enterprise say publicly about its commitments to respect people, animals, society, the environment and climate?

In order to make Europris' position clear to employees, suppliers and other stakeholders, a dedicated policy and a supplier code of conduct have been developed which describes the group's requirements for human and labour rights, anti-corruption, animal welfare and the environment. The policy and code of conduct are based on the UN and ILO conventions.

To ensure compliance with these principles, Europris will conduct annual due diligence assessments in line with the OECD guidelines for responsible business conduct.

Europris expects openness throughout the value chain. If deviations occur, corrective measures will be instituted in collaboration with the supplier. If the supplier is not willing to institute measures, the collaboration will be terminated.

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### 1.A.3 How has the policy/commitment been developed and how is it embedded in the enterprise?

The board and management have established clear goals and strategies, and conduct risk analyses to ensure value creation for all stakeholders. Effective utilisation of the organisation's resources, with sustainability as the starting point, is essential. Europris has developed policies related to the following sustainability topics: ethical trade and guidelines for suppliers, anti-corruption, data security, trade sanctions and whistleblowing. These policies provide guidance on responsible business conduct, both externally and internally, with goals on trust, loyalty and avoiding negative impacts in the value chain. The policies are revised and approved annually by the board.

A project on giving life to policies was initiated in 2022 in order to strengthen their entrenchment across the organisation. This project has identified which policies are relevant for what roles, and will ensure the necessary reviews and training where required. The group's core values and code of conduct are regularly and clearly communicated to the employees for use as guidelines in their daily work. Mandatory and easy-to-understand online training was introduced in 2023 for all employees to ensure that the guidelines are understood. The training covers important topics in areas such as whistleblowing, anti-corruption, data protection, equality and discrimination. In order to comply with forthcoming laws and regulations, and to advance its sustainability goals, the group has developed commodity policies on raw materials. The principle of materiality has been applied in the selection of raw materials, with the prioritisation of plastic and materials susceptible to deforestation as the initial policies implemented.

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## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence work organised within the enterprise, embedded in internal guidelines and routines, and why?

Overall responsibility for due diligence assessments rests with the VP of international sourcing. The head of sustainability has a responsibility to follow up the sustainability strategy, while the quality manager is responsible for following up due diligence assessments in collaboration with the other departments and the group's own procurement office in Shanghai (SHO). The latter is a joint venture with the Finnish retail chain Tokmanni Group, and comprises 35 employees who are specialists in their product categories and play an important part in Europris' efforts to secure responsible suppliers in Asia.

Procurement of goods is followed up in Asia by the SHO and reported to the quality and product safety department and the international sourcing VP. Follow-up in Europe, the Middle East and Norway rests with the quality and product safety department. Goods not for resale (GNFR) and services in general are followed up by the operations manager of the relevant department.

Overall responsibility for practical implementation and follow-up rests with the quality manager. Parameters are determined by the compliance function.

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

A set of documents has been produced and approved, and is reviewed annually by the board to ensure that the group's activities, routines and organisation accord with applicable regulations.

Its contents include an ethical guideline which is reflected in an electronic manual available to all employees. Dialogue and meetings are also used to ensure and clarify the practical significance of these policies and requirements.

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

Adequate competence for work on due diligence by relevant employees is assured through:

- courses provided by Ethical Trade Norway (ETN).
- establishing dialogue and meetings with key personnel.
- assessing the necessity of and opportunities for offering more employees relevant courses rooted in experience from due diligence work.
- in-house courses and training.

So far, the quality manager and sustainability adviser at head office in Fredrikstad have taken ETN courses. In-house courses and training have been conducted, and are a natural part of the training plan at head office as well as in the SHO in order to ensure that the necessary expertise is also present in Asia. Particular attention is paid to due diligence and compliance. Online anti-corruption training was conducted for all employees in 2023, and will be repeated in 2024, with the target of 100 per cent completion for all employees. In addition to this, additional training was provided for employees in roles susceptible to potential corruption risks, as part of the ongoing efforts to prevent corruption in the organisation.



## 1.C. Plans and resources

### 1.C.1 How are the enterprise's commitments to respect people, animals, society and the environment embedded in strategies and action plans?

Sustainability is an important and integrated part of Europris' business strategy. The group's commitment to respecting people, society and the environment is enshrined in a dedicated sustainability strategy, which is well embedded in action plans and monitored by the sustainability management team in the group. Europris has a separate sustainability department which works to operationalise the strategy with clear key performance indicators (KPIs) as the basis for action plans and measures. The sustainability strategy, plans and measures are presented in the annual sustainability report, which is publicly available on the Europris website at <https://investor.europris.no/financials/annual-reports/default.aspx>.

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

Sustainability is an important component in Europris' overarching goals. The board recognises its importance as an integrated part of the group's strategy and culture, and oversees all important material impacts related to the economy, the environment and people. Sustainability work and reporting are governed by the board and supervised by the steering group and the sustainability department. They are based on the group's sustainability strategy and the material topics presented in the materiality assessment. Responsibility for managing the impacts is delegated by the board through the CEO and management team to the relevant roles within the organisation.

The CEO briefs the board quarterly on the group's sustainable activities, operations, economic position and financial status. Climate-related risks, opportunities and impacts are reported and approved by the board annually as part of the total risk management process. The board is given a quarterly update on sustainability-related activities and KPI performance. This year, the frequency of reporting internal KPIs to the board has been expanded to disclose a wider and deeper understanding of progress on sustainability across the organisation. Several directors have experience with ESG matters through their current jobs, through academic professional environment on sustainability at the Norwegian Business School or through global procurement. One director also obtained a certificate in sustainable business strategy. The board has chosen one of its members to hold dedicated responsibility for ESG issues. This director meets the vice president for strategy and sustainability and the head of sustainability at least twice a year to discuss and work with strategic ESG issues for Europris. In June 2023, the board was presented with a deep dive into sustainability work with particular attention devoted to increased communication internally and externally in the future.

The CEO regulates the day-to-day management of the group's operations to ensure that it pursues and seeks to reach the strategic targets set by the board. This work includes the alignment and approval of the annual report and material topics. Europris has implemented a system where the key performance indicators (KPIs) for the management group are tied to their bonus agreements, and these KPIs are linked in turn to the group's overall sustainability targets. This approach ensures that the organisation's sustainability goals are taken seriously at all levels of management. In the autumn of 2023, an insight trip was organised with the purpose of increasing knowledge of and the attention paid to sustainability in retail. Several members from the management team and other relevant positions travelled to Copenhagen with a busy agenda of meetings and learning from relevant players who are at the forefront in this field. A summary was presented and discussed in the leadership group to align, share and pass information further down into the organisation.

The sustainability department is organised in conjunction with the strategy area and is led by the VP of strategy and sustainability. This role is part of the company's executive management. Such an organisation enables an integrated approach where sustainability is a part of the decision-making processes throughout the group. The head of sustainability reports to the VP of strategy and sustainability, and is responsible for updating the sustainability strategy, implementing plans, and assessing and incorporating the sustainability strategy across the organisation. In 2023, the sustainability team was strengthened with two roles, one of whom related to the finance department.

## 1.D Partnerships and collaboration with business relationships, suppliers in particular

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

Europris emphasises the importance of responsible and sustainable business conduct in its meetings with business partners by reviewing its code of conduct and incorporating this in signed agreements, and by holding supplier gatherings where this subject is an important part of the agenda. Where suppliers in Asia are concerned, such meetings have been conducted digitally and face-to-face (physical meetings are preferred) together with other top executives from Europe and managers from the largest suppliers. Historically, these gatherings have taken place in Guangzhou with participants from the whole of Asia. This year, the group presented an initiative of sustainability award to a supplier with proven results in several sustainability areas. This supplier has devoted a lot of effort to the areas of recycling, reducing, reusing and offering recycled plastic products using renewable energy from solar panels in production. It has also integrated energy efficiency measures into the production line and has taken several initiatives to promote employee wellbeing. This is a best-practice supplier where ESG matters are concerned and a clear winner of the award.

(Link to publicly accessible supplier code of conduct: <https://investor.europris.no/about-us/corporate-governance/policies/default.aspx>)

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## 1.E Experiences and changes

### **1.E.1 What experiences have the enterprise encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?**

An extensive materiality analysis conducted in accordance with the Global Reporting Initiative (GRI) framework shows that human rights due diligence is ranked as the most important of the group's significant materiality topics.

The group has identified suppliers in Asia as its highest risk of not meeting ethical standards and expectations. Experiences in 2023 show that this assessment is correct and must be maintained.

This will be achieved through continued development of work already initiated with the SHO, membership of the Amfori BSCI, and guidance/courses from ETN. Europris will also work to enhance knowledge of ethical and social guidelines throughout its organisation and to strengthen the attention devoted to parts of the supplier chain outside Asia.

In 2023, the group expanded its sustainability team with two new roles, thereby strengthening its commitment to sustainability. The team, previously comprising the head of sustainability and the sustainability adviser, now includes a sustainability controller and a sustainability manager. These new resources aim to enhance the group's capabilities in sustainability reporting, communication and social responsibility, and thereby address growing demands and ambitions in these areas.



## 2

### Defining the focus for reporting

## Identify and assess the enterprise's impact on people, animals, society and the environment

“Identify and assess” is about identifying the enterprises's risk for, and actual negative impact on, people, animals, society and the environment, including in the supply chain and through business relationships. As a first step the enterprise should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The enterprises's involvement in the negative impact on people, animals, society and the environment is central to determine which measures the enterprise should implement in the next step of the due diligence model. 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

### PRIORITISED ACTUAL OR POTENTIAL NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

*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 enterprises's actual negative impacts and/or prioritized significant risks of negative impact/harm on people, animals, society and the environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.**

Salient issue	Related topic	Geography
Forced labour	Forced labour	China
Poor health and safety	Occupational Health and safety	China
Lack of union rights	Freedom of association and collective bargaining	China
Pay below official minimum wages	Wages	China

The group has identified four priorities with a significant risk of harm/negative impact in relation to human rights in China, its biggest market. These are forced labour, poor health and safety, lack of union rights and pay below the official minimum wage. The group mitigates negative impacts in the prioritised areas by tracking potential incidents, addressing and setting clear expectations in dialogue with suppliers, and following established routines in combination with BSCI audits and the Europris code of conduct. No deviations were identified in the significant risk areas during 2023.



## JUSTIFICATION FOR THE PRIORITISATION OF RISKS OF NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

**2.A.2 Describe: a) the enterprise's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the enterprise that have not been covered in this report (product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) 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.**

The group's routines for mapping and identifying risks in connection with human and labour rights build on a collaboration between personnel responsible for procurement, the quality and product safety department, the SHO and the department for strategy and sustainability. The criteria which form the basis for mapping and identifying potential risks are:

- production country/risk area
- risk product or service
- raw materials
- volume/turnover

Sources used to define risk countries/areas, services and products include the Global Rights Index from the International Trade Union Confederation (ITUC) and the high-risk list from the Norwegian Agency for Administration and Financial Management (DFØ). Once the risk area, product or service, and raw materials are identified, the group's large number of suppliers means a prioritisation is needed. This is based on the impact's severity and how many people it affects (scope and scale).

Information on the priority suppliers is acquired from self assessments, factory audits (Amfori BSCI), onsite employees, the SHO's quality department and external partners.

As a result of the due diligence routines, a potential new supplier in Laos was excluded owing to identified risks and potential negative impacts, and 12 factories were made inactive because they lacked a valid BSCI audit and expressed no willingness to remedy the situation.

Home workers in the supply chain are also identified as an area where information is lacking in order to obtain an overview and will be addressed in 2024.

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## ADDITIONAL SEVERE IMPACTS

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

Challenges identified other than those assessed as the most serious include:

- living wage: pay above the official minimum rate but below the level considered necessary to support everyday life
- unreasonable amounts of overtime
- home workers

Low pay and unreasonable overtime represent related challenges, and are subjects the organisation wants to work more on in the future. These problems are also addressed through the Amfori BSCI audit.



A woman in a blue surgical cap and gown is shown in profile, looking down. She is in a hospital operating room, with other staff members in similar attire visible in the background. The lighting is bright and clinical.

### 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, animals, 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 enterprise is involved in the negative impact is key to taking the appropriate action. Negative impact that the enterprise causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the enterprise, 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 enterprise’s own policy documents and management systems. Effective management of the negative impact on people, animals, 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 enterprise’s prioritized negative impact on people, animals, society, and the environment

Salient issue	<b>Forced labour</b>
Goal :	No forced labour is permitted.
Status :	No forced labour has been identified.
Goals in reporting year :	<p>1) Annual increase in share of total sales from third-party certified products. The target for the reporting year was a percentage of total chain sales of &gt;9.1 per cent</p> <p>2) Annual increase in all products from risk areas provided by socially audited suppliers, measured by purchasing cost. The target for the reporting year was &gt;92,4 per cent audited suppliers.</p> <p>3) Reviewed and signed the code of conduct for all suppliers, which sets clear requirements and expectations.</p>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

Europris has worked to ensure that the code of conduct is reviewed and signed for all suppliers. This ensures a clear set of values and principles which help suppliers improve their own policies and practices for conducting business responsibly and meet the group's expectations. These principles apply to all product groups and comply with national and international regulations such as the Transparency Act and the UN Guiding Principles on Business and Human Rights.

Through the membership of Amfori BSCI, the group has access to high-quality social audits which assess 12 performance areas to help identify, prevent, mitigate, account for and remediate labour risks as well as adverse human-rights impacts in the value chain.

These areas are as follows:

1. Social management system and cascade effect.
2. Worker involvement and protection.
3. The rights of freedom of association and collective bargaining.
4. No discrimination, violence or harassment.
5. Fair remuneration.
6. Decent working hours.
7. Occupational health and safety.
8. No child labour.
9. Special protection for young workers.
10. No precarious employment.
11. No bonded, forced labour or human trafficking.
12. Ethical business behaviour.

Products with solar cells from China have received special attention owing to the potential risk of Uyghur forced labour, although the group is sourcing outside these areas (the eastern and southern parts of China).

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

- 1) For the reporting year, the group ended with a 9.8 per cent share of third-party certified products in total sales. The target for 2024 is >9.8 per cent.
- 2) An annual increase in all products from risk areas coming from socially audited suppliers, measured by purchasing cost. For the reporting year, audited suppliers accounted for 99.3 per cent. The target for 2024 is >99.3 per cent.
- 3) Provide training and adequate resources for new people given procurement responsibility.

The expected results of the measures mentioned above are continuous improvement in identification and prioritisation of key risk areas and alignment with national and international regulations. Efficient monitoring and reporting in the coming year will help the group maintain responsible business conduct and improve its social performance.

<b>Salient issue</b>	<b>Poor health and safety</b>
<b>Goal :</b>	Protect worker health and safety.
<b>Status :</b>	No serious deviations identified.
<b>Goals in reporting year :</b>	<p>1) Annual increase in share of total sales from third-party certified products. The target for the reporting year was a percentage of total chain sales of &gt;9.1 per cent</p> <p>2) Annual increase in all products from risk areas provided by socially audited suppliers, measured by purchasing cost. The target for the reporting year was &gt;92,4 per cent audited suppliers.</p> <p>3) Reviewed and signed the code of conduct for all suppliers, which sets clear requirements and expectations.</p>

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8. No child labour.
9. Special protection for young workers.
10. No precarious employment.
11. No bonded, forced labour or human trafficking.
12. Ethical business behaviour.



**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

- 1) For the reporting year, the group ended with a 9.8 per cent share of third-party certified products in total sales. The target for 2024 is >9.8 per cent.
- 2) An annual increase in all products from risk areas coming from socially audited suppliers, measured by purchasing cost. For the reporting year, audited suppliers accounted for 99.3 per cent. The target for 2024 is >99.3 per cent.
- 3) Provide training and adequate resources for new people given procurement responsibility.

The expected results of the measures mentioned above are continuous improvement in identification and prioritisation of key risk areas and alignment with national and international regulations. Efficient monitoring and reporting in the coming year will help the group maintain responsible business conduct and improve its social performance.

<b>Salient issue</b>	<b>Lack of union rights</b>
<b>Goal :</b>	Protect worker rights.
<b>Status :</b>	No deviations identified.
<b>Goals in reporting year :</b>	<ol style="list-style-type: none"> <li>1) Annual increase in share of total sales from third-party certified products. The target for the reporting year was a percentage of total chain sales of &gt;9.1 per cent</li> <li>2) Annual increase in all products from risk areas provided by socially audited suppliers, measured by purchasing cost. The target for the reporting year was &gt;92,4 per cent audited suppliers.</li> <li>3) Reviewed and signed the code of conduct for all suppliers, which sets clear requirements and expectations.</li> <li>4) Increase internal knowledge of the legal framework for worker representation in China.</li> </ol>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

Europris has worked to ensure that the code of conduct is reviewed and signed for all suppliers. This ensures a clear set of values and principles which help suppliers improve their own policies and practices for conducting business responsibly and meet the group's expectations. These principles apply to all product groups and comply with national and international regulations such as the Transparency Act and the UN Guiding Principles on Business and Human Rights.

Through the membership of Amfori BSCI, the group has access to high-quality social audits which assess 12 performance areas to help identify, prevent, mitigate, account for and remediate labour risks as well as adverse human-rights impacts in the value chain.

These areas are as follows:

1. Social management system and cascade effect.
2. Worker involvement and protection.
3. The rights of freedom of association and collective bargaining.
4. No discrimination, violence or harassment.
5. Fair remuneration.
6. Decent working hours.
7. Occupational health and safety.
8. No child labour.
9. Special protection for young workers.
10. No precarious employment.
11. No bonded, forced labour or human trafficking.
12. Ethical business behaviour.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

- 1) For the reporting year, the group ended with a 9.8 per cent share of third-party certified products in total sales. The target for 2024 is >9.8 per cent.
- 2) An annual increase in all products from risk areas coming from socially audited suppliers, measured by purchasing cost. For the reporting year, audited suppliers accounted for 99.3 per cent. The target for 2024 is >99.3 per cent.
- 3) Provide training and adequate resources for new people given procurement responsibility.

The expected results of the measures mentioned above are continuous improvement in identification and prioritisation of key risk areas and alignment with national and international regulations. Efficient monitoring and reporting in the coming year will help the group maintain responsible business conduct and improve its social performance.

<b>Salient issue</b>	<b>Pay below official minimum wages</b>
<b>Goal :</b>	No workers will be paid less than the official minimum.
<b>Status :</b>	No deviations identified.
<b>Goals in reporting year :</b>	<p>1) Annual increase in share of total sales from third-party certified products. The target for the reporting year was a percentage of total chain sales of &gt;9.1 per cent</p> <p>2) Annual increase in all products from risk areas provided by socially audited suppliers, measured by purchasing cost. The target for the reporting year was &gt;92,4 per cent audited suppliers.</p> <p>3) Reviewed and signed the code of conduct for all suppliers, which sets clear requirements and expectations.</p>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

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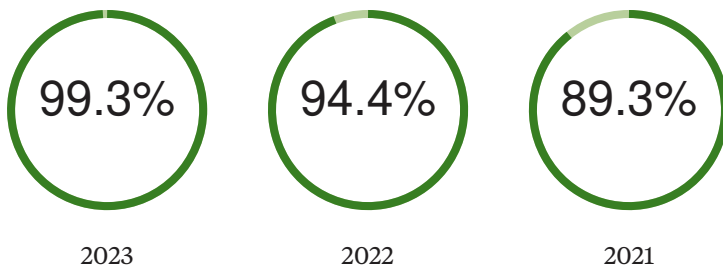
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- 3) Provide training and adequate resources for new people given procurement responsibility.

The expected results of the measures mentioned above are continuous improvement in identification and prioritisation of key risk areas and alignment with national and international regulations. Efficient monitoring and reporting in the coming year will help the group maintain responsible business conduct and improve its social performance.

## Indicator

**Share of purchase from socially audited suppliers in risk areas**



Suppliers/factories without BSCI membership must complete a self-assessment to ensure they commit and sign up to all parts of the Europris code of conduct, in addition to undergoing a third-party audit aligned with the BSCI criteria.

## OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

**Describe the enterprise's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.**

### 3.B.1 Reduction of nature- and environmental impact

To be able to concentrate its sustainability work on the most prominent impacts, Europris has conducted a materiality assessment. This was updated in 2023 to align with the principles, requirements and guidelines of the 2021 GRI standard.

Production of products, including raw materials, accounts for approximately 93 per cent of the group's emissions. Both manufacturing processes and the raw materials used may negatively affect forests, water supplies, local ecosystems and the people involved in the group's supply chain. The actual use and after-use of products must also be accounted for. Sustainable products and circular solutions have naturally been included as a material topic of great importance. In 2023, the group took several measures to expedite the transformation of the product dimensions to meet its targets.

The group has developed commodity policies for raw materials. The principle of materiality has been applied in the selection of raw materials, leading to the prioritisation of plastics and raw materials susceptible to deforestation as the initial policies implemented. Where Europris is concerned, this means cardboard, paper, wood, palm oil, soy, cocoa and coffee.

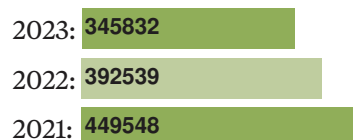
Other materials of great relevance are synthetic textiles (polyester, nylon and so forth), paraffin/candles, cotton, metals, conflict minerals, and textiles related to animal welfare (wool, fur, leather, feathers, down and so forth).

Alignment of policies is a work in progress and is expected to be formalised through policies within the next one-two years. This will reduce the group's negative impact on nature, and ensure a responsible supply chain in relation to human rights and animal welfare.

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## Indicator

### Sum Total location-based emissions



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### 3.B.2 Reduction of greenhouse gas emissions

In 2022, the group committed to the Science-Based Targets initiative (SBTi) in line with the net zero goal of developing near-term and net-zero targets by the target year of 2050. The greenhouse gas (GHG) emissions inventory forms the basis for decisions on targets and activities to reduce the group's GHG emissions. These are calculated in accordance with the GHG Protocol. In preparing to meet the SBTi requirements, expanding the scope of the GHG inventory was a key priority in 2023. The work of including the remaining applicable categories will continue in 2024. Based on a complete GHG emissions inventory, the group will formulate science-based targets for achieving the reductions needed to comply with its commitments.

Indirect emissions from electricity consumption constitute most of the GHG released from the group's own operations. In the value chain, emissions from transport and waste have been actively managed for many years and are therefore well understood and integrated in decision processes. Measures to reduce emissions in these three areas are thereby well established and will continue.

During 2023, emissions from category 1 under scope 3 – the production of goods and services sourced by the group – were calculated for the first time. From this mapping, it became evident that production of goods is by far the greatest source of indirect emissions, and thereby represents the most significant impact on climate related to the group's business. Continued measures to reduce these emissions will be a priority in 2024.

The group reduced its total location-based GHG emissions by 12 per cent in 2023 compared with 2022, and by 23 per cent compared with 2021. The primary driver was a decline in emissions from goods purchased. Reduced emissions from transport also added to the reduction. A decline in volumes purchased contributed to the fall in emissions from 2022 to 2023 for these two categories. Both a general trend for retail towards lower volumes sold owing to a tougher macroeconomic environment and seasonal summer overliers from 2022 caused the reduction in volumes purchased. Emissions from goods purchased were also lower in 2023 owing to a change in the emission intensity of the types of goods sourced. In other words, goods with lower emissions per unit constituted a larger share of total volumes purchased in 2023 than the year before. Where transport is concerned, an eco-delivery agreement on maritime transport which came into effect in March 2023 contributed to the emission reduction, along with lower import volumes.

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

Europris is aware of the issues associated with conventional procurement practices, including aggressive price negotiations, inaccurate forecasts, late orders, short lead times and last-minute changes. These methods can place the supplier under intense pressure and lead directly to poorer working conditions and low pay for workers. The group regards responsible procurement as one of the most important instruments in work on ethical business practice. Europris will not undermine the supplier's opportunities to deliver on the requirements it sets in order to ensure good conditions for people, society and the environment. It will strive to achieve stable, long-term relations with suppliers who show particular willingness and ability to work for progress in the supply chain.

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### 3.B.4 Choice of products and certifications

Choices made by Europris in connection with purchased products affect people, society and the environment. Raw materials, design for recycling, recyclable packaging, labour and human rights, and third-party certification are important elements in the process of developing sustainable products. Europris has therefore defined which third-party sustainability certifications it will concentrate on, mapped sustainable products in its own range, and developed its own brands with an emphasis on renewable raw materials and recyclable packaging. Vie Eco candles and serviettes, Effekt spray cleaners and Energy+ batteries, all with the Nordic Swan Ecolabel, are good examples of the group's own brands with a concentration precisely on these aspects.

Eliminating products can also be a choice in a sustainable direction. For exactly that reason, Europris has ceased to sell items such as aluminium single-use barbecues and herbicide sprays containing the controversial chemical glyphosate.

The group wants it to be as simple as possible for customers to make good choices, and is working actively to highlight the certified product options in its stores.

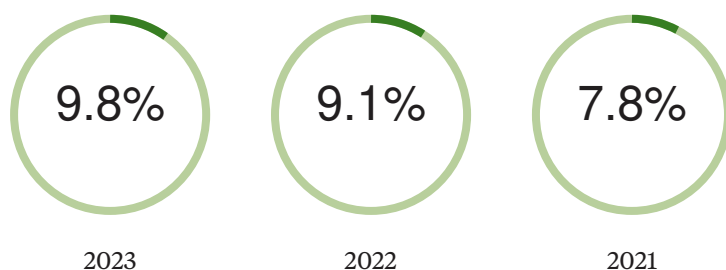
Europris seeks to reduce its negative footprint by continuously improving its sourcing strategy, developing/implementing guidelines for more circular and sustainable products. In 2023, the group has, in close cooperation with key roles in category and sourcing, built a checklist of five key initiatives which works as a set of main rules for the group's category strategy on product sourcing. These guidelines are used in dialogue with external suppliers. Most importantly, however, targets have been set internally for the products directly sourced by the group – where its impacts are thereby the highest. The checklist has been developed to align with a circular approach to sourcing products, taking into account environmental, social and biodiversity impacts along with the forthcoming CSRD directive. As part of this work, the group has developed commodity policies on raw materials. Applying the principle of materiality when selecting raw materials has led to the prioritisation of plastics and raw materials susceptible to deforestation as the initial policies implemented. That means cardboard, paper, wood, palm oil, soy, cocoa and coffee.

Other materials of great relevance are synthetic textiles (polyester, nylon and so forth), paraffin/candles, cotton, metals, conflict minerals, and textiles related to animal welfare (wool, fur, leather, feathers, down and so forth). Alignment on policies is a work in progress and expected to be formalised through policies within the next one- two years.

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## Indicator

### Percentage of purchased products associated with risk that have sustainability certification



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### 3.B.5 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

Free trade unions and the right to organise, empower workers to raise common challenges and concerns with their employer and to discuss these.

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Europris supports the freedom to unionise and collective bargaining. In China and other countries where this is illegal, the group actively supports other forms of labour representation.

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### **3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain**

Development, competence-building and training of group employees, suppliers and the workers in the supply chain are needed in order to meet standards set for due diligence.

Europris contributes to this through courses, internal meetings, dialogue, supplier meetings and audits. At the same time, however, it sees the need to maintain such work on the basis of its own experience and issues.

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### **3.B.7 Combatting corruption and bribery in own enterprise and supply chain.**

Annual meetings and courses to combat corruption and bribery are held for suppliers, the Shanghai procurement office (SHO) and internal personnel responsible for procurement.

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### **3.B.8 Other relevant information concerning the enterprise's work to reduce, prevent, and manage negative impact on people, animals, society and the environment**

In 2023, the group made significant progress in its sustainability efforts. First, it has achieved notable progress in its climate initiatives. Second, the group has advanced in the social dimension of sustainability through persistently enhancing efforts devoted to responsible sourcing, work training and strengthening the employee engagement which the group positively contributes to local communities.

Where the environmental aspect of ESG is concerned, the group achieved a 12 per cent reduction in carbon emissions in 2023 compared with 2022. It made substantial progress in mapping emissions in scope 3. This is an important step towards setting goals approved as science-based targets. Furthermore, the group has assessed the potential financial risks and impacts associated with climate-related factors when conducting the climate risk analysis in accordance with the TCFD framework. The combination of these initiatives expresses the group's commitment to building climate resilience.

Another significant stride forward involves establishing a checklist for sustainable product sourcing, which heightens awareness and expedites the transformation of the product dimension in the direction of lower emissions, the preservation of biodiversity, and the fostering of responsible sourcing practices.

However, sustainability is not just about mitigating emissions. The "S" in ESG reflects the social considerations and impacts associated with a company's operations, emphasising its responsibility towards people and communities. By devoting strong and dedicated attention to these areas in 2023, Europris achieved 99.3 per cent BSCI supplier audits and increased the number of people in work training. The recent employee survey has shown improved perceptions of the group's positive contributions to these communities, affirming that its attention is concentrated in the right direction.

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## 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 enterprise conducts sound due diligence work. The enterprise 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 enterprise's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the enterprise alone or carried out in collaboration with others. The enterprise'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 a) assignment of responsibility for tracking the effect and result of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, animals, society and the environment, as well as how the tracking is done in practice, b) who is responsible for evaluating the enterprise's implementation and work with due diligence, and how the evaluation is done in practice.**

The strategy and sustainability department is responsible for tracking the effect of measures implemented. Executive responsibility rests with the quality manager and the Shanghai procurement office (SHO). A quarterly report to management is intended to ensure compliance and leads to an annual statement on ethical trade for publication on a dedicated website.

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

Europris determines the likelihood that measures are functioning through system audits, factory visits and investigations locally as well as via its membership of Amfori BSCI, with the commitments which this involves. Established by the Foreign Trade Initiative (FTI), the BSCI brings together more than 1 500 dealers, importers, brands and national associations to improve the political and legal framework for trading in a sustainable manner. Membership gives access to a common work platform, where members collaborate on measures to identify, prevent and reduce negative impacts.



## 5

# Communicate how negative 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. Enterprises should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the enterprise's actual and potential negative impacts on people, animals, 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 enterprise communicates with affected stakeholders about managing negative impact

Europris communicates with affected stakeholders about managing negative impacts or harm, either directly with relevant employees at the undertaking concerned or via the Shanghai procurement office (SHO) when linguistic or cultural barriers are present. The SHO is well placed in relation to the suppliers and is in a position to communicate the group's guidelines and requirements directly to manufacturers at meetings and through a presence in the factories. This helps to ensure good understanding and compliance.

Possible deviations are followed up with factory audits to ensure that the negative impact does not recur.

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### 5.A.2 Describe how the enterprise publicly communicates its own work on identifying and managing negative impact/harm

Europris communicates its own work on identifying negative impacts/harm through this report and an annual sustainability (<https://investor.europris.no/about-us/corporate-governance/policies/default.aspx>)

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### 5.A.3 Describe the enterprise's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

Anyone can contact Europris and request information about how actual and possible negative impacts related to its goods and services are handled.

A request for information can be submitted to a store or directly to head office. All such requests are forwarded via the group's customer service function to the quality and product safety department. They are responded to as quickly as possible, and in no more than three weeks.

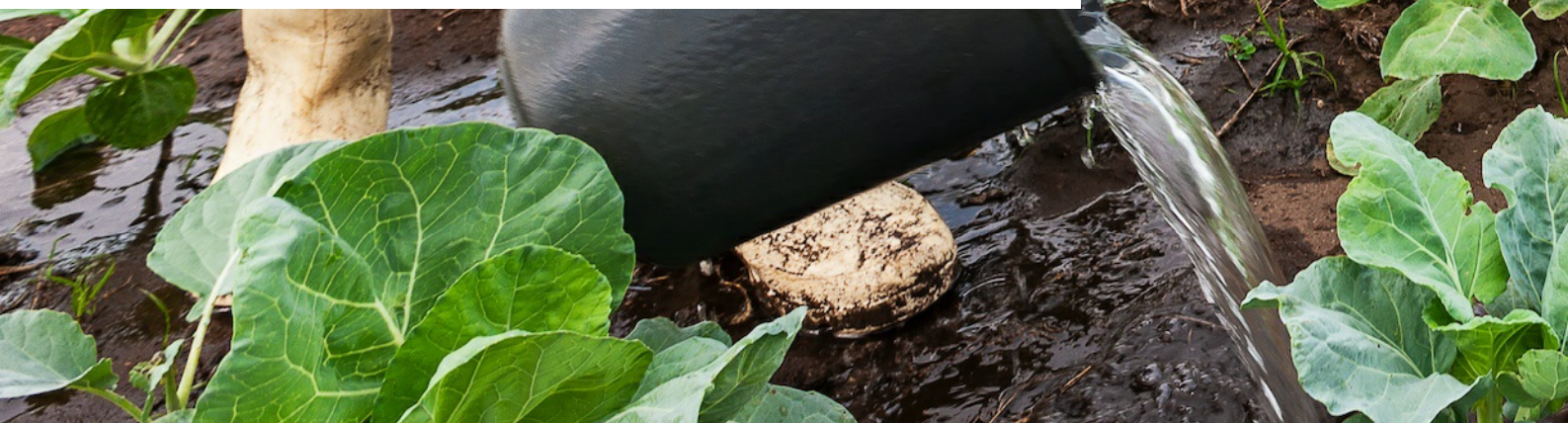




6

## Provide for or cooperate to ensure remediation when appropriate

Once an enterprise has identified that it has caused or contributed to negative impact on people, animals, society or the environment, the enterprise 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 of remediation 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 enterprise's policy for remediation of negative impacts on people, animals, society and the environment**

Europris's suppliers are to supply goods and services that are produced in compliance with the code of conduct. Moreover, the suppliers are to communicate the code of conduct to their sub-suppliers, and to monitor implementation.

A supplier must be able to document compliance with the code of conduct at Europris's request. Such documentation may take the form of self-declaration, follow-up meetings, and/or inspections of the working conditions at production sites. The supplier will be obliged to name and provide contact information for any sub-supplier that Europris wishes to inspect.

In the event of a breach of the code of conduct, Europris 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.

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

No remediation cases occurred during the reporting year.

This outcome builds on a good screening process, where risk and audit results are assessed in connection with choosing suppliers. Several options are often available when making such choices. Experience shows that devoting attention to making the right choice of partner, who satisfies Europris' requirements, greatly reduces the risk of negative consequences and the need for remediation at a later stage in the collaboration.

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## 6.B. Ensure access to grievance mechanisms

### **6.B.1 Describe what the enterprise does to ensure that employees in own enterprise and other stakeholders, especially impacted workers and local communities have access to whistleblowing systems and grievance mechanisms when this is needed**

Europris ensures that affected workers and communities have access to effective mechanisms for expressing grievances and for securing remediation through:

- entering into written agreements which include ethical guidelines.
- requiring that the supplier has a valid Amfori BSCI certification, which is intended to ensure that labour rights and safety are taken care of.
- surveillance through regular factory audits by both third parties and the group's own Shanghai procurement office (SHO).



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