

A full-page photograph of a woman with blonde hair tied back, wearing a grey cardigan and blue jeans, holding a baby in her arms. The baby is wearing a white onesie with small colorful polka dots. They are positioned in front of a window with light-colored curtains. The woman is looking down at the baby with a gentle expression.

BABYBJÖRN®

SUSTAINABILITY REPORT 2018

BABYBJÖRN

Financial Year 2017-18

We care passionately about the next generation. The needs, development and health of the very young child always come first when we develop our products. We want these products to be used for generations, which makes timeless design, and high quality in all component details and materials, essential requirements. All our products are born out of a genuine need and the person who buys a product should be certain that they will derive great benefit from it. Our driving force is to keep challenging ourselves to find better and smarter solutions. We are never satisfied and constantly continue to improve our products. The quality is continually improving and we acquire knowledge that we use to develop new products.

Our business operations

BabyBjörn develops safe and innovative products for families with young children. Our main target group consists of expectant parents and families with children up to the age of three years. Our products are sold via retailers and distributors, and through our own webshop. Manufacturing takes place at external suppliers located in Sweden, Turkey, China, Vietnam and the USA.

What sustainable business means to us

BabyBjörn's business concept is based on children living and growing up in a safe and secure environment. This is the basic idea in everything from product development ideas and materials selection to marketing.

The central concept at BabyBjörn is to encourage the closeness between children and parents. All our products are based on the same basic idea: that a child who benefits from closeness with their parents develops into a self-confident individual.

For us, sustainability is about how we develop products, how we look after our employees, our suppliers and partners, and how we regard our relationship with the environment.

The health and safety needs of the child and the family always come first when we develop our products. All our projects leave their mark on the world around us and, as a manufacturer, we have a huge responsibility for our impact on society and the environment. We want future generations to have access to a sustainable world, where people and the environment get the respect they deserve.

Naturally, we comply with all the standards and safety recommendations that apply to our products. Our own requirements often go further than the existing general

guidelines and we work with many different voluntary certifications. Obviously, this applies to the entire manufacturing process and all the other parts of our business operations.

Developing sustainably

Our development is divided into three phases and we have clear implementation goals.

Investigative phase (2015-2016)

In the investigative phase, we carried out surveys and stocktaking in order to get an accurate picture of our actual impact in all stages. We took stock of both our environmental and social impact, and implemented action plans for improvements.

Minimisation phase (2017-2019)

In the minimisation phase, we are working to continually reduce the negative impact in all stages of our business operations. This involves raw materials, production and transportation, as well as perspectives on the impact on both people and the environment. The goal is to be a pioneer in our industry.

Development phase (2019-2020)

In the development phase, we will be taking greater steps to further sustainable development and develop our positive impact. This could involve completely new materials and new levels of social commitment in our business operations.



Our priorities

An important part of our sustainability work is to fulfil the expectations of our most important stakeholders: the children and adults who use our products, our customers, our suppliers, as well as BabyBjörn's employees and owners. We take the views of these stakeholders into consideration in our evaluation and selection of the most relevant areas for reducing risks and creating sustainable values.

The following areas are in focus:

- Sustainable product development
- Product safety and product information
- Reduced use of resources
- Limited climate impact
- Toxin-free products
- Working conditions in production – a sustainable value chain
- Social sustainability

Areas in focus

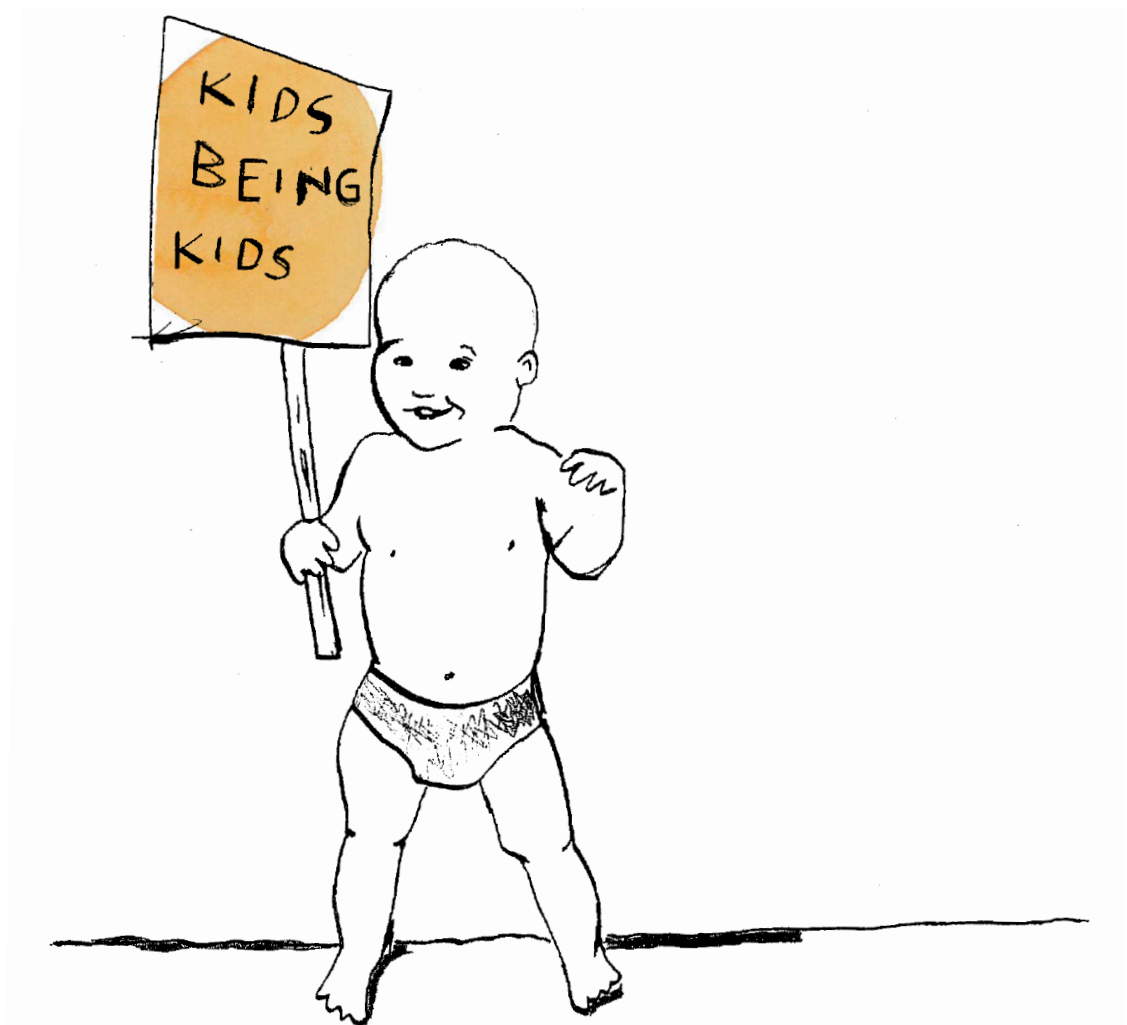
Sustainable product development – products that can be handed down

BabyBjörn's greatest contribution to sustainable development is to develop useful products that last

a long time, sometimes for generations. Starting at the drawing-board stage, we design products in more sustainable materials and with gradually less environmental impact from a life-cycle perspective, which will delight and make life easier for children and parents.

For the purpose of increasing our understanding of the negative environmental impact caused by our products, we have carried out life-cycle assessments (LCAs) to study the climate impact, water consumption, toxicity, land use, fossil fuel depletion and metal depletion for three of our most important products. This analysis measures the product's environmental impact from raw material to use. Manufacturing, transportation and packaging are some of the major elements that are assessed. The majority of all our plastic manufacturing and assembly is located in Småland, Sweden, close to our logistics centre, which minimises transportation distances.

Sustainability is a requirement from the conceptual stage. From day one, development projects take material use into consideration, partly for the product and partly to minimise the amount of leftover material in manufacturing. The product's volume and shape are designed to ensure that transportation will be as effective and sustainable as possible. We constantly evaluate alternative and more sustainable materials for both products and packaging.



Product safety and product information – safe and tested

Our products have the most susceptible and most delicate users, and we are highly motivated to safeguard their well-being. So our products contribute towards healthy development. This means that product safety is absolutely our most important task that we prioritise over all other requirements. We consult medical specialists, such as paediatric orthopaedists and neonatal doctors, about all products to be used by newborns and very young children. They advise us on all the safety aspects and we always follow their recommendations – this may involve anything, such as the correct design for a baby's hips or adequate head support for a newborn baby. BabyBjörn's products are regularly verified against the requirements in product standards such as EN (Europa), ASTM (USA) and SG (Japan). Our responsibility includes ensuring that the user instructions and manuals for our products are clear and easy to understand. So our task also involves being able to foresee how the products might be misused – known as foreseeable use – and either eliminate or warn against these risks.

Quality is one of our core principles and our complaint rate (number of complaint products/number of sold products) is low, 0.078% during the financial year 2017-18. All quality problems are registered and followed up rigorously.

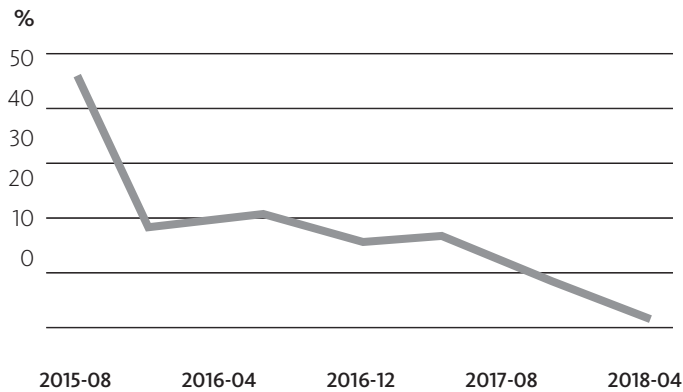
Reduced use of resources

For the purpose of increasing our understanding of the negative environmental impact caused by our products, we have carried out life-cycle assessments (LCAs) to study the climate impact, water consumption, toxicity, land use, fossil fuel depletion and metal depletion for three of our most important products.

The LCAs show that material production is the most resource-intensive element in our products' life cycle, while environmental impact in the user phase is negligible. This means that there is every reason for us to choose our materials with great care. The environmental impact of our products is minimised by the use of long-lasting materials. We continually evaluate new materials that are more sustainable – bioplastic, recycled polyester, hemp and Tencel, to name just a few. In the same spirit, we evaluate alternatives for our packaging, especially

Textile materials

Proportion of conventionally grown cotton in relation to total amount of purchased fabric up to and including FY 2017-18



in new projects. We will strive to have packaging that gives added value to consumers and so is sustainable in multiple aspects.

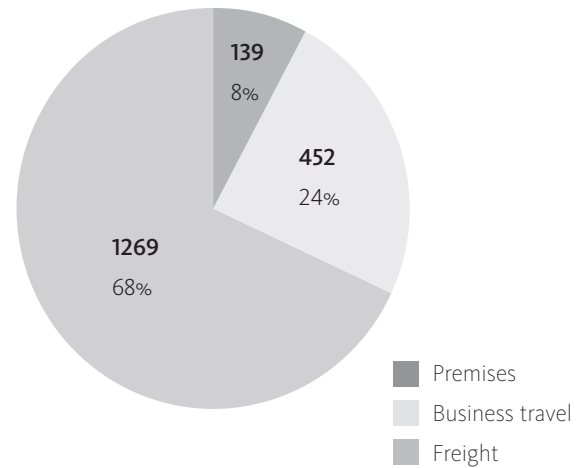
Cotton is a fantastic material, but vast quantities of water are needed to both grow and process cotton, in parts of the world where water is often in short supply. We try to ensure that our cotton materials comply with the Better Cotton Initiative (BCI) criteria, as a means of reducing water consumption. In 2017, we introduced the BCI in China as well, which means that we have achieved our goal of using no more than 4% conventionally grown cotton during the financial year 2018. More information about the BCI is available at <https://bettercotton.org>.

Limited climate impact

We are implementing initiatives to reduce the climate impact of our product transportation. These include starting to send fabrics from our supplier in the UK directly to the factory in Vietnam and not via our logistics centre in Småland. Thanks to fewer transports between the UK and Sweden, we have eliminated many miles of HGV transportation annually. Other materials and components are also sent straight from suppliers to producers to a greater extent. One example is an increase in deliveries of volume-intensive components straight from the manufacturer in the Netherlands to sewing factories in Turkey, China and Vietnam. We are also preparing to transfer the sewing of some baby bouncer fabrics mainly intended for the Asian market from Turkey to Vietnam in order to cut down on transportation.

We make annual calculations of the climate impact in the form of carbon dioxide equivalents (CO₂) that are caused by our business operations – emissions from the

BabyBjörn's climate impact (ton CO₂e) FY 2016-17



vehicles we own, energy use in our premises, business travel, material consumption in our offices, and road, sea and air transportation.

BabyBjörn's in-house business operations gave rise to 1,860 metric tons of CO₂ in the financial year 2016-17. Freight accounts for the largest emissions, followed by business travel and premises (heating, electricity, etc.).

Toxin-free products

We set high restrictions on chemicals in our products, since children are our most important priority, and we do not want to expose them or their parents to harmful substances. Dangerous substances in products may also escape into the natural environment, e.g. during machine washing, and impact the environment in different ways, and we want no part of that.

In addition to ensuring that all our products comply with European and American standards containing specific regulations for chemicals in products for children, we have chosen to OEKO-TEX certify (www.oeko-tex.com) all our textile products that come into contact with children. We do this to ensure that we have full control over what the material contains and that we are able to discover any harmful substances that have not yet been banned in the EU and/or the USA.

Our products are regularly tested by internationally recognised and independent test institutes, such as Bureau Veritas, Intertek and UL.

Working conditions in production – a sustainable value chain

The factories that manufacture our products are selected on the understanding that they will pay great attention

to working conditions and will make continual efforts to improve the working environment. Our Code of Conduct contains points on which we can never compromise. These include a safe working environment, essential safety equipment and zero tolerance for child labour. Our Code of Conduct is an agreement between us and our suppliers, and should be available in plain sight for employees. Our suppliers also guarantee that their sub-suppliers live up to our agreement.

We continually visit our manufacturing locations to check their compliance with our requirements. We also hire independent testing institutes to make unannounced inspections. In FY 2018, four unannounced visits were carried out by independent inspectors in China, Vietnam and Turkey.

The comments arising from these visits mainly concerned working hours, which is a common problem in these countries. Overtime work should always be voluntary, be compensated at the statutory rate and must include one rest day a week.

Social sustainability

BabyBjörn's vision is influenced by the principles in the United Nations Convention on the Rights of the Child – principally a child's right to a safe and secure environment and upbringing. We want to play our part in ensuring that all children are able to grow up in safe and beneficial conditions. There is an information leaflet available to employees about how some of the Convention's principles influence our work, and this applies to products as well as marketing. All our texts and images should always portray children and families in a wholesome and respectful way. Equality and diversity should be integral elements of our marketing.

We support many different projects worldwide that are in need of products and this year we started a collaboration with Save the Children. Our aim is to run various social media campaigns to raise more money for their work with at-risk children.

We also support research projects aimed at premature babies, through the paediatricians who collaborate with us.

We work with many different aid organisations and all products that for some reason cannot be sold because of a change in colours or packaging are donated to these organisations. Gnosjö Hjälp in Sweden and Good Foundation in the USA are two examples of these.

Organisation and control

Long-term thinking and sustainability are mutually dependent. Questions about long-term value creation and sustainability are an integral part of the overall control of the company, for which the board of directors and the CEO are ultimately responsible.

Anti-corruption

BabyBjörn does not accept any form of corruption in its business operations. In the Code of Conduct that our suppliers sign, they pledge to combat all forms of corruption, including extortion and bribery.

Policy documents

The following policy documents and guidelines form the basis of the company's sustainability work:

- **The Code of Conduct**
- **Discrimination and equality**
- **Environmental compliance requirements**
- **Environment Policy**
- **OEKO-TEX Standard 100**
- **Product standards**

Baby Carriers: EN 13290-2, ASTM F2236

Travel Cot: EN 716-1, ASTM F406, AS/NZS 2195, CPN No.4 of 2008, Canada Playpen regulation

Cradle: EN 1130-1, ASTM F2194, Cribs, Cradles and Bassinets Regulations (Canada)

Baby Bouncers: EN 12790, ASTM F2167

Toys for Bouncer: EN 71-1,2,3, ASTM F963, Toys Regulations Canada, AS NZS ISO 8124-1,2,3

High Chair: EN 14988, ASTM F404

Booster Seat: ASTM F2640

Baby Cup: EN 14350, EN 1186

Baby Plate, Spoon and Fork: EN 14372, EN 1186

Step Stool, Potty Chair, Smart Potty and Toilet Training Seat: EN 71:3

Non-conformities

A whistleblower function has been established in the factories for anonymous reporting of violations of the Code of Conduct. BabyBjörn's own employees are encouraged to report non-conformities to their immediate superior, HR manager or safety representative. No reports of violations of the Code of Conduct or other rule violations were received in the financial year 2017-18.

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www.babybjorn.com