

UNITED NATIONS GLOBAL COMPACT

Communication on Progress



Leadership Engagement

In order to reinforce the Company's commitment, Donna O'Reilly the President & CEO, decided that Eurow & O'Reilly Corp. would join the UN Global Compact Initiative. We believe this will not only help a Global Cause but also provide us with a framework for action and reporting.



Eurow & O'Reilly Corporation www.eurow.com

July 27, 2015

H.E. Ban Ki-moon Secretary-General United Nations New York, NY 10017 USA

Dear Mr. Secretary-General,

I am pleased to confirm that Eurow & O'Reilly Corporation supports the ten principles of the UN Global Compact on human rights, labor, environment and anti-corruption.

With this communication, we express our intent to continue supporting those principles as well as to measure our progress towards achieving them. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our Company. We believe that our commitment to gender equality by being a woman owned business, our support of water conservation through our microfiber product line, and our regular social compliance audits will help to advance the broader development goals of the United Nations. Eurow & O'Reilly Corporation will make a clear statement of this commitment to its stakeholders and the general public.

We recognize that one of the key requirements for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our Company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy.

Our yearly updates will include:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles.
- A description of practical actions that the company has taken, or plans to undertake, to implement the UN Global Compact principles in each of the four issue areas.
- A measurement of achieved outcomes.

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Ms. Donna O'Reilly President & CEO Eurow & O'Reilly Corporation





Letter to Staff

Dear Eurow & O'Reilly Team Members,

Our Company joined the United Nations Global Compact Initiative. The United Nations Global Compact Initiative supports companies to do business responsibly by aligning their strategies and operations with the Ten Principles.

Principle 1: Businesses should support and respect the protection of international proclaimed human rights and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

As part of this initiative, I would like for us to document everything we do in the following four areas, and publish an annual Communication on Progress detailing the strides we have made towards upholding these Ten Principles.

- 1. Human rights
- 2. Labor
- 3. Environment
- 4. Anti-corruption

Our goal is to conduct business responsibly for a more sustainable future for Eurow & O'Reilly Corporation and the world.

Sincerely,

Donna O'Reilly President

Contents

Topic	UNGC Principle	Page
OUR BRANDS	-	5-6
COMPANY HISTORY		7
PROMOTING THE UNITED NATIONS GLOBAL IMPACT		8
EMPLOYEE DEMOGRAPHICS	Principle 6	9-10
OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY	Principles 1,2,3,4 and 5	11-12
G4-HR6: FORCED OR COMPULSORY LABOR	Principle 4	13-15
G4-HR5: CHILD LABOR	Principles 5	16
WORKING CONDITIONS AT MANUFACTURING SITES		17
EMPOWERING WOMEN		18
ENVIRONMENTAL IMPACT	Principles 7,8 and 9	19
ANTI-CORRUPTION	Principle 10	20



Our Brands

Welcome to Eurow, we are a leading manufacturer of Microfiber, Cotton and Sheepskin products for home and automotive cleaning as well as pet grooming and equestrian markets.

Eurow & O'Reilly Corporation, a certified woman-owned business, has developed over 30 years to become one of the nation's largest suppliers of microfiber textiles. Serving some of the world's most well-known retailers, we offer high volume direct import and private label programs. Our high-end clients demand premium quality products at the best price possible. With manufacturing dominance in our production facilities, we are able to produce high volume, superior grade textiles at unparalleled savings for our customers.

We sell under many different Brands, including but not limited to, Eurow®, Detailers Preference®, CleanAide®, ECP Equine Comfort Products®, Nouvelle Legende®, Esteem®, ECO-EOC®, StraightGreen®, GroomTex®, Strong ShellTM, Trek 'N Clean® and Udderly CleanTM.

Our products can be found at many wholesale and specialty retailers locations as well as online on the most popular MarketPlaces and on our own websites.

Our main facility is located in Simi Valley, CA (USA) but we do distribute from many other US Distribution Centers.

CleanAide®: CleanAide® is Eurow's commercial and industrial line of cleaning products. This brand includes premium microfiber antibacterial towels, cleaning mitts and quality mops. Our products encompass a wide range of janitorial needs, while providing cost-effective and more environmentally friendly cleaning solutions. Heavy duty sponges, dusters, dry mops, wet mops, mop poles, and a line of specially designed microfiber towels make this brand perfect for household and commercial use.

Detailers Preference®: Detailers Preference® is a leading brand for car detailing products. Some of our best sellers include microfiber towels, sheepskin detailing mitts, and complete car care kits. Our products ensure quality detailing performance with their high absorbency, lint and scratch-free properties. We also carry a variety of high-quality sheepskin and microfiber seat covers in different colors and prints.

Nouvelle Legende®: Nouvelle Legende® is our superior quality and luxury home and kitchen product line. High quality kitchen products, such as tablecloths, napkins, aprons, and kitchen towels make this brand perfect for your home or restaurant. We've also designed several flame retardant and resistant mitts and gloves for home and restaurant kitchens. The home division of Nouvelle Legende® is comprised of microfiber luxury coral fleece bed sheet sets and throws.

Our Brands

ECP Equine Comfort Products®: Equine Comfort Products remains unsurpassed in quality, design and utility since we began manufacturing in 1984. As riders ourselves, we are constantly evaluating and updating our products to improve performance and practicality for the horse sports and equine partners we deeply value. Designed by riders and active competitors, our lightweight and breathable saddle pads provide shock absorption, total relief from pressure points, effective heat and moisture management and complete elimination of chafing sore and rubs.

Esteem®: Esteem's proven quality adult incontinence products can provide peace of mind and improve quality of life. Ergonomically designed for both men and women, our Esteem Pads are made of seven layers of material are comfortable and efficient. The top layer, placed against your body, is made of soft poly suede, a dry to the touch fabric after use reduces skin irritation. The inner microfiber and woven rayon layers are lightweight and provide superior absorbency. Our Esteem Pads are economical and environmentally friendly.

GroomTex®: GroomTex helps keep you and your home free of animal hair, dander and lint. GroomTex drying towels wick away and trap moisture from your pet after a bath or wet adventure outside. Choose from a variety of sizes to best fit your furry friend. Bathing and grooming mitts help ensure your pet looks its best, while providing gentle cleaning tools. For you and your home, our pet hair removal mitts firmly grab onto and remove hair, lint, and dander from furniture and clothing.

Strong ShellTM: Strong Shell is a line of vehicle and accessory covers that provide a durable, protective shield. It is lightweight for easy installation and features an ultra plush lining to spare your finish, providing a scratch-free defense from the elements. The breathable nature of Strong ShellTM makes it easy for moisture to escape from under the cover.

Trek N' Clean®: Our expertly designed Trek N' Clean door mat helps keep your floors dry and clean. Its fibers trap water and dirt instantly to remove tough messes. Trek N' Clean is perfect for households with children or pets, and can be used in or out doors. With its no-skid backing, Trek N' Clean is safe to use on any floor surface.

Udderly CleanTM: Designed for the dairy industry, Udderly Clean's reusable towels aide in cleaning and disinfecting cow udders. Increase your profitability by improving sanitary conditions and eliminating one time use towels. Microfiber towels collect contaminants like a magnet and trap them in its fibers without using chemicals. These microfiber towels can be washed and reused hundreds of times.

Company History

Raymond O'Reilly, an Irishman with a passion, began Eurow Corporation in 1983.

Mr. O'Reilly was determined to make the best goods at the lowest cost so the consumer was getting unsurpassed value for their money. Eurow was known for selling single products. Its main product was the sheepskin seat cover.

In 2000, Mr. O'Reilly's daughter, Donna O'Reilly bought the business and changed the name to Eurow & O'Reilly Corporation. Over the years, Eurow & O'Reilly Corporation expanded to a leading manufacturer and global supplier of microfiber and cotton textiles with fully branded product lines.



Promoting the United Nations Global Compact

Below is a chart stating Eurow & O'Reilly's progress on the 10 principles put forth by the United Nations Global Compact. The percentage is based on the manufacturing distribution between audited versus non-audited factories. All factories are audited, but the percentage below reflects only third party audits.

Number	Principle	Status
1	Human Rights – Protection of Internationally Proclaimed Human Rights	93.98% Complete
2	Human Rights – Not Complicit in Human Rights Abuses	93.98% Complete
3	Labour – Freedom of Association and Collective Bargaining	93.98% Complete
4	Labour – Elimination of Forced Labour	93.98% Complete
5	Labour – Abolition of Child Labour	93.98% Complete
6	Labour – Elimination of Discrimination	93.98% Complete
7	Environment – Environmental Challenges	Initiated
8	Environment – Environmental Responsibility	Initiated
9	Environment – Environmentally Friendly Technologies	Initiated
10	Anti-Corruption	93.98% Complete

Employee Demographics

Q4/2016 Management/Non-Management Positions by Gender

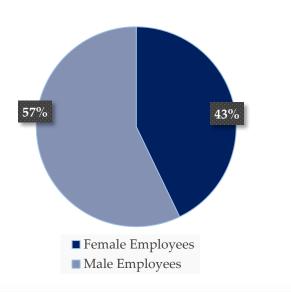
Eurow & O'Reilly Corp. strives to uphold social responsibility by maintaining equal opportunity and gender diversity within its organization. We believe gender diversity allows for a wider range of insight, perspective, and knowledge within the workplace.

Eurow & O'Reilly Corp. promotes an environment where the most talented individuals have the opportunity to advance within the Company, regardless of gender and without discrimination. All candidates are assessed equally during the recruitment and selection process, and all hiring decisions are based on the qualifications and experience of each individual. Once hired, Eurow & O'Reilly Corp. is committed to evaluating each employee based on performance, quality of work, and overall value to the Company, regardless of gender.

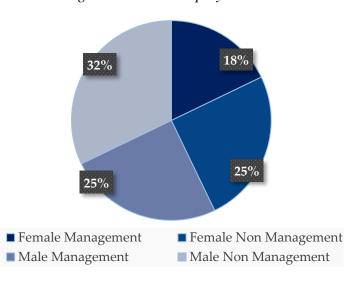
The following charts demonstrate Eurow & O'Reilly Corp's. commitment to gender equality in both managerial and non-managerial positions during the final quarter of 2016.

Please note, as a Company with a relatively low population, the slightest variation within the organization will significantly impact the overall percentages.

Q4/2016 - Female Employees vs Male Employees: During the 4th quarter of 2016, Eurow and O'Reilly Corp. was comprised of a fairly equal number of female versus male employees, which demonstrates Eurow and O'Reilly Corp's commitment to equality in the workplace.



Q4/2016 - Female Management / Female Non-Management/ Male Management/ Male Non-Management : The following chart shows a higher number of employees than managers overall. The distribution of employees within various departments plays an essential role in the outcome which shows a higher percent of Male Managers and Male Employees.



Employee Demographics (continued)

Q4/2016 Management/Non-Management Positions by Gender

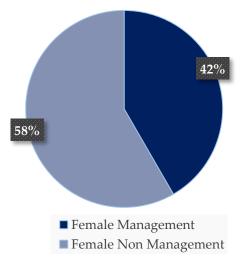
Eurow & O'Reilly Corp. achieved an absolute equal gender / employee balance during the 4th quarter of 2016. However, we expect the gender balance will fluctuate slightly during periods of growth.

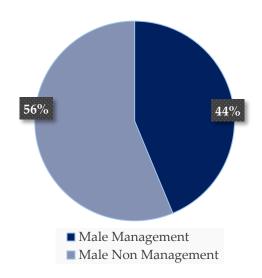
As a Company, we will continue to track any variances between men versus women in our workforce, and make an effort to maintain similar ratios. However, we will continue to adhere to our policy regarding equal opportunity, and comply with all applicable laws.

Eurow & O'Reilly Corp. prohibits harassment, discrimination, and/or retaliation based on gender, gender identity, race, color, age, religion, national origin or ancestry, physical or mental disability, marital status, veteran status, sexual orientation, and/or any other basis protected by Federal and State laws. These guidelines apply to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoffs, transfer, leaves of absence, compensation and training.

Q4/2016 - Female Management vs Female Non-Management: As a relatively small company, it is essential to begin staffing qualified department heads, who will then gradually build their perspective departments by hiring additional employees. The likeness in the percentages within this graph showing Female Managers vs Female Employees demonstrates the foundation for the Company's future growth and development.

Q4/2016 - Male Management vs Male Non-Management: As with the previous graph, this data shows a higher number of Male Non Managers vs Male Managers. The same principle of staffing Management before adding employees to the equation applies with both Female and Male groupings.





Our Approach to Corporate Social Responsibility

Eurow & O'Reilly Corporation is one of the few hundred companies that has signed the pledge against forced labor in the Uzbekistan cotton sector. The Government of Uzbekistan practices forced child and adult labor in the harvest of cotton. By signing this pledge, we commit to not source Uzbek cotton for the manufacturing of any of our products until this practice ends. We joined Responsible Sourcing Network and its multi-stakeholder coalition to raise awareness of this issue and press for its elimination. Our pledge can be found on:

http://www.sourcingnetwork.org/the-cotton-pledge

Responsible Sourcing Network has also recently created the Yarn Ethically & Sustainably Sourced (YESS) initiative which is meant to drive slavery out of cotton production. In addition to Uzbekistan, cotton produced by forced labor has been documented in at least 9 countries. The cotton then makes its way through the value chain into goods sold by major brands and retailers. The goal of YESS is to assist in eliminating the market for cotton produced by forced labor and increase the use of ethically and sustainably sourced cotton. Eurow has endorsed YESS by signing a Statement of Support.

Eurow & O'Reilly Corp. is committed to doing our part in bettering the community. The following are some examples of how Eurow & O'Reilly Corp. is working to ensure the health and the wellbeing of our employees, our customers and the community. Recycling is a small but effective way to help preserve the environment. We currently provide paper recycling bins throughout the workplace. We also recycle used ink cartridges. The Company is continuously looking into new ideas about how we can contribute to the community. Managers meetings are held weekly in order to ensure employees/ managers are involved in current projects, and have an open forum to give feedback and share ideas. We consistently ensure that our company is using ethical labor practices to demonstrate social responsibility.



Eurow & O'Reilly Corporation participates in Customer Social Responsibility programs where selected factories have undergone social audits performed by UL and their responsible sourcing group. The scope of UL's workplace assessments are based on:

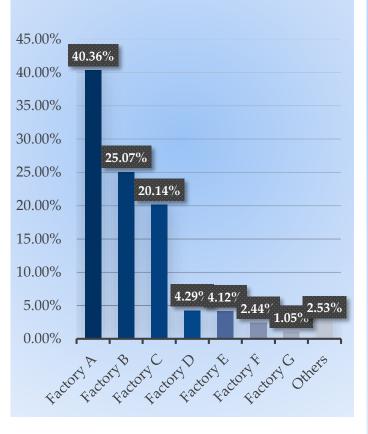
- Labor Practices
- Health and Safety
- Environment

Additional components can include:

- Facility Supply Chain Profile
- · Ethics and Business Integrity, and
- Management Systems

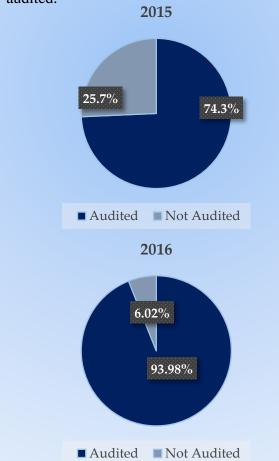
Manufacturing

Eurow works with 7 main factories that produce 97.47% of its products. None of the other factories' product volume is more than 1%.



3rd Party Audited by Volume for Social Compliance

Factories A, B, C, D, and E have been audited by a 3rd party independent organization for social compliance. Factories are re-audited on a yearly basis. Non-audited factories are factories that do not have an official 3rd party audit report on record. Eurow visits non-audited factories regularly and performs internal audits. Should any deficiencies be found, a corrective action plan is put immediately into place. Eurow is almost at its goal of having 95% of production volume audited.



Collecting and analyzing data in key areas are a high priority at Eurow & O'Reilly Corporation. The data provides feedback on our progress and helps us gain insight into areas where we can improve.

This year, we have chosen to focus on Principle 4: *Labour Businesses should uphold the elimination of all forms of forced and compulsory labour,* and report at the GC Advanced levels of the UN Global Company Differentiation Programme.

G4-HR6: OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR, AND MEASURES TO CONTRIBUTE TO THE ELIMINATION OF ALL FORMS OF FORCED OR COMPULSORY LABOR

Working Conditions at Factories			
Horning Community at 1 actories	2014	2015	2016
% of Main Factories Assessed	74.3%	75.3%	92.0%
% Change from prior year	N/A	+1.3%	+22.2%
New Factory Evaluations and Approvals			
# of new factories evaluated	N/A	2	1
% Approved	N/A	100.0%	100.0%
% Pending	N/A	0.0%	0.0%
Factory Ratings (1 – Excellent, 2 – Good, 3 – Fair)**			
Excellent	0.0%	40.0%	50.0%
Good	33.3%	0.00%	25.0%
Fair	66.7%	60.0%	25.0%

^{*}During 2016, Factory B merged with Factory A. And Factory D had excess production from 2015 that was sold in 2016 – so since there was no production, there was nothing to assess.

^{**}Excellent is a factory that meets expectations and demonstrates readiness to assume responsibilities for managing and monitoring compliance activities. On a scale of 0 to 100, 100 being the highest, an Excellent factory scores 85 or higher. Good is a factory that needs further improvement. For instance, a factory lacking a product risk assessment for each product would fall in this rating. A Good factory scores between 71 to 84. Fair is a factory that needs significant action. For instance, a factory that does not have a system to identify and trace raw materials through finished goods would fall in this rating. A Fair factory scores 51 to 70. Any score below 50 is non-passing. The global score is 79. This number is based on audits of over 5,000 factories.

	2014	2015	2016
Forced Labor			
Does not use involuntary labor	100.0%	100.0%	100.0%
Workers allowed to leave after shift	100.0%	100.0%	100.0%
Workers are not locked in	100.0%	100.0%	100.0%
Does not withhold documents (i.e. passport)	100.0%	100.0%	100.0%
Does not require mandatory overtime	100.0%	100.0%	100.0%
Does not require deposit upon hire or recruiting fee	100.0%	100.0%	100.0%
Working Hours			
Allows workers to refuse overtime	100.0%	100.0%	100.0%
Does provide 1 day off in 7	100.0%	100.0%	100.0%
Wages & Benefits			
Pays overtime premium	100.0%	100.0%	100.0%
Provides wage statement	100.0%	100.0%	100.0%
Pays at or above region minimum wage	100.0%	100.0%	100.0%
Provides subsidies or benefits to workers (i.e. meals, uniforms, housing, maternity leave, paid leave, etc.)	100.0%	100.0%	100.0%
Abuse			
No evidence of physical abuse	100.0%	100.0%	100.0%
No evidence of psychological abuse	100.0%	100.0%	100.0%
Miscellaneous			
No disciplinary deductions	100.0%	100.0%	100.0%
No discrimination	100.0%	100.0%	100.0%
Workers have freedom of association	100.0%	100.0%	100.0%



Eurow & O'Reilly Corporation

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PLEDGE TO ELIMINATE ALL FORMS OF FORCED OR COMPULSORY LABOR

Any confirmation of forced or compulsory labor through a 3rd party audit will result in an immediate termination of the business relationship with Eurow and O'Reilly Corporation. And all pending PO's will be canceled at the factory's cost.

By signing this acknowledgement, we confirm with our full understanding, cooperation, and implementation of the Pledge to Eliminate All Forms of Forced or Compulsory Labor.

Factory Name	
Factory Address	
Signature	
Print Name	
Title	
Date	

















Another principle we have chosen to focus on is Principle 5, *Labour Businesses should uphold the effective abolition of child labour*, and report at the GC Advanced levels of the UN Global Company Differentiation Programme.

G4-HR5: OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO CONTRIBUTE TO THE EFFECTIVE ABOLITION OF CHILD LABOR

All our factories comply with laws for child labor. The workforce is always over the legal working age, which is supported with valid age documents. Therefore, none of the factories have any risk for incidents of child labor. As a result, instead we have chosen to report the youngest age at factory in each region which we feel has more significance.

Youngest Age at Factory

Province in China	2014	2015	2016
Anhui	18	21	22
Jiangsu	18	22	22
Zhejiang	N/A	18	18
Henan	N/A	N/A	24

Working Conditions at Manufacturing Sites

Below are the violations that a factory can be cited for. They are broken into 3 major categories: labor, wages and benefits, and health and safety. Labor covers issues such as child labor, forced labor, and any abuse. Wages and benefits ensures any hours worked are paid, overtime is limited, no deductions are taken from pay as punishment, and benefits such as insurance are provided. Health and safety address issues such as working fire alarms and fire extinguishers, protective guards on equipment and ear plugs for operators, valid electrical certificates, and providing a reasonably safe working environment.

		Factory A	Factory B	Factory C	Factory E
Labor					
	Child labor				
	Prison / slave labor				
	Physical abuse				
Wages a	and benefits				
	Unpaid wages				
	Exceeded monthly overtime				
	Disciplinary deductions				
	Benefits not offered				
Health & safety					
	Lack of emergency equipment				
	Lack of protective equipment / wear				
	Lack of electrical maintenance				
	Lack of security				

Critical violations need to be addressed immediately. Major violations are important but not critical and are addressed within 30 days of detection. Minor violations are less severe and are addressed within 90 days of detection. All violations require a corrective action plan which is signed by factory management and agreed to by Eurow.

Legend	
	None detected
	Minor Violation
	Major Violation
	Critical Violation

^{*}Factory D, representing 4.29% of manufacturing was not audited. But meetings were held with the factory owner and factory operations were discussed.

Empowering Women

Women's Business Enterprise National Council

Eurow is certified by the Women's Business Enterprise National Council (WBENC), the largest third-party certifier of businesses owned, controlled, and operated by women. The organization fosters diversity to fuel economic growth globally through access to opportunities.



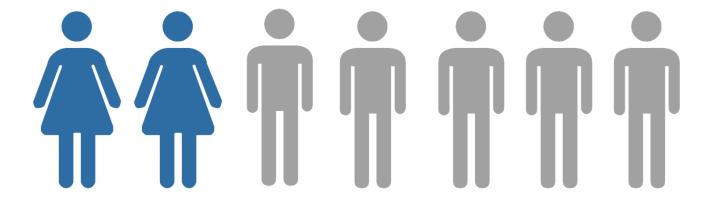


Supporting Women in the Workplace

Eurow introduced short-term supplemental insurance coverage at the end of 2016. The benefit is provided at no cost to the employees. The plan pays a short-term benefit if an employee is unable to work due to injury or illness. This benefit also covers the birth of a child.

Partnering with Other Women-owned Businesses

2 out of the 7 main manufacturing factories are women-owned. 1 of which is the top 3 producers for Eurow & O'Reilly Corporation, producing over 20% of its products.



Environmental Impact

Eurow & O'Reilly Corporation has taken several measures to reduce its impact on the environment.

The warehouse is equipped with R30 insulation under the roof. This type of insulation is key in maintaining a stable temperature. R30 insulation keeps the heat in during the winter, and keeps the heat out during summer. Because of the insulation, there is about a 20 degree difference between the outside temperature and internal temperature of the warehouse. This feature is especially important during hot summer months because it eliminates the need for air conditioning.



There is also energy efficient lighting in the warehouse that is motion activated. That way, only the parts of the warehouse that have activity stay lit. This feature helps further limit energy usage. Lighting was converted to electronic ballast technology after the acquisition of the building.

The entire building, office and warehouse included, also has special features that help keep temperatures stable. First, the building has membrane roofing, a type of roofing system that is made of rubber used on flat surfaces. The roof is coated with a highly reflective barrier on the membrane. The roof is roughly 50 thousand square feet. The barrier is a polymer with reflective material embedded in it. It helps maintain stable temperatures by reflecting sunlight away from the building and precludes heat from getting into the membrane and into the building. This feature is particularly important at the building's location where there is no marine layer in the area and temperatures in the summer can reach over 100°F.

Eurow & O'Reilly Corporation has a recycling program. Any discarded corrugate from shipping boxes and any used office paper is picked up once a week for recycling.

Anti-Corruption



Eurow & O'Reilly Corp. expects employees to conduct business according to the highest ethical standards, and to dedicate their best efforts to the interests of the Company. Business dealings that appear to create a conflict of interest between Eurow & O'Reilly Corp. and an employee are not acceptable.

Employees must avoid any interest, influence or relationship which may conflict or appear to conflict with the best interests of the Company. For Example: Accepting gifts, entertainment or other benefits from a competitor, customer or supplier of more than a value determined by the *IRS trade or business gift guidelines* is prohibited.

Formal expense forms are required, and must be accompanied by original receipts to show incurred business expenses, before the expenses are approved and a reimbursement is issued

All business transactions are conducted via wire transfer so there is an electronic trail for tracking purposes. Transactions that are less than USD \$200 may be settled via petty cash. The form of payment is documented in the accounting records along with an invoice or receipt. Petty cash is reviewed periodically to ensure the amount of cash always equals the amount on the receipts plus and leftover cash.

