

To whom it may concern

01. April 2025

Confirmation - EU regulation on responsible business conduct /The Norwegian Transparency Act

Introduction

The Norwegian Transparency Act came into force on 1. July 2022. It amends the Non-Financial Reporting Directive 2014/95/EU on Responsible Business Conduct and is based on the recommendations in the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.

The Transparency Act aims to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and services and to ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

It applies to the company's own business, suppliers, and the suppliers' value chain. This yearly report is approved by the Board of Directors, and is referenced in the StrongPoint Annual Report.

Confirmation and reporting

StrongPoint has, according to section 5 in the Transparency Act, published an account of the due diligence assessments. This report also combines the reporting obligations under the Accounting Act §3-3c.

StrongPoint confirms that we are in compliance with the EU regulation and the Norwegian Transparency Act.

Duties and governance

StrongPoint follows the duties to carry out due diligence assessments to understand the risk of possible breaches - and to introduce measures where necessary. Furthermore, we have a duty to inform about what is used as a basis for the due diligence assessments and the results. Each

StrongPoint business unit shall monitor its operations, and due diligence assessments are carried out locally under guidance and collaboration with StrongPoint ASA. The StrongPoint Product and Sourcing units are primary responsible for the follow up of all suppliers. We carry out due diligence assessments in connection with various business decisions. This will in StrongPoint be done when establishing new business areas, launching new products, or acquiring other businesses. StrongPoint works according to a risk-based methodology, where risk assessments and analyses are part of the management processes in the company and are overlooked by the Board of Directors. StrongPoint also includes the environment and anti-corruption in our transparency due diligence assessment.

Due diligence process description

The process for due diligence assessments in StrongPoint is based on the “OECD guide for due diligence assessments for responsible business”.

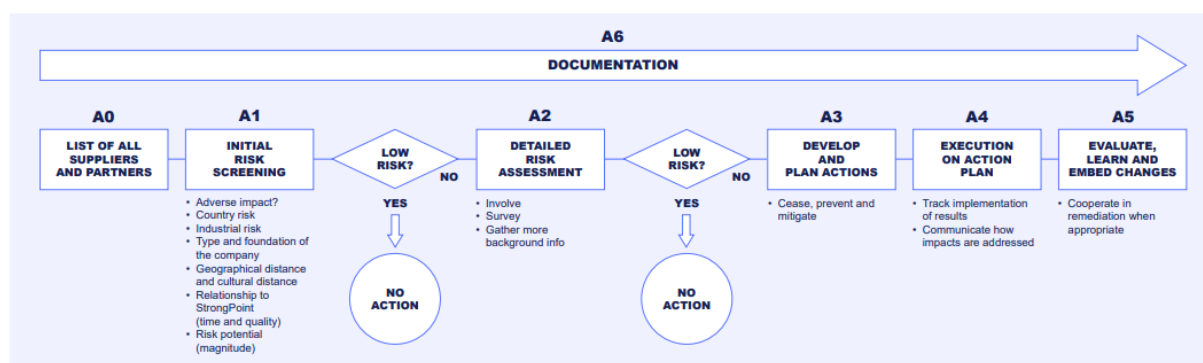


Table: Process description

A0. We establish a list of all suppliers and partners (up-stream and down-stream). Based on the severity and probability of adverse impacts on fundamental human rights and decent working conditions, we include the extended supply chain.

A1. An overall risk assessment is carried out. Assessing the country of origin, company size, raw materials and risk industries, and company legal structure. Based on this assessment, a list of suppliers is produced where risks may be related to human rights, decent working conditions, the environment, and anticorruption. If no significant risk is uncovered, the process stops and no further actions are performed. In this assessment, we use pre-determined threshold values and benchmarks against recognized and reliable international subject matter sources (list found in the section below).

A2. We make a detailed assessment of the risk list from A1. It starts with us looking at the findings from A1 against the documentation and the knowledge StrongPoint has about the suppliers in question. Normally, the supplier’s risk will be handled, and the supplier will receive a new low-risk status. For suppliers where the risk has not been handled, we will obtain the

necessary information and documentation to map the risk better. We will then conduct a new risk assessment where the supplier is normally involved. The supplier will receive either a “low risk” or a “high risk” status. If the risk is high, the next step is to make an action plan.

A3. Here, measures are drawn up and planned to reduce the risk uncovered in A2. This can be local audits, contract changes, and measures that stop or reduce the negative impact.

Necessary internal and external resources are involved, and an action plan is drawn up with those responsible.

A4. We have reached the time when the measures we have decided on in A3 are implemented. This is documented continuously to see that the measures are having an effect.

A5. Evaluation and learning cycle. We confirm that the measures resolved identified risks and reduced the negative impact. Conducts evaluation meetings and suggests improvements to avoid similar situations in the future.

A6. All process steps and actions should be documented.

Assessment of risk StrongPoint uses the following sources as a basis for its due diligence assessments of suppliers:

Theme	Source	Measures
Fundamental Human Rights	Freedom House	Measures political freedom and individual rights. Political diversity, freedom of expression, legal due process, and financial dependencies and suppression.
Decent working conditions	International Trade Union Confederation	Summarizes data from unions on employment conditions in different countries. Measures the right to establish and join labour unions, collective bargaining, and the right to go on strike.
Environment	Environmental Performance Index (EPI)	Measures different countries contribution and impact on the environment. Environmental health (40%): Pollution to air, water and from heavy metals. Eco-systems (60%): Bio-diversity, de-forestry, fisheries, sewage, greenhouse emissions, and nitrogen emissions from agriculture
Anti-corruption	Transparency International	Measures the extent of corruption in the government sector in different countries based on 12 expert opinions from institutions and 16 surveys.

Sources:

Freedom House: <https://freedomhouse.org/reports/nations-transit/nationstransit-methodology>

The International Trade Union Confederation (ITUC): <https://www.ituc-csi.org/>

EPI: <https://epi.yale.edu/epi-results/2022/component/epi>

Transparency International: <https://www.transparency.org/>

In the assessment we specifically look at the following:

1. Country risk
2. Industrial risk
3. Type and legal entity of the company
4. Geographical distance and cultural distance
5. Relationship to StrongPoint (time and quality)
6. Risk potential (magnitude)

An essential part of establishing a tool for our risk assessment has been to determine threshold values for the different risk areas. I.e., when is a country good enough at safeguarding fundamental human rights or decent working conditions? The above-mentioned assessment sources have recommendations that StrongPoint has chosen to use. Based on a point scale from 0 to 100, StrongPoint has the following threshold values as guidelines in our assessments:

Source	Threshold	Explanation
Freedom House	Minimum 35	Countries with score below 35 are considered "Not Free". Countries with score above 35 are considered "Partly Free" or "Free".
International Trade	Minimum 60	Scores below 60 are not considered acceptable.
Environmental Performance Index (EPI)	Minimum 50	Scores are rated from red to green per country. Red (not acceptable) is in the range of 0-50.
Transparency International	Minimum 50	Countries with score below 50 are considered to be among the more corrupt societies.

When needed, we also use references from the following sources:

- Global Slavery Index
- Global Rights Index
- Country Reports on Human Rights Practices
- Human Rights Watch
- UN: Working Group on Business and Human Rights
- Universal Human Rights Index (UHRI)
- Business Human Rights
- Corporate Human Rights Benchmark

Due Diligence Account

Our list of controlled subjects contains approximately 2150 instances. Out of these a selection of 22 companies were selected as having a possible significant impact (A1 screening based on total spending with StrongPoint). Companies with a spend above 10 MEURO have been evaluated with special attention, and all with a spend above 100 MEURO have been thoroughly assessed. Companies residing outside EU have been evaluated (from China, USA, Singapore, and Japan). In addition, we have added selected companies from Bulgaria, Spain, and Lithuania based on the given source thresholds mentioned above. For suppliers in industry sectors with expected high risk or where StrongPoint does not perform its own work, such as staffing, transportation, professional services, and electrical installations, we have selected two companies to be assessed. Three suppliers with short tenure (0-2 years working with StrongPoint) have been evaluated. One company have been evaluated based on short or no information about their corporate governance on company websites or other company information.

Two companies previously labeled as 'high risk' in earlier assessments were thoroughly re-evaluated in 2024 through site visits and stakeholder interactions. Both companies are now classified as 'low risk'. One company in Bulgaria has during 2024 been suspended as supplier due to uncertainties about real ownership and lacking documentation of work permits.

We discovered no adverse impacts in our due diligence process.

StrongPoint have moved companies related to shopfitting to stage A2 for a detailed risk assessment. This is based on a general risk assessment of the construction sub supplier market in UK. Our initial findings have not revealed any direct concerns; however, the assessments will continue into 2025 with site visits, interviews, and internal awareness to key stakeholders.

Right to Information

The right to information is an integral part of the Transparency Act. Any individual or organization has the right to request information from StrongPoint on how we as a company address actual and potential adverse impacts, both in general or to specific products or services.

We have published information and standard information request forms on our web pages. Requests are routed to the SVP People and Organization. They will be responded to in writing no later than three weeks after receiving the request. StrongPoint did not receive any requests in 2023 or 2024.