

Due Diligence for Responsible Business Conduct

Account reporting year 2022

for Heimdall Power AS



SUSTAINABLE GOALS



To Readers Of The Report

Business and the public sector have a great impact on people, society, the environment, and animals and can both contribute positively to development, or negatively by causing harm. Businesses therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs).

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 level members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

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

Ethical Trade Norway's Declaration of Principles (our Code of 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 UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

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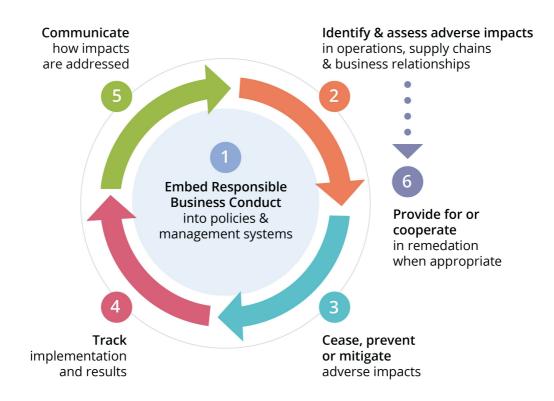
Heidi Furustøl *Executive Director* Ethical Trade Norway

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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

Heimdall Power is a young Norwegian B2B SaaS company. We enable the green energy transition by providing grid companies with software and sensor to increase capacity of existing power grids.

Our vision is to optimize power grids globally. Our mission is to accelerate the energy transition by optimizing power grids to be safer, more reliable, and affordable, while protecting people and planet.

Our planets future depends on a successful energy transition with more renewable power production and electrification of society. This can only be achieved with more flexible, efficient and digital power grids. Heimdall Power promises to be our customers' partner on their digital journeys towards more sustainable grids.

Our services help customers address UN's sustainability goals such as reducing risk, increasing asset efficiency and optimizing operations, and thereby making the world more sustainable. And we work hard every day to minimize our own environmental footprint.

As a member of Ethical Trade Norway, we get access to advice and tools to ensure we maintain responsible business conduct in our supply chains. The membership is also a clear signal to our partners and suppliers that we are aware of our responsibility and set the highest standards of business ethics, integrity and respect for human rights.

Do well, do good!

-orgen Festerall

Jørgen Festervoll CEO



Company information and business context

Key company information

Company name

Heimdall Power AS

Head office address

St. Olavs Gate 28, 0166 Oslo

Main brands, products and services offered by the company

Heimdall Power Neuron (HW) and Heimdall Cloud (SW)

Description of company structure

We're organized in four functions: Sales & Marketing, Design & Development, Contract Manufacturing and Operations. These are supported by other supporting processes and functions. A manager heads each function to coach and guide us towards our vision. A structured approach of supplier qualification and management is implemented with due diligence checks for business-critical suppliers.

Turnover in reporting year (NOK)

7 700 000

Number of employees

40

Is the company covered by the Transparency Act?

No

Major changes to the company since last reporting period

Not applicable - first reporting period.

Contact person for the report (name and title)

Nan Li, VP QHSE

Email for contact person for the report

nan.li@heimdallpower.com

Supply chain information

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

Heimdall Power's core competence is within Design & Development. We are outsourcing procurement, manufacturing, and shipments to our customers from our Contract Manufacturer.

Our policy for supplier sourcing and selection is defined by engaging the most suitable supplier for our sourcing needs, technically as well as commercial. We expect our suppliers to maintain the highest standards of business ethics, integrity, and respect for human rights and to become familiar with and comply with our policies. We also expect suppliers to operate their businesses in compliance with all applicable laws and to maintain lawful environmental, health and safety practices that meet or exceed all applicable laws and standards, as outlined in our position on human trafficking and slavery. This is described in our Supplier Code of Conduct which is signed by our Contract Manufacturer.

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

19

Comments

Our suppliers are assessed based on selected criteria, and 3 supplier categories are defined: Minor, Medium and Major. The 19 suppliers referred to above are Medium and Major as per our internal supplier categorization. These suppliers direct critical products and services and have direct impact to our business.

Type of purchasing/ suppliers relationships



List of first tier suppliers* (producers) by country

Norway: 1

1 primary Contract Manufacturer

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

Number of workers

220

Number of suppliers this overview is based on

1

Numbers of workers per supplier (calculated average)

220

Comments to number of workers

Total number of employees at the primary Contract Manufacturer

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

Aluminium	Germany
Steel	Germany
Plastics	Germany
Electronics	Norway
Batteries	China

Is the company a supplier to the public sector?

Yes



Governance and commitment to responsible business conduct

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

1.A Policy* for own business

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

https://heimdallpower.com/environmental-policy/

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

Environmental: Heimdall Power's business model is based on a green global mission. The electric grid is the largest man-made machine. It spans the globe, providing structure, balance and life to the energy system of our planet. It's essential infrastructure that enables a sustainable, green energy future.

Social: Our people power our business – their success is our success. Heimdall Power is committed to creating a performance culture of high employee engagement where every employee takes personal ownership and responsibility for their performance, career and professional growth. Our staff will develop to be Green Shift Competent.

Governance: We are committed to the long-term success of Heimdall Power as well as of those we serve through strong corporate governance and ethical business practices. Every day, we strive to operate as a disciplined, trustworthy and moral organisation.

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

Heimdall Power ESG statements are approved by the management team and members of the board. All associated processes and procedures of implementation of the ESG statements are published in the internal management system and followed by the entire organization. Employee Code of Conduct is signed by each employee.

1.B Organisation and internal communication

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

Due diligence checklists are made for ordinary suppliers and sales channels respectively. It is part of the supplier qualification process, which is mandatory for all major suppliers and partners. The due diligence checks are reviewed internally by the manager of the respective function. A reference to the due diligence check is also part of the supplier approval form.

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

Employee code of conduct is signed by each employee. The due diligence check is part of the supplier qualification process which is described in internal procedures.

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

The due diligence checks are reviewed by the manager of the respective function. Within the management team, we take part in Ethical Trade Norway's internal courses on responsible business conduct.

1.C. Plans and resources

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

Heimdall Power makes an impact on society through its business model and technology. Digitizing the grid contributes to several UN sustainability goals: 7 - affordable and clean energy, 9 - industry, innovation and infrastructure, 11 - sustainable cities and communities, 12- responsible consumption and production, 13 - climate action, 15 - life on land.

Our CEO states the company working environment principles, company policies, and goals and expectations in terms of excellence, quality, and business ethics in our Employee Handbook. In addition, the Employee Code of Conduct reflects the organization's daily operations, core values and overall company culture.

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

Our Key Performance Indicators (KPIs) are including sustainability measures. That is also our Objectives and Key Results (OKRs) that are set annually. The KPIs and OKRs are reviewed by the management team regularly and in the board meetings at least quarterly.

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

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

We have established a structured approach of supplier management. All suppliers are categorized by their criticalities to the company and managed accordingly, and supplier performance KPIs are set for the critical suppliers.

Our Supplier Code of Conduct is signed by the relevant Contract Manufacturer. This commits the supplier to responsible, ethical, and compliant business practices. The Code of Conduct includes directions for human and labor rights; health, safety and the environment; anti-corruption, anti-money laundering, antitrust and sanctions; and information security. The compliance of supplier code of conduct is verified during supplier audit.

Currently, we only have one Contract Manufacturer, and the production is taking place in Norway.

Indicator

Percentage of the company's suppliers that have accepted guidelines for suppliers



1.E Experiences and changes

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

The document Supplier Code of Conduct was formally made and signed by the relevant Contract Manufacturer.



Defining the focus for reporting

Identify and assess the company's impact on people, society and environment

"Identify and assess" is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relationships. As a first step the company 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 company's involvemebt in the negative impact is central to determine which measures the company 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

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List the company's prioritised risk of negative impact on people, society and environment. 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
Carbon footprint	Environment Greenhouse gas emission Use of materials	Global

Following ISO 14001 Certification Audit our prioritised risk has been our carbon footprint.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe: a) the company'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 company 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.

We are still in the early stages of company structure and new products. Since this is our first assessment, we have limited the scope to our tier 1 supplier who is our Contract Manufacturer. Our Contract Manufacturer is as mentioned located in Norway, and risk of negative impact on people, society and environment is in general considered low. We have therefore focused on the Carbon footprint.

Our routines for mapping and identifying risk will be done in two steps. First, through our Supplier Qualification and then, through separate fields in our PLM system - so that we assess all components, parts and suppliers at line level from the time we start developing a product until it is completed. This means that we are forced to approve the supplier to approve a design and a product before a new product or supplier goes into purchase and production.

Going forward, we will also start looking into tier 2 and 3 suppliers. We want to set up a good plan for practicing culture, ethics, and sustainability in the years in front of us.

ADDITIONAL SEVERE IMPACTS

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

Other negative impacts on people, society and the environment are considered low as our product is manufactured in Norway under well regulated and transparent conditions.

3

Management of salient issues

Cease, prevent or mitigate negative impacts

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

3. A Cease, prevent or mitigate

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

Salient issue	Carbon footprint
Goal :	Understand our carbon footprint and implement measures to reduce it
Status :	Ongoing
Goals in reporting year :	Start measuring our CO2 footprint from own value chain

Completed measures and reasoning :

We have a report on the carbon footprint for neuron production and also started to calculate the CO2 footprint for our own value chain.

Goals and activities for the coming reporting year :

- Quantify and document the impact of Heimdall Power solution on customers' potential reduction of CO2 footprint

- Reduce CO2 footprint from the company's own value chain

Indicator

Total carbon footprint from own value chain (kg CO2eq)

2022: 89762

Started calculating in 2022, based on the number of neurons delivered.

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

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

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

We continuously work on improving our products, services, and processes to minimize the environmental impact and operating with a minimal environmental footprint by:

- Use cardboard for packaging (no plastics)

- Designing to reduce weight and volume

3.B.2 Reduction of greenhouse gas emissions

We strive to operate with a minimal environmental footprint, and employees are provided with resources to help them work sustainably:

- Use local manufacturer (instead of traveling across the world)

- Trying to use the train when possible for business travels (instead of airplane)

- Flexible work arrangement (working from home)

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

We actively source environment-friendly parts and components and encourage our major contract manufacturers and suppliers to develop similar environmental policies.

- Used second hand office furniture

3.B.4 Choice of products and certifications

We are designing with our products' lifetime and robustness in focus. Our products are RoHS and WEEE compliant and CE marked.

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

We want to make a positive impact on the businesses we operate in, and we are committed to integrating general sustainability principles with regard to human rights, worker rights, protection of the environment and anticorruption. This is stated in our Supplier Code of Conduct.

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

We continuously improve our environmental impact and our management system by educating and training our employees in environmental issues and the environmental effects of our activities, and we continuously identify and manage our environmental risks.

3.B.7 Combatting corruption and bribery in own company and supply chain.

We believe that everything we do in connection with our work will be, and should be, measured against the highest possible standards of ethical business conduct. This is stated in our Supplier Code of Conduct.

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

The Heimdall Power's business model is based on a green global mission and Heimdall Power contributes to several UN sustainability goals as previously described. Heimdall Power is committed to managing environmental impact in a responsible and effective way and continuously improving the environmental performance. Also contributing to climate-positive progress by decarbonizing our operations and supply chain.

4

Track implementation and results

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

4.A. Track and assess

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

Heimdall Power is still in the early stages of company structure which brings our focus towards educating all of the employees collectively and giving each and every one the responsibility to do their best in finding alternatives to common practices and following up the work on this continuously.

The management team have the main responsibility in the organization, bringing this to the Board - and also to customers.

Generally speaking, the significant risks are reviewed once a year in the company objective set up and cooperate risk assessment by the entire management team.

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

This is mainly done through KPIs and OKRs followed-up by the management and the Board.



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. Companies 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 company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

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

We have an open dialogue with our Contract Manufacturer that enables us to also discuss difficult topics. We are prepared to ensure that negative impact will be handled immediately and with input from the people affected by it.

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

Our communication about this is mainly through policies and strategies on our homepage in addition to use of social media. We aim at being as transparent as possible.

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

Heimdall Power is currently not affected by the Transparency Act.



Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect 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 company's policy for remediation of negative impacts on people, society and the environment

We have a Incident and Nonconformity Management procedure that outlines the routines for how we handle negative impacts on people, society and the environment. If we identify that we have caused or contributed to damage or negative impact, it will be handled by delivering some form of improvement to the parties affected by our practices.

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

No cases of remediation in the reporting year.

6.B. Ensure access to grievance mechanisms

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

We encourage employees to raise concerns and suggest improvements in our internal QHSES reporting system and report critical conditions via the internal whistleblowing process. Critical conditions imply conditions of misconduct, that are contrary to law or other ethical standards, that imply danger to life and health, or other wrongdoing.

This is described in the Whistleblowing Procedure and Employee Code of Conduct.

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