



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

# Account reporting year 2023

for SkeidarLiving Group AS

**SKEIDAR**

*Ethical Trade Norway has assessed the report of SkeidarLiving Group AS to meet the criteria of our Base Level. More information about our Base Level can be found [here](#).*

# 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**

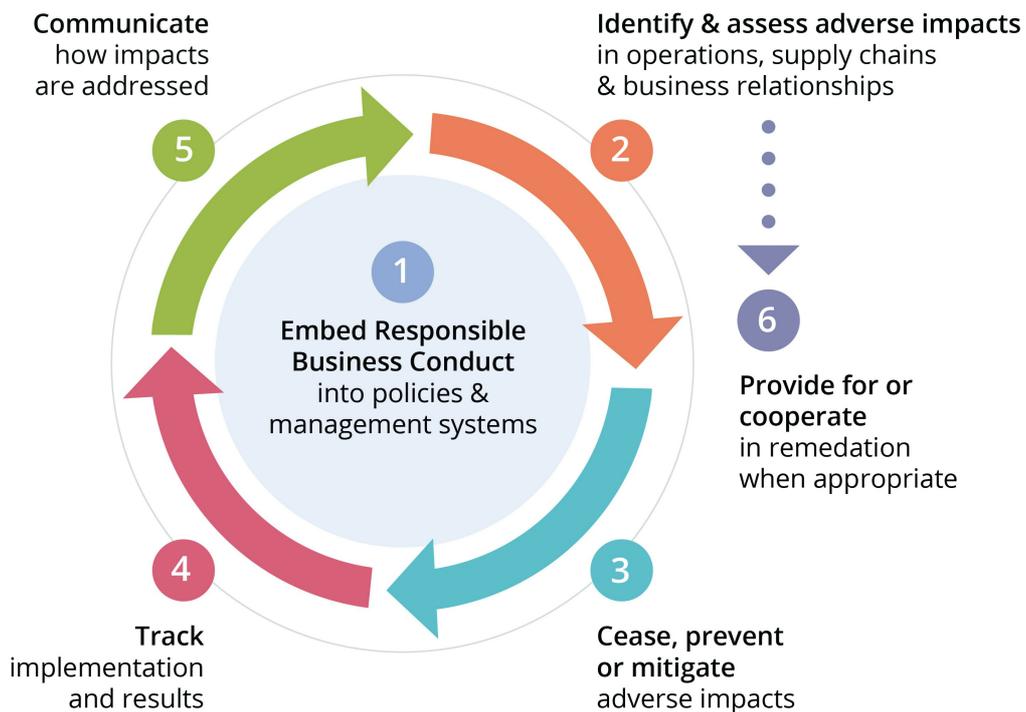
*Executive Director*

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

SkeidarLiving Group (SLG) is a family-owned company dating back to 1912. Our long history have given us broad experience in adapting to changing times. We are always proud of being part of important developments that improve general business conduct and a sustainable world. This goes for all our stakeholders, like customers, suppliers, employees and the society in general. We are now entering into a new phase where sustainability and accountability are key factors, and these will be prioritized as we go forward.

SLG acknowledges the potential impact of our activities on the environment, society, community and climate. We are committed to minimizing this impact through our ethical and responsible choices in all parts of our business. We understand that conducting our business with a focus on sustainability is good for the environment and also essential for our long-term success. By embracing sustainable practices, we are not just meeting regulatory requirements; we are actively contributing to building better and more resilient and thriving societies.

Our commitment to due diligence goes hand-in-hand with sustainability. It involves thoroughly assessing and mitigating risks across our entire value chain, from sourcing raw materials to delivering our products and services. We also believe that by conducting business responsibly, we not only protect the environment but also create lasting value for our stakeholders. We are therefore excited about all our important initiatives towards sustainability and due diligence as a part of our business, and we believe that with the dedication and passion of our competent team, we can achieve many of our high set milestones in the years to come.



Martin Andresen  
*Group CEO*

# Board Signature

**Signers**

 <b>Thomas Bernsen</b> Styreleder 9578-5999-4-1622263 2024-05-02 05:51:46Z	 <b>Susanne Tenden Borch</b> Styremedlem 9578-5998-4-4105884 2024-05-02 07:55:36Z
 <b>Martin Andresen</b> Styremedlem 9578-5999-4-951120 2024-05-02 08:13:46Z	 <b>Håvard Egeland Skjærestad</b> Ansattrepresentant 9578-5997-4-2147154 2024-05-03 10:15:50Z

**Documents in the transaction**

SLG 2023 Report for Ethical Trade Norway.pdf 76e6c4ef6e89be87135fce14b923ccda222872c616735bbad4ea19d303791d5b	SHA256: 76e6c4ef6e89be87135fce14b923ccda222872c616735bbad4ea19d303791d5b
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Oslo, Norway  
03.05.2024

# Enterprise information and enterprise context

## Key enterprise information

### Enterprise name

SkeidarLiving Group AS

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### Head office address

Vogellund 31

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

Furniture and Interior

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### Description of enterprise structure

Since 1912, SLG has assisted Norwegians in having a good time at home. We design and develop a wide range of own products and brands, while at the same time we work closely with several of the Nordics' leading furniture and mattress brands such as Stressless, Jensen, Svane, Formfin, Brunstad, Conform, Hjellegjerde, Fagerheim, Wonderland, Hødnebo, HÅG, Flexlux, XOY, Kleppe, Furninova, Dynoform and Sacco We offer a wide range of modern quality furniture and stylish interior solutions, and we are a specialist company that assists thousands of customers daily by being helpful, professional and available.

SLG is Norway's largest family-owned company engaged in furniture and interiors industries. We have warehouses from Tromsø in the north to Kristiansand in the south, with over 200,000m<sup>2</sup> sales area and a turnover of approximately NOK 2 billion. Our main Head Office is located at Holmen in Asker with the central warehouse in Skien. We have 50 physical stores and an online store in Norway.

Our team, led by the Head of Sustainability, is responsible for Due Diligence Reporting to Group CEO, and to answer queries from external parties regarding SLG's ethical guidelines and due diligence information. The Sustainability Team is responsible to ensure that appropriate due diligence is developed, practiced and maintained across all SLG entities.

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### Turnover in reporting year (NOK)

2 000 000 000

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### Number of employees

716

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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**

1. Three new stores have been added to our existing chains (located in Lørenskog, Skøyen, and Gol), bringing our total number of stores in Norway to 51.
2. We have enhanced our security system by installing new CCTV cameras in some of our stores during 2023. In 2024, we plan to review our budget to explore the possibility of providing CCTV cameras in additional stores.
3. We implemented utilization of sustainable packaging Items in all of our Stores:
  - Plastic Bags: 100% recycled LDPE (90% PCR/ 10% PIR). The recycled plastic comes from the Scandinavian market
  - Paper Bags: 100% new fibers and FSC approved materials
4. Improvement in monitoring and measurement of compliance to GDPR (General Data Protection Regulation) requirements through utilization of RISMA Software. It is 100% operational in SLG Head Office Departments.
5. Improvement in Risk Management (identification, assessment, prioritization, mitigation, and remediation, if applicable) through utilization of Risk Mapping Tool by Ethical Trade Norway. As of 2023, 68% of our Key Suppliers in Europe and Asia (based on purchase spend) have been covered by our assessment. The remaining 32% is planned to be completed by June of 2024.
6. Improvement in Supplier Due Diligence, including completion of various tasks such as 42 supplier audits across Europe and Asia, 100% performance re-evaluation of all active suppliers, and completed 100% communication and acknowledgement of the Supplier Policy & Code of Conduct.
7. Appointment of Head of Sustainability to oversee SLG's Management System and Compliance.

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

Mohan Dharmarajan – Head of Sustainability

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### **Email for contact person for the report**

mohan.dharmarajan@sdh.ae

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## Supply chain information

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

SLG has diverse Supply Chain for sourcing and procuring of products and materials. We purchase directly from suppliers, through wholesalers and own imports from Asia and Europe; and we have a total of 285 suppliers. Nordic Home Int. Trading Co. Shanghai Ltd. in China manages purchases and orders from Asia (e.g. China, Vietnam, India and Indonesia); and coordinates the logistics from furniture factories to SLG Lithuania and SLG Norway. Meanwhile, our SLG Hub in Lithuania handles purchases and orders from inside Europe like Poland, Ukraine, Latvia, Estonia & Lithuania. The design and assortment development are managed from Dubai.

In 2023, 18 of our Key Suppliers in Europe and Asia have been assessed, with 68% purchase spend coverage. Additionally, we continuously conduct periodic Internal audits of our key suppliers and verify their compliance with our requirements as mentioned in our Supplier Code of Conduct. As part of continuous improvement, we further plan to improve the due diligence of our Supply Chain by conducting periodic Risk Assessments, Internal Audits, and Factory Visits of our key suppliers to identify and categorise associated risks and establish appropriate corrective actions as needed.

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

220

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### Comments

Above figure represents number of suppliers where SLG have done purchases in 2023

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### Type of purchasing/ suppliers relationships



The figure for wholly/partially owned production shows the proportion of imports via privately owned trading companies. There has been no major change in 2023 for the type of purchase/supplier.

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

China :	249
The European Union :	23
India :	3
Norway :	4
Vietnam :	5
Indonesia :	1

The figures in the table are based on the actual number of our Suppliers per country of origin.

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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

66 000

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

220

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

300

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#### Comments to number of workers

We inquired with our suppliers and have quantified the responses for 220 suppliers we worked with in 2023

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

<b>Wood, metal and textile for Indoor Furniture</b>	China Vietnam The European Union
<b>Wood, metal and textile for Outdoor Furniture</b>	China Indonesia Vietnam The European Union
<b>Metal, plastic and glass for Lighting</b>	China
<b>Textile for Carpets</b>	Turkey The European Union
<b>Textile for Curtain, Bed Linen and other textile items</b>	China India
<b>Textile, wood and metal for Mattress &amp; Beds</b>	The European Union

Majority of the products and raw materials of SLG are mostly sourced from China.

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

No

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## Goals and progress

### Process goals and progress for the reporting year

1

**Goal:** 100% Acknowledgement rate of 'Supplier Code of Conduct'

**Status:** 100% Completed – received acknowledgement of SCoC from all active suppliers.

2

**Goal:** 100% Internal Audit of SLG entities

**Status:** 100% Completed – internal audit has been conducted in all SLG entities & departments.

3

**Goal:** Internal Audits of at least 5-6 nos. of Key Suppliers of SLG.

**Status:** 100% Completed – 42 nos. of suppliers have been audited

4

**Goal:** Publish Due Diligence Reports on compliance with Transparency Act Regulation on or before June 30, 2023.

**Status:** 100% Completed – published due diligence report in SLG website on June 30, 2023.

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## Goal for coming years

1

Conduct Internal Training for SLG Staff to enhance awareness on 'Environment Protection' by the end of Q2 2024.

2

Conduct Internal Training for SLG Staff to enhance awareness on Sustainability & Circular Economy by the end of Q2 2024.

3

To participate or launch at least 3 nos. of Community Engagements that support sustainable Development by the end of 2024.

4

To complete the transition of compliance from EUTR to EUDR by the end of 2024.

5

Minimise waste in SLG Stores by 10% in 2024 compared to the previous year.

6

Complete the Risk Assessment for Key Suppliers not covered in 2023 Assessment Report.



# 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://www.skeidar.no/om-skeidar/samfunnsansvar/forretningsatferd/>

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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?

Our public statements highlight our responsibilities and the steps we are taking to make a positive impact on the welfare of our people, the community, the environment, and the climate.

In accordance with our Sustainability Policy, we live by the following principles:

1. Respect for People: We maintain a workplace that values diversity, promotes inclusivity, and ensures the well-being of our employees. Our policies reflect a dedication to fair labor practices, employee health, safety, and professional development.

2. Societal Impact: We acknowledge the connection between our company and the broader society. We support improving the public health by minimizing the environmental impact and pollution within the communities where we operate.

3. Environmental Stewardship: We acknowledge the importance of environmental sustainability. We have initiated some eco-friendly practices throughout our operations, from resource management to waste reduction. Additionally, we have started to integrate principles of sustainability and the circular economy into our product design and sourcing processes.

4. Climate Responsibility: We are committed to the responsible use of natural resources by implementing practices that minimize waste, promote recycling, and encourage a circular economy within our operations. We will engage and empower our internal and external stakeholders to contribute to our climate responsibility goals through awareness trainings; and promote sustainable practices both at work and in their personal lives.

Link to our publicly accessible policy for own business:

1. Transparency Act Policy (TA): <https://www.skeidar.no/globalassets/om-skeidar/slg-policy-apenhetsloven.pdf>

2. European Union Timber Regulation (EUTR): <https://www.skeidar.no/globalassets/om-skeidar/slg-policy-eutr.pdf>

3. Policy for Responsible Business Conduct: [https://www.skeidar.no/globalassets/om-skeidar/slg\\_policyforretningsatferd.pdf](https://www.skeidar.no/globalassets/om-skeidar/slg_policyforretningsatferd.pdf)

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

SLG Management, in collaboration with relevant stakeholders, has developed, implemented, and communicated the 'Policy for Responsible Business Conduct.' The ownership of this document has been assigned to the Sustainability Team, tasked with ensuring that business activities adhere to ethical standards. SLG Leaders, comprising Department/Store/Regional Managers, bear the accountability that their team members and relevant stakeholders are informed about and comply with the 'Policy for Responsible Business Conduct.'

Our Group CEO has proactively communicated the policy by emailing all employees within SLG, aiming to raise awareness and motivate them to conduct their tasks in alignment with the company's ethical standards. The CEO has emphasized the importance for all leaders and staff members throughout SLG to showcase their dedication to values and demonstrate respect for others, the community, and the environment. Our Policies are available in our company website, intranet and SharePoint Folder for easy reference and access of our relevant stakeholders.

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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?

Our SLG Sustainability and Due Diligence Structure comprises of the following:

#### **SLG Sustainability Committee:**

##### **1. Group CEO – head of the committee; reporting to the Board of Directors**

- a. Overseeing high-level business operations and sustainability matters
- b. High-level decision-making and authority in the company
- c. Identify high-level or long-term business goals/targets/objectives
- d. Performance Management of SLG Management
- e. Identify, review, approve, and communicate company policies and manual.

##### **2. SLG Management (CEO, Directors, and Senior Managers) – leaders reporting to Group CEO**

- a. Establish, high-level or long-term business strategies and action plans
- b. Establish, monitor, and measure annual goals/targets/objectives and KPIs (high-level and departmental)
- c. Review the applicability of existing company policies and manual.

##### **3. SLG Leaders (Department/Store/Regional Managers) – leaders reporting to SLG Management**

- a. Routine and day-to-day management & decision-making in their respective department or store
- b. Risk identification and management in their respective department or store
- c. Implement, monitor, and measure risk mitigation plans in day-to-day activities.
- d. Ensure adherence to applicable legal requirements and commitment to ethical practices.
- e. Ensure awareness of respective stakeholders to requirements and expectations of SLG

Since 2022, a dedicated Compliance function has been established under the Group CEO and in 2023, we appointed the Head of Sustainability, who provides independent oversight on the due diligence management system and report its performance directly to our Group CEO. This role was created to maintain the independence of due diligence assessment from the sourcing & purchase function. Although, our sourcing team based in Norway and our sister company based in China are closely involved in managing the relationship with our suppliers in Asia and are responsible for implementing our sustainable trade practices and continuously improving the supply chain through weekly meetings and visits to the factories.

We also have our cross-functional team consists of Transparency Act Team Leaders from several depts. such as finance, legal, operations, human resources, etc. who participate in the due diligence assessment based on the scope and nature of the assessments. All the Transparency Act Team Leaders received the needed Awareness Training on Transparency Act Regulations in alignment with The Organization for Economic Cooperation and Development (OECD) Guidelines.

SLG has defined the structure of the responsibility for the work in Due Diligence as follows – Our Group CEO is accountable for the overall success of our Sustainability program, while our Head of Sustainability is accountable for the Transparency Act and due diligence assessments in SLG. The Compliance Officer and the cross-functional team are responsible for the different tasks and duties related to due diligence assessments. The SLG Board of Directors is consulted and/or kept informed of the finding and recommendations made in the report. So informed decisions can be made regarding whether to proceed with the relationship, abandon the deal altogether or take any necessary actions to mitigate risks identified during the process.

### **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?**

To ensure that all SLG employees involved in due diligence work are aware of the organization's own policies, procedures and supplier code of conduct, the following measures are taken:

#### **1. Training and On-boarding:**

- a. Existing employees are trained by respective Managers on risk identification and management
- b. Annual refresher meeting is conducted for existing employees to keep them updated on changes to the policies, procedures, and supplier code of conduct
- c. New employees receive training during their onboarding process, where they are made aware of the enterprise's policies and supplier code of conduct.
- d. Additionally, SLG's Interactive Learning platform (iSkeidar App) makes trainings on policies engaging by incorporating interactive elements such as quizzes, and role-playing exercises. This helps reinforce the understanding and retention of policy information.

#### **2. Policy Documentation and Communication:**

- a. SLG's policies, procedures and supplier code of conduct are documented and are accessible to all employees through multiple channels such as email, intranet, staff meetings, and posters.
- b. Our Responsible Business Conduct and Transparency Act Policies are published on the SLG website.
- c. Apart from utilizing existing communication channels such as staff meetings, newsletters, and bulletin boards to provide updates on policies, we encourage staff members to have regular one-on-one meetings with their team members to discuss any questions or concerns they may have about policies.
- d. We periodically conduct feedback surveys to gather input from staff members about their understanding of organizational policies and any areas where clarification may be needed.

#### **3. Incorporating Policies into Work Descriptions**

- a. SLG work descriptions include references to the enterprise's policies and guidelines, outlining employees' responsibilities in adhering to them. As a part of our policy deployment, our SLG policies are cascaded down to departmental goals and further to employees as action plans to achieve those goals.
- b. Moreover, we integrate policy awareness into our daily operations by discussing relevant policies during team meetings, performance evaluations, and other routine interactions.

#### **4. Management System for Continuous Monitoring:**

- a. Audits and assessments are performed every 6 months to ensure compliance with policies and guidelines.
- b. SMART Objectives are established, measured, and are reported regularly.
- c. Incident reporting mechanism and Remediation Policy are in place to address any violations promptly & effectively.
- d. Annual team meetings are conducted by SLG Leaders in their respective areas to discuss policy updates and their practical importance in employees' positions.
- e. SLG recognises & rewards staff members who demonstrate exemplary adherence to SLG policies. Similarly, we hold all individuals accountable for violations of policies through appropriate disciplinary measures.

By implementing the above measures, SLG ensures that all employees are aware of the organisation's own policies, procedures, and supplier code of conduct, understand their practical importance, and have mechanisms in place to follow up on their work effectively.

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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?**

1. Members of Sustainability Committee have undergone various awareness training on topics like ethical standards, due diligence, internal auditing, risk management, responsible product sourcing, etc.
2. SLG Leaders (Dept./Store/Regional Managers) conducted Team Meeting with their members to discuss about SLG's expectations regarding due diligence for responsible business conduct.
3. Policy and Procedures on Transparency Act are made available in SLG intranet.
4. Transparency Act Policy displayed and Stores' bulletin boards and SLG website.

## 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?**

Our obligation to respect people, society, and the environment are rooted in our business strategies and action plans through integrating social and environmental considerations into its decision-making processes. This involves adopting ethical practices, promoting sustainability, and ensuring social responsibility across our business operations. This alignment helps our company to contribute positively to society and minimize any negative impact on the environment, reflecting a commitment to responsible and sustainable business practices.

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### **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?**

Our approach to sustainability, along with the corresponding initiatives, is evaluated and reported to SLG Leaders, Management, and the Group CEO by the Head of Sustainability. A comprehensive plan, established by SLG management, integrates all sustainability-related measures and other strategies, subject to assessment every year. Our Sustainability Team consistently monitors and tracks our objectives, advancements, and outcomes, with an annual summary and reporting. Management meetings, conducted biannually, serve as a platform for discussing and monitoring strategies, measures, and outcomes.

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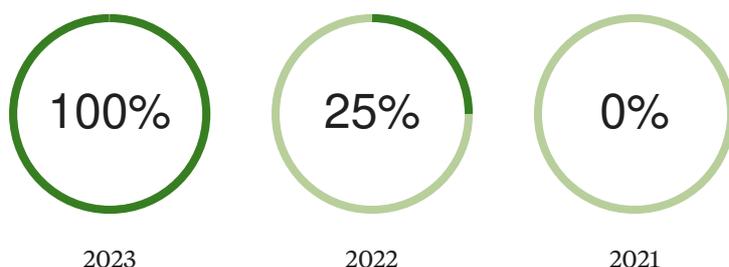
## 1.D Partnerships and collaboration with business relationships, suppliers in particular

### 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?

In our sourcing department, it is mandatory to transparently convey our sustainability and ethical expectations to potential suppliers before awarding and signing contracts. We prefer collaborating with suppliers who align with our values, adhere to our standards, and aim to make a positive impact on society and the environment. We have shared our Policy and Supplier Code of Conduct with all our suppliers and business partners as a reference and guide, requesting them to return a signed copy as confirmation of understanding and agreement to comply. Before initiating any transaction, we ensure they have officially acknowledged and signed our Policy and Supplier Code of Conduct. If a supplier fails to meet our requirements after the contract is finalized, we reserve the right to terminate the contract without legal or commercial repercussions to SLG. We consistently stress to our suppliers that their actions, whether positive or negative, significantly influence SLG's reputation and credibility.

### Indicator

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



We have completed getting acknowledgement (signed copy) of our Policy and Supplier Code of Conduct from all our suppliers and business partners, as confirmation of their understanding and agreement to comply.

## 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?

During the reporting period, our company has encountered valuable experiences related to responsible business conduct. The main progress was the implementation of a comprehensive sustainability program aimed at reducing our environmental footprint. This initiative involved the adoption of eco-friendly practices in our operations, such as energy-efficient technologies, waste reduction measures, and sustainable sourcing.

During 2023, we conducted several physical audits of our key-active suppliers (3 in European Region and 42 in Asia; representing over 75% of our total procurement costs). The objective is to ensure ethical sourcing, legality of timber products, humane labor practices and respect for community and the environment. This involved working closely with suppliers to assess and address any potential risks related to unethical business practices, illegal timber, human and labor rights violations and societal and environmental impact. As a result of this initiative, though no significant issues have been identified, we were able to recognize areas for improvement and implement corrective measures to align our supply chain with our own responsible business conduct standards.

In terms of governance, we enhanced our transparency and accountability mechanisms. We implemented stronger ethical guidelines for employees through routine group meetings to ensure awareness and adherence to responsible business practices. This effort aimed to create a corporate culture that values integrity and ethical decision-making at all levels of the organization.

In conclusion, the reporting period was marked by a series of proactive measures to advance responsible business conduct within our company. The implementation of sustainability initiatives, supplier audit, and governance improvements reflect our commitment to making a positive impact on society and the environment. These experiences have not only strengthened our corporate responsibility framework but have also positioned us as a socially conscious and sustainable business entity.



## 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
Applicable Legal & Labour Requirements	Forced labour Freedom of association and collective bargaining Child labour Wages Working hours Regular employment	China Indonesia India Norway Vietnam
Human Rights	Discrimination Harsh and inhumane treatment	China Indonesia India Norway Vietnam
Working Condition	Occupational Health and safety	China Indonesia India Norway Vietnam

We consider all potential and actual risks present in our own operations and of our supply chain to affect not only our organization, but also our stakeholders, society, and the environment. Our ability to anticipate, identify, mitigate, and remedy these consequences is essential to secure business continuity and demonstrate dedication to sustainability.

Above listed salient issues are considered as 'potential risks' in SLG since they have not yet materialized into an actual negative event. SLG takes this risk identification as proactive measure to mitigate or eliminate the risks before they become an actual problem.

Please refer to Section 2.A.2 for complete details regarding our routines for mapping and identifying risks and how the negative impact/damage was identified, assessed, prioritized, managed, and remedied (if applicable).

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## 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.**

At SLG, we identify, assess, prioritize, manage, and remedy (if needed) all potential and actual risks associated with our business operations using the KUBA HSE System; and of our supply chain using Risk Mapping Tool from Ethical Trade Norway. Risks are reviewed continuously and updated in our Risk Registers every six months, if applicable. Our Team Leaders and Team Champions are responsible for identifying risks at SLG entities and supply chain.

We gather information from historical data, industry reports, expert opinions, publicly available sources, feedback received from our internal and external stakeholders. Additionally, we use techniques like brainstorming, risk assessment, audits, surveys, and interviews to identify risks comprehensively.

### **Risks and associated impact - Within SLG's Operations:**

We use the KUBA System for risk assessment of our departments, stores and warehouses, and periodic internal audit for assessment of processes. Our SLG Leaders (Department/Store/Regional Managers) are responsible for identifying, recording, assessing, prioritizing, and managing risks and their associated impact within their respective areas, including establishing, monitoring, and reporting of corrective actions whenever remediation is required. Furthermore, our Compliance Officer ensures that due diligence in Risk Management is effectively carried out by verifying the implementation of necessary measures through internal audits.

We use the 'Risk Register Form' to record the risks and evaluate each of them based on their likelihood and potential impact on the organization, stakeholders, society, and the environment. The 'Risk Assessment Matrix' is used as a scoring system to assess the severity of each risk. Categorization of risks can be financial risks, operational risks, strategic risks, compliance risks, and reputational risks. Based on the likelihood and severity, we prioritize our risks as 'High, Medium, or Low'. For all medium and high risks, we develop mitigation plans consisting of actions to be taken, responsible person, resources, and target date to complete actions; and a remediation plan whenever needed. 'Low' level risks are acceptable to SLG, and mitigation plan is not required. However, these low risks are checked from time to time to ensure its level of impact is not increasing.

For 2023, we covered SLG departments, stores and warehouses in our risk assessments and internal audits according to the principles for responsible business conduct that are based on UN and ILO conventions. Issues not covered in our risk assessment (ex. human and labour rights, working conditions, wages, etc.) are reviewed and verified through our internal audits. However, the Finance Department is excluded from our Management System's assessment and audit, and a separate fiscal audit by a third party is responsible for this.

Going through our gathered information from risk assessment, audit reports, surveys, brainstorming and interviews, we conclude that SLG operates in a low-risk environment. Our main business, SkeidarLiving Group AS, is located in the Nordic Region, where strict regulations and strong support for transparency, sustainability, human rights, labor rights, health, and safety are provided.

### **Risks and associated impact - SLG Supply Chain:**

As we operate in Retail Industry, we pay much more attention to our supply chain to ensure their activities are in accordance with our ethical standards and statutory laws and regulations of the country where they operate.

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We apply our internal risk management process to oversee risks within our supply chain. This involves utilizing the same system for identifying, assessing, categorizing, prioritizing, and managing risks. We communicate the results of our risk assessments and audits with relevant suppliers and request them to develop suitable mitigation plans for all identified medium and high risks. While low-risk issues are deemed acceptable, we periodically review them to ensure that their impact remains minimal.

Additionally, we communicate our Code of Conduct to our suppliers to outline our business's ethical requirements and expectations. We also require our suppliers to cascade these standards to their own suppliers, ensuring alignment throughout the supply chain.

In 2023, we conducted Risk Assessments for 68% of our Key Suppliers, based on our 'purchased spend'. The remaining 32% is scheduled to be completed by June 2024. Our assessments focused on identifying risks related to production processes, main components, and raw materials. Issues not addressed in our supplier risk assessments, such as human and labor rights, working conditions, and wages, are reviewed and verified through our supplier audits and regular supplier visits.

During the risk assessment, we identified what we consider a 'potential' high-risk scenario with one of our suppliers. However, as there is no concrete evidence to confirm its existence, we assigned it a low priority. Nevertheless, we are continuously monitoring and reviewing this supplier to ensure that its impact does not escalate.

We also conducted physical audits of our suppliers in China and overall, no major significant nonconformities have been raised. Our suppliers are less labor intensive as they have significantly invested in cutting-edge technology and machinery, particularly CNC and robotic machines, which resulted in a more automated operational setup. These machines handle various tasks such as marking, cutting, welding, and painting, yielding positive outcomes like enhanced personnel safety, faster and efficient production, lesser waste, greater accuracy, and reduction in energy consumption.

In addition, all new suppliers are visited and assessed by our designated Representatives prior to being accepted as 'approved supplier'. Assessment is based on production capacity, quality, management system, sustainability, ESG, and HSE. We then conclude that potential risks pertinent to our suppliers are periodically reviewed and managed effectively.

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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.**

By the end of 2023 we audited 68% of our key suppliers to ensure compliance with our business's ethical standards and to assess any potential risks that could significantly impact our organization, stakeholders, society, and the environment, we have scheduled to complete the rest of the audit by June 2024. We are committed to ensuring that any risks associated with our organization's operations and supply chain are appropriately managed and addressed where applicable.

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 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

<b>Salient issue</b>	<b>Applicable Legal &amp; Labour Requirements</b>
<b>Goal :</b>	Verify compliance of SLG & its Suppliers to applicable legal and labour requirements of the country where they operate.
<b>Status :</b>	Internal Audits were conducted and found compliance of SLG & its Suppliers to applicable legal and labour requirements of the country where they operate.
<b>Goals in reporting year :</b>	<ol style="list-style-type: none"> <li>1. Identify applicable legal and labour requirements of the country where SLG and its Suppliers operate.</li> <li>2. Continue 6 monthly internal audits for SLG departments, stores, and warehouses to verify compliance of SLG.</li> <li>3. Continuously conduct supplier audits in the upcoming years and complete at least 20 nos. by the end of 2024 to verify compliance of Suppliers.</li> <li>4. Conduct mandatory audit and risk assessment of new suppliers.</li> </ol>

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

1. 6 monthly internal audits for SLG departments, stores, and warehouses.
2. 42 nos. of supplier audit were conducted
3. Mandatory audit and risk assessment of new suppliers.
4. Identify changes to existing legal and labour requirements.

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

1. Awareness and compliance of SLG & its Suppliers with the latest legal and labour regulations of the country in which they operate.
2. No penalty will be incurred due to noncompliance to legal and labour regulations.

<b>Salient issue</b>	<b>Human Rights</b>
<b>Goal :</b>	To promote an open and inclusive work environment where human rights are respected regardless of employee's position.
<b>Status :</b>	A healthy work environment and strong camaraderie among employees are evident within SLG and audited suppliers.
<b>Goals in reporting year :</b>	<ol style="list-style-type: none"> <li>1. Improve employee satisfaction, engagement and retention.</li> <li>2. Open dialogue between management and employees.</li> </ol>

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

1. Policy for responsible business conduct is in place and communicated.
2. Grievance mechanism is in place and communicated.
3. TA Policy & code of conduct is in place and communicated to all Suppliers.
4. Conducted employee surveys and interviews.
5. Conducted internal & supplier audits based on Transparency Act regulations.
6. Plan to revise Employee Code of Conduct to include provisions on nepotism.
7. Complete TA Employee Survey before end of 2024.

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

1. Improved employee satisfaction, engagement and retention.
2. Regular dialogue between management to be conducted.
3. Issue and communicate TA Policy & code of conduct to all new Suppliers.

<b>Salient issue</b>	<b>Working Condition</b>
<b>Goal :</b>	Ensure that all SLG entities and their suppliers provide a safe, secured, and hygienic work environment for their employees.
<b>Status :</b>	Safe, secured, and hygienic work environment is observed in SLG and audited suppliers.
<b>Goals in reporting year :</b>	<ol style="list-style-type: none"> <li>1. Decrease in number of incidents pertinent to accident and illness.</li> <li>2. Study budget for provision of security cameras in some SLG Stores.</li> <li>3. Improve recording and reporting of incidents.</li> </ol>

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

1. Perform daily safety rounds.
2. Provision of necessary safety items on work premises (ex. PPE, fire alarm & equipment, first aid kits, etc.)
3. Provision of necessary facilities (ex. toilet, pantry, rest area, etc.).
4. Periodic risk assessment and internal audit.
5. Appointment of Verneombud.
6. Annual fire drill is given.
7. Better utilization of KUBA System.

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

1. Lesser occurrence of incidents.
2. Security cameras will be installed in some SLG Stores by the end of 2024.

## 3.B 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

Our Policy for Responsible Business Conduct includes our commitment to 'Green Environment' that aims to protect the environment by actively trying to reduce our own and our stakeholders' environmental impact, as well as to reduce the resource utilization – both activities carried out in-house and by supply chain. As part of our due diligence, we plan to consider environmental concerns and impacts in our decision-making strategy.

We are taking initiatives to demonstrate our commitment to minimize the negative impacts of our business operations to protecting environment from further deterioration by:

1. Maximizing Energy Efficiency - we implement energy-efficient practices within our facilities, such as using LED lighting, investing in energy-efficient appliances and installation of HVAC system to reduce heating and cooling needs.
2. Waste Reduction - we minimize our packaging waste by using recycled or eco-friendly packaging materials. Our Plastic bags are 100% recycled LDPE (90% PCR/ 10% PIR) and paper bags: 100% new fibres. Both are purchased from Scandinavian market.
3. Sustainable products - we design and source products with durability and longevity in consideration. High-quality, long-lasting products reduce the need for frequent replacements. We also opt for modular design furniture that allows customers to add or replace components rather than discarding entire pieces.
4. Resource Conservation - we use electricity, water, and paper responsibly in our facilities.
5. Transportation and Logistics - we optimize our transportation routes and consolidate our shipments to reduce fuel consumption and emissions. Additionally, we explore local sourcing options to minimize the environmental impact of long-distance transportation.
6. Continual Improvement - we review and assess our operations' environmental impact, seeking ways to improve and innovate sustainability practices over time.

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

Preserving the planet for our future generations and operating sustainably remains pivotal to how we do our business. As a part of our sustainability drive, SLG has taken several initiatives for protecting our environment keeping the interests of shareholders, community, and environment in focus. The main initiative is mapping the GHG emissions, and we have completed our GHG emission inventory report indicating direct & indirect emissions of greenhouse gases as CO<sub>2</sub> equivalent units for the base year 2023. For 2024, we have planned measures for reduction in our GHG emissions with goals, responsibilities, and resources, so we are able to reduce and/or avoid emissions within our boundaries. For emissions beyond our control, we are planning to use high-quality carbon-offsets generated from our planned internal projects that create lasting social impact.

#### **Our GHG emissions are as follow:**

Scope 1 - Direct emissions – Transport (upstream) is 673.00 t CO<sub>2</sub>/Year and we are aiming for a reduction of 3-5% in 2024

Scope 2 - Indirect Emission- Electricity - 353.00 t CO<sub>2</sub>/Year (Reduction Target for 2024 is 5%)

Scope 3 - Travel, Waste, paper, hotel stays, etc. 991.33 t CO<sub>2</sub>/Year (Reduction Target for 2024 is 5%)

The above figures are publicly communicated on our website with our ambitions on reducing our emissions.

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

We require our suppliers to adhere to ethical standards in conducting their business operations. We prefer to engage with those who share our vision, values and standards like:

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- Uphold ethical labor practices, including fair wages, safe working conditions, and respect for workers' rights
- Compliance with labor laws, environmental regulations, and other legal requirements in both sourcing and manufacturing locations.
- Implement and communicate clear responsible sourcing policies that outline commitments to ethical, sustainable, and socially responsible sourcing practices.
- Prioritize transparency in supply chain by tracing the origins of materials and components.
- Commitment to sustainability, such as those with eco-friendly manufacturing processes, renewable energy usage, and waste reduction initiatives.
- Prioritize product quality by establishing stringent quality control measures and vetting suppliers for their commitment to quality standards. This helps prevent defects and ensures customer satisfaction.
- Assess and mitigate risks associated with sourcing and implement contingency plans to address potential disruptions.

Our aim is to establish and sustain long-term professional relationships with our suppliers. We also maintain a diverse supplier base to mitigate risks and promote inclusivity. This includes sourcing from small and minority-owned businesses, as well as international suppliers.

We design a comprehensive sourcing plan that outlines our strategy and steps involved in procuring products and services to meet the needs of our organization efficiently and effectively. Our Sourcing plan includes:

- Assessment of Requirements - identify the goods or services needed; determine quantity, quality standards, specifications, and any regulatory requirements; consider any special requirements specific to the product, country of origin, legal regulations, etc.
- Market Research - conduct thorough market research to identify potential suppliers, both local and international; evaluate supplier capabilities, capacity, reliability, and reputation; analyze market trends, pricing dynamics, and potential risks.
- Lead Time - identify required time to complete design, sourcing, manufacturing and deliveries.
- Supplier Selection - develop selection criteria based on factors such as, but not limited to quality, cost, reliability, sustainability, and compliance; solicit proposals or bids from potential suppliers through a formalized process; evaluate proposals against predetermined criteria and select the most suitable suppliers.
- Negotiation - negotiate terms and conditions with selected suppliers, including pricing, payment terms, delivery schedules, and service levels; clarify expectations regarding quality standards, compliance requirements, and any specific contractual obligations.
- Contracting - formalize agreements with selected suppliers through contracts or purchase orders; ensure contracts include clear terms, performance metrics, dispute resolution mechanisms, and provisions for termination or modification.
- Risk Management - identify potential risks associated with sourcing, such as supply chain disruptions, quality issues, regulatory changes, etc.; develop strategies to mitigate risks, such as diversifying suppliers, implementing contingency plans, or securing alternative sources.
- Performance Management - conduct factory visits to assess the performance and adherence of active suppliers to SLG's ethical, technical, and commercial requirements; and mandatory thorough assessment of new suppliers as part of our approval process.
- Continuous Improvement - seek feedback from stakeholders, including end-users and internal departments, to identify areas for improvement; continuously evaluate and optimize sourcing processes to enhance efficiency, reduce costs, and drive innovation; stay informed about industry best practices, emerging technologies, and market developments to adapt sourcing strategies accordingly.
- Documentation and Reporting - maintain comprehensive records of sourcing activities, including supplier agreements, contracts, performance evaluations, and audit reports; generate regular reports to communicate sourcing performance, compliance status, and key insights to relevant stakeholders.

As outlined in section 1.D.1, all of our active suppliers have formally endorsed our Policy and Supplier Code of Conduct as an expression of their commitment to compliance.

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

We believe that choosing sustainable products and looking for relevant certifications are important steps in reducing our environmental and social impact. Here are some criteria and certifications we consider when making sustainable choices:

#### **Our Criteria: When we source our products, whenever possible, we look for:**

1. Durability to reduce the need for frequent replacements.
2. Renewable, recycled, or upcycled materials; and with a lower environmental impact.
3. Local suppliers to reduce transportation-related fuel consumption and carbon emissions.
4. Supplier's social responsibility practices, including fair labor practices and ethical sourcing.
5. Energy-efficiency in production and use.
6. Eco-friendly packaging

#### **Certifications:**

Whenever possible, we opt for the following certifications when sourcing products and selecting suppliers:

1. REACH - to ensure protection of human health and the environment from the use of chemicals during production.
2. Økotex - to ensure that our textile products do not pose any risk to human health and there is no harmful substances and chemicals in the final product.
3. FLEGT and FSC - to ensure that our timber products are legally harvested, traded and transported.
4. ISO 9001 - to ensure our suppliers have existing framework for Quality Management System.
5. ISO 14001 - to ensure our suppliers have existing framework for Environmental Management System
6. ISO 45001 - to ensure our suppliers have existing framework for OHS Management System

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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**

'Freedom of Association and Collective Bargaining' is part of our Policy for Responsible Business Conduct that aims to respect and support workers democratic rights to participate or not participate in trade unions without fear of intimidation, pressure, or reprisal.

Our SLG Management actively supports constructive bargaining processes aimed at achieving collective agreements that mutually benefit both parties. These agreements are focused on safeguarding and enhancing workers' rights, while also ensuring competitive compensation, benefits, and a balanced work-life environment for all employees. We strictly adhere to the relevant laws and regulations concerning 'Freedom of Association and the Right to Collective Bargaining' applicable to the countries in which our entity operates.

Employees within our organization have the freedom to join or establish trade unions, allowing them to collectively engage with management to voice concerns about their working conditions. We are committed to not engaging in any retaliatory actions against employees who are members of legally recognized trade unions. In instances where trade unions are deemed illegal in the country of our entity, SLG Management is open to facilitating 'dialogues and meetings' with employees to address their concerns.

Our commitment to 'Freedom of Association and Collective Bargaining' aligns with the principles outlined in the International Labour Organization (ILO) declaration on the Freedom of Association and the right to Collective Bargaining, as well as the guidelines set forth by the Organization for Economic Co-operation and Development (OECD) for multinational enterprises. Additionally, our policy reflects compliance with the Working Environment Act of Norway and Norway's Transparency Act 2021.

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

Different training sessions were provided to relevant personnel and active suppliers to familiarize them with SLG's requirements pertinent to due diligence and risk management. The training needs were determined based on their job roles & responsibilities w.r.t due diligence.

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

We use several internal control procedures such as separation of duties, access controls, physical audits, standardized documentation, trial balances, periodic reconciliations, physical control over assets and approval authority. We regularly monitor and measure the impact of our anti-corruption policies to identify what's working and what still needs work. Our internal audit teams evaluate, review all controls regularly and spot any weaknesses before they lead to significant losses, their findings assist in improving organization-wide controls regularly.

The 'Whistleblowing Scheme' is part of our Policy for Responsible Business Conduct, a framework that has been effectively communicated to all our stakeholders. We strongly urge our stakeholders to bring forth any genuine concerns related to corruption, fraud, bribes, dishonesty, and other illicit practices. In the event of a whistleblowing incident, we conduct thorough investigations and implement necessary measures to address the issues at hand. Ensuring the anonymity of whistleblowers, if required, is a priority, and we safeguard them from any potential retaliation.

Furthermore, we continuously evaluate and enhance our existing controls to prevent the recurrence of similar incidents. Our 'Whistleblowing Scheme' aligns with international standards, specifically those outlined in the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, the Working Environment Act of Norway, and the Transparency Act of 2021.

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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**

The salient risk identified in our supply chain is "Working hours and wages" where long working hours are driven mainly by low wages, which means that workers often need to work long hours to make ends meet. This could occur in a country where long working hours are accepted culturally or where the Government does not restrict working time or effectively enforce the law. Some businesses can take advantage by requiring workers to do excessive hours or allowing workers to request excessive overtime if their normal wages are not enough to live on.

To prevent such practices SLG has established clear responsibilities and accountability for the implementation of SLG supplier code of conduct that addresses forced labour. Furthermore, we keep communicating & reinforcing our policies & code of conduct.

We have set minimum criteria that a supplier should be capable of meeting regulatory concerns with regards to EUTR and TA. In addition to that we monitor human rights performance through internal and supplier audits. As a next step we are planning a process to provide remedy to workers in our supply chains in cases of forced labour.

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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.**

SLG has assigned responsibilities for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of our negative impact on people, society and the environment as follows:

1. Head of Sustainability - overseeing the implementation of risk management measures, ensuring that tracking mechanisms are in place.
2. Compliance & Sustainability officer - reporting on the effectiveness of risk mitigation measures through internal and supplier audits.
3. EUTR & TA Team Leaders - identifying risks and appropriate risk mitigation measures; and communicate to relevant stakeholders.
4. SLG Leaders – implementing and monitoring risk mitigation measures.

In addition, Site visit, audit, inspection, and regular meetings are some methods used for tracking the effect of control measures implemented. Risk Register is updated accordingly to capture any changes.

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

We at SLG ensure the effectiveness of measures taken to identify, prevent, and reduce negative impact through regular monitoring, evaluation, and feedback mechanisms. This involves consistently assessing the indicators such as labor exploitation, rights to freedom of association and outcomes of implemented strategies, adjusting them as needed, and actively seeking input from stakeholders to gauge their experiences and feedback. Continuous improvement processes, data analysis, and key performance indicators are utilized to measure the success of the company's efforts in mitigating negative impacts.

Our regular audits and reviews help maintain transparency and accountability, ensuring that the adopted measures align with the company's objectives and comply with relevant standards and regulations. We also developed a system to review our Risks Registers every 6 months to assess effectiveness of existing mitigation action plan and control measures; and as part of SLG's due diligence system, our Internal Audit includes verification of periodic review of Risk Registers.



## 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

We communicate with affected stakeholders about the handling of negative impact or damage in 3 groups:

1. Internal Communication - SLG Leaders are responsible to communicate with their respective stakeholders, the identified salient risk(s) and the result of corrective actions taken to mitigate the impact of the risk(s). This is done through sharing and discussing with them the Risk Assessment Analysis and Internal Audit Reports.

2. Supplier Communication - EUTR & TA Teams Leaders are responsible to communicate with their respective stakeholders the identified salient risk(s) and the result of corrective actions taken to mitigate the impact of the risk(s). This is done through sharing and discussing with them the Risk Assessment Analysis and Internal Audit Reports.

3. Public Communication - we publish an annual Due Diligence Report that publicly discloses the significant risks identified in our business and outlines the measures we've implemented to minimize the impact of these risks. The report can be accessed on our company website.

This year we have published our GHG emissions and reduction targets for 2024 on our website along with our GHG Inventory report for base year 2023.

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

As mentioned in 5.A.1, we publish an annual Due Diligence Report that publicly discloses the significant risks identified in our business and outlines the measures we've implemented to minimize the impact of these risks. The report can be accessed on our company website.

To commence our sustainability journey, we started tracking & reporting our GHG emissions, the reporting boundary covers the pan Norway locations of operations of SLG and upstream transport of items from Eastern Europe. We are now targeting a 3 to 5% reduction by the end of 2024 in our Scope 1 (transportation within our operational control boundary) and Scope 2 (associated with electricity used to run our store operations) GHG emissions. Furthermore, we are targeting an overall 5% reduction in our Scope 3 emissions throughout our value chain by 31st Dec 2024 and will aim for a more ambitious reduction in the subsequent years against our 2023 baseline.

For more information, you can read our report posted on Skeidar website:  
<https://www.skeidar.no/om-skeidar/samfunnsansvar/miljo/>

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

SLG has established and implemented 'Procedure for Granting Access to Information' to allow the public to access information about our due diligence efforts. External queries are accepted through [presse@skeidar.no](mailto:presse@skeidar.no) and are openly disclosed on our company website.

SLG TA Team Leader receives and assesses incoming requests and makes the decision to either approve or reject them. Approved requests are then directed to the Compliance Manager or SLG Management for the formulation of response. The replies are exclusively transmitted through the TA Team Leader. All requests and responses are documented in our SLG-E-TA-FORM-04-EN - Access to Information Log.

We reserve the right to deny access to information if:

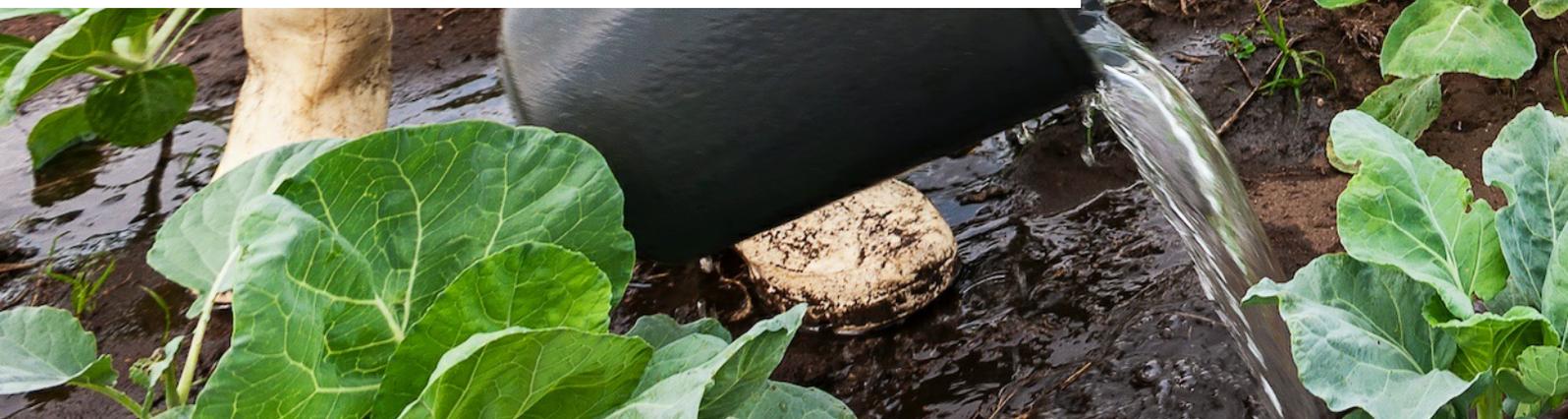
1. The request does not provide a sufficient basis for identifying what the request concerns.
2. The request is clearly unreasonable.
3. The requested information concerns data relating to an individual's personal affairs.
4. The requested information is confidential for competitive reasons, classified under the Security Act, or protected under the Intellectual Property Rights Act.



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

We use 'Risk Mapping Tool' to record, assess, prioritize, and plan appropriate actions to negative impacts that our operations, including activities of our supply chain, causes or may cause to people, society, and the environment. Our Diligence and HSE Risk Management Procedures incorporate steps on how we will address the identified adverse impacts. In the event of verified harm to individuals, society, or the environment, concerned SLG Leaders of respective areas will promptly formulate mitigation plan; and communicate to concerned stakeholders the Risk Assessment and action plan. SLG Management are consulted as needed, Head of Sustainability ensure appropriate remedial actions are established and implemented, and Compliance Officer verifies effectiveness of remediation through audits and site visits.

Please refer to our Policy for Remediation in Norwegian and English versions:

#### **\*\*\* Utbedrings Policy**

Retningslinjer for å håndtere eventuelle tilfeller av manglende overholdelse, forsømmelser eller andre problemer som kan oppstå i selskapet og i forsyningskjeden vår. Vårt mål er å raskt og effektivt rette opp slike problemer, samtidig som vi opprettholder vår forpliktelse til integritet, rettferdighet og etisk forretningspraksis.

Hos SLG erkjenner vi den uunngåelige muligheten for brudd og manglende overholdelse i vår virksomhet og i vår forsyningskjede som potensielt kan føre til negative konsekvenser for interessenter, samfunn og miljø. I slike tilfeller fungerer utbedring som en kritisk mekanisme for å håndtere ettervirkningen av disse negative effektene og gjenopprette tillit.

Formålet med disse retningslinjene for utbedring er å utdype trinnene og prosedyrene som skal følges når man adresserer hendelser, brudd eller mangler i SLGs systemer, prosesser eller operasjoner og i våre leverandørers virksomhet. Målet er å effektivt og raskt identifisere, redusere og løse eventuelle problemer for å minimere potensielle risikoer og konsekvenser for organisasjonen, interessenter, samfunn og miljø.

For enhver identifisert negativ innvirkning har vi etablert et effektivt rammeverk for utbedring og vurderer flere viktige elementer som:

#### **1. Hendelsesrapporterings- og rapporteringsmekanisme:**

Vi har etablert klare og tilgjengelige kanaler for ansatte for å rapportere eventuelle bekymringer eller brudd de kan observere. Disse kanalene inkluderer direkte rapportering til deres overordnede, linjeleder, HR-avdelingen eller anonymt gjennom vår varslings-e-post - Norway: karine.lauritzen@slg.no, Lithuania: juozas.bernotas@slg.lt and China: Edison.Shang@nf-d.no

Enhver ansatt eller person som blir oppmerksom på en hendelse, brudd eller mangel, må umiddelbart rapportere det, og rapportene deres skal inneholde detaljert informasjon som hendelsens art, dato og klokkeslett for forekomsten og eventuelle relevante bevis eller dokumentasjon.

#### **2. Hendelsesvurdering:**

Etter å ha mottatt en rapport, vil det umiddelbart iverksettes en intern undersøkelse for å samle relevant informasjon og vurdere situasjonen. Undersøkelsen vil bli gjennomført upartisk og med største konfidensialitet for å beskytte rettighetene og personvernet til alle involverte parter.

Dette kan innebære å raskt vurdere situasjonen for å fastslå omfang, alvorlighetsgrad og potensiell innvirkning og gjennomføre, revisjon, undersøkelse, intervju og andre typer forespørselsmetoder.

#### **3. Utbedringsplan:**

Hvis undersøkelsen bekrefter brudd på selskapets retningslinjer eller etiske standarder, vil det bli utviklet en

utbedringsplan etter behov som inkluderer passende korrigerende tiltak vil bli tatt for å håndtere hendelsen og redusere eventuelle tilknyttede risikoer. Disse tiltakene kan omfatte disiplinære tiltak, omskolering, policyrevisjoner eller andre tiltak som anses som nødvendige for å løse problemet og forhindre gjentakelse.

#### **4. Tilstrekkelige ressurser:**

SLG-ledere vil identifisere og allokere tilstrekkelige ressurser, inkludert økonomiske, menneskelige og tekniske evner for å støtte utbedringsprosessen; og sørge for at berørte parter får nødvendig støtte og at utbedringsarbeidet blir tilstrekkelig gjennomført.

#### **5. Gjennomføring av saneringsplan:**

Utbedringsplanen vil raskt bli implementert av ansvarlig avdeling eller enkeltpersoner. Tidslinjer vil bli etablert for å sikre rettidig gjennomføring av oppgaver og aktiviteter.

#### **6. Overvåkings- og gjennomgangsprosess:**

Gjennom utbedringsprosessen vil vi overvåke effektiviteten av våre utbedringstiltak og gjennomføre regelmessige oppfølginger for å sikre overholdelse av de korrigerende tiltakene og for å identifisere eventuelle ytterligere tiltak som kan være nødvendige. I tillegg vil vi kontinuerlig gjennomgå og oppdatere våre retningslinjer og prosedyrer for å redusere fremtidige risikoer og fremme en kultur av integritet og ansvarlighet.

#### **7. Kommunikasjon:**

Transparent kommunikasjon er viktig gjennom hele utbedringsprosessen. Kommunikasjonskanaler kommuniseres tydelig til alle ansatte og også til våre leverandører og deres ansatte.

Oppdateringer om status for utbedringsarbeidet, samt eventuelle relevante funn eller endringer, vil bli kommunisert til interessenter etter behov.

#### **8. Dokumentasjon:**

Dokumentasjon av alle hendelser, vurderinger, utbedringsplaner og iverksatte tiltak vil bli opprettholdt for referanse- og revisjonsformål. Denne dokumentasjonen vil inneholde detaljer som hendelsesrapporter, vurderingsfunn, utbedringsplaner, implementeringsposter og gjennomganger etter utbedring.

#### **9. Kontinuerlig forbedring:**

Utbedringsprosessen vil bli gjenstand for kontinuerlig forbedring gjennom regelmessige gjennomganger, leksjoner-lærte øvelser og tilbakemeldingsmekanismer. Dette sikrer at organisasjonen forblir proaktiv i å håndtere hendelser og forbedre sin generelle sikkerhetsstilling.

#### **10. Gjennomgang av retningslinjer:**

Disse retningslinjene vil bli gjennomgått og oppdatert etter behov for å gjenspeile endringer i teknologi, forretningsdrift eller forskriftsmessige krav.

Ved å implementere disse retningslinjene for utbedring bekrefter vi vår forpliktelse til å opprettholde de høyeste standarder for etisk atferd og eierstyring. Vi mener at det å fremme en kultur for åpenhet og ansvarlighet er avgjørende for å opprettholde tilliten til alle våre interessenter.

Jeg oppfordrer hver og en av dere til å gjøre dere kjent med detaljene i retningslinjene for utbedring og fremme overholdelse av dem i hele organisasjonen og i forsyningskjeden vår. Sammen kan vi opprettholde selskapets omdømme og sikre langsiktig suksess.

#### **\*\*\* REMIEDIATION POLICY**

The Remediation Policy outlines our approach to addressing any instances of non-compliance, misconduct, or

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other issues that may arise within the company and in our supply chain. Our goal is to swiftly and effectively remediate any such issues while upholding our commitment to integrity, fairness, and ethical business practices.

At SLG, we acknowledge the inevitable possibility of violations and non-compliance in our operations and of our supply chain that may potentially result in adverse impacts on stakeholders, society and environment. In such cases, remediation serves as a critical mechanism to address the aftermath of these negative effects and restore trust.

The purpose of this Remediation Policy is to elaborate the steps and procedures to be followed when addressing incidents, breaches, or deficiencies within SLG's systems, processes, or operations and in our suppliers' operations. The goal is to effectively and promptly identify, mitigate, and resolve any issues to minimize potential risks and impacts on the organization, stakeholders, society and environment.

For any identified adverse impact, we have established an effective remediation framework and considering several key elements such as:

### **1. Incident Reporting & Reporting Mechanism:**

We have established clear and accessible channels for employees to report any concerns or violations they may observe. These channels include direct reporting to their supervisors, line manager, the HR department, or anonymously through our whistleblowing email - Norway: karine.lauritzen@slg.no, Lithuania: juozas.bernotas@slg.lt and China: Edison.Shang@nf-d.no

Any employee or individual who becomes aware of an incident, breach, or deficiency must promptly report it and their reports should include detailed information such as the nature of the incident, the date and time of occurrence, and any relevant evidence or documentation.

### **2. Incident Assessment:**

Upon receiving a report, our designated investigative team will promptly launch an investigation to gather relevant information and assess the situation. The investigation will be conducted impartially and with utmost confidentiality to protect the rights and privacy of all parties involved.

This may involve promptly assessing the situation to determine the scope, severity, and potential impact and conducting investigation, audit, survey, interview and other type of enquiry methods.

### **3. Remediation Plan:**

If the investigation confirms a violation of company policies or ethical standards, a remediation plan will be developed, as needed that includes appropriate corrective actions will be taken to address the incident and mitigate any associated risks. These actions may include disciplinary measures, retraining, policy revisions, or any other steps deemed necessary to address the issue and prevent recurrence.

### **4. Adequate Resources:**

SLG Leaders will identify and allocate sufficient resources, including financial, human, and technical capabilities to support the remediation process; and ensure that affected parties receive the necessary support and remediation efforts are adequately implemented.

### **5. Implementation of Remediation Plan:**

The remediation plan will be promptly implemented by the responsible department or individuals. Timelines will be established to ensure timely completion of tasks and activities.

### **6. Monitoring and Review Process:**

Throughout the remediation process, we will monitor the effectiveness of our remediation efforts and conduct

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regular follow-ups to ensure compliance with the corrective actions and to identify any additional measures that may be required. Additionally, we will continuously review and update our policies and procedures to mitigate future risks and promote a culture of integrity and accountability.

#### **7. Communication:**

Transparent communication is essential throughout the remediation process. Channels of communications are clearly communicated to all employees and also to our suppliers and their employees.

Updates on the status of remediation efforts, as well as any relevant findings or changes, will be communicated to stakeholders as appropriate.

#### **8. Documentation:**

Documentation of all incidents, assessments, remediation plans, and actions taken will be maintained for reference and auditing purposes. This documentation will include details such as incident reports, assessment findings, remediation plans, implementation records, and post-remediation reviews.

#### **9. Continuous Improvement:**

The remediation process will be subject to continuous improvement through regular reviews, lessons-learned exercises, and feedback mechanisms. This ensures that the organization remains proactive in addressing incidents and enhancing its overall security posture.

#### **10. Policy Review:**

This Policy will be reviewed and updated as necessary to reflect changes in technology, business operations, or regulatory requirements.

By implementing this Remediation Policy, we reaffirm our commitment to upholding the highest standards of ethical conduct and corporate governance. We believe that fostering a culture of transparency and accountability is essential to maintaining the trust and confidence of all our stakeholders.

I encourage each of you to familiarize yourselves with the details of the Remediation Policy and to promote its adherence throughout the organization and in our supply chain. Together, we can uphold our company's reputation and ensure its long-term success.

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

No cases were found in 2023. However, SLG has the Remediation Policy, procedures & reporting mechanism in place, if remediation is needed.

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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**

Internally, we have our 'Grievance Procedure' posted in our SLG Intranet which is accessible by all SLG employees. It details how to raise grievance and the details of the contact person. In general, SLG employees can raise grievance either via email or phone call. For local communities and suppliers, there is a 'Complaint Form' publicly available on SLG website to raise grievance on SLG's products, services, and any other issues.

SLG Management monitors employee grievance and community grievances & addresses them quickly to ensure proper resolution of the matter and ensures that the same issue does not recur.

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