

The Transparency Act



In accordance with the Transparency Act, Norwegian Property has taken measures to prevent and mitigate any actual, or the risk of, adverse impacts on human rights or human working conditions in the group's operations, supply chain and other business relationships. Measures have been taken to cease, prevent and mitigate any such adverse impacts. Responsibility for follow-up is delegated across relevant departments within the group, and all the measures have been approved by both the executive management and the board; thus, accountability is embedded as per the OECD guidelines. Norwegian Property follows the OECD Guidelines to comply with the Transparency Act.

Annual processes

Accountability with the board

In 2022 the board adopted an annual plan to follow up on the activity and reporting obligation that follows from the Transparency Act. The annual plan includes, but is not limited to, tasks such as risk assessment of the supply chain, the proposal of measures to reduce risk and evaluation of measures, in addition to mapping the company's supply chain, reviewing the group's established ethical guidelines for suppliers, and updating purchasing routines as well as supplier contracts and routines for whistleblowing. The board receives an annual report on the results of the activities and risk assessments. The CEO places the responsibility to follow up on tasks relating to the Transparency Act among relevant departments within the group. All measures have been approved by the executive management and the board; thus, accountability is embedded as per the OECD guidelines.

Guidelines and internal communication

Norwegian Property follows the OECD guidelines for responsible business conduct to fulfil the group's obligations to respect human rights and decent working conditions. This is incorporated in the following routines and guidelines:

- NPROs Guidelines for Suppliers
- NPROs Ethical Guidelines for Employees.
- NPROs Corporate Social Responsibility Guidelines
- NPROs Sustainability Strategy

- NPROs Purchasing Routines
- Contract for Purchasing of goods and services on three levels.
- HMS Policy and Action Plan
- Whistleblowing Routines



Ethical guidelines and CSR guidelines are reviewed and updated by the board on an annual basis. The guidelines for suppliers, purchasing routines, supplier contracts and whistleblowing routines were updated in 2022 and are updated to meet new legislation and requirements. Employees are updated on the Transparency Act on an annual basis through an all-hands meeting where the sustainability department presents the ESG report. Many employees are also involved in the risk assessment of the supply chain throughout the year as this involves several departments. On an annual basis, all employees receive the ethical guidelines for employees as e-learning where dilemmas and best practices are presented. This includes information on the purchasing routines as well as how to be a responsible buyer. The e-learning requires all employees to sign that they have read and understood the ethical guidelines for employees.

In addition to continuously seeking relevant knowledge of the supply chain the following work on the Transparency Act has been conducted in 2023:

Q1

- All employees received the e-learning on ethical guidelines for employees. In 2023 all employees have signed the guidelines.
- Due diligence and risk assessment of the supply chain with the operations department

Q2

- General staff meeting with an update and status of the work with the Transparency Act

Q3

- Due diligence and risk assessment with representatives from the marketing, operations, finance, and sustainability departments.

Q4

- Due diligence and risk assessment to the board
- External expertise consultancy with PWC

- External expertise consultancy with StartBANK
- Evaluation of measures with the operations and development departments.



Systems for handling the obligation to provide information

An e-mail address published on the company website is set up as a channel to receive inquiries on information regarding the Transparency Act. Such inquiries will be distributed to the sustainability department. The sustainability department has the overall responsibility to keep an overview of routines, instructions, and guidelines. It can collect the necessary statistics or information required from the relevant departments to conduct a reply. A reply must be given within three weeks.

Mapping the supply chain

To keep track of the group's supply chain and conduct relevant and updated risk assessments Norwegian Property maps its supply chain at the end of each quarter. This is done by compiling a list of each supplier that has invoiced the group in the current quarter. To outline where the company has substantial buying power and which suppliers belong to industries at risk of violating human rights or decent working conditions, the suppliers are divided into industry categories, the amount, and the number of times they have invoiced the group.

Risk analysis

Letting, operation and management of Norwegian Property's existing property portfolio constitute the materiality of the group's business. In 2023 the group had no construction projects but conducted some refurbishments of existing buildings.

The due diligence assessment of the group's supply chain is done by compiling knowledge of the industries Norwegian Property buys its goods or services. The company contacts various unions related to the industries, Amnesty International, the Norwegian Labour Inspection Authority and other relevant organizations to map which industries have the greatest risk of violation of human rights and decent working conditions. This forms the basis for priorities and gives an understanding of how the company can cease, prevent, or mitigate any such risks.

As a property group with all its activities in Norway, Norwegian Property does not face the greatest human rights challenges in its everyday operations. However, the suppliers it uses could be subject to challenges, in part related to social dumping. In the construction industry, the latter could be associated with economic migrants whose wages and employment conditions are significantly worse than for national workers. The risk assessment concluded that since Norwegian Property operates in Norway and follows Norwegian legislation the group is not exposed to a high risk of severe violation of human rights or decent working conditions. However, in the group's supply chain, there are industries with low educational requirements and suppliers who hire foreign or migrant workers with limited knowledge of their rights, thus the risk of violation of decent working conditions in the supply chain is present. There are also examples of social dumping in the construction industry. Norwegian Property has therefore focused on measures for suppliers within these industries.



Measures

The greatest opportunities for Norwegian Property to promote and respect human rights and help prevent human rights abuses accordingly lie in being a responsible purchaser of goods and services. Through its ethical guidelines and by acting as a responsible purchaser, the group seeks to ensure that suppliers apply key principles which accord with those of Norwegian Property. In 2022 a law firm was engaged in conducting the company's guidelines for suppliers and supplier contracts to ensure all relevant legislation was in place and substantial enough to guarantee the right to act if any occurrence of violations of human rights or decent working conditions is uncovered. In addition, buying routines now include requirements that all relevant suppliers are members of StartBANK– a community developed by The Norwegian Construction Industry Association (BNL) to meet the increase in legislation and risk management needs of construction and facility management clients in Norway. The Sustainability department in collaboration with the finance, CMOM and development departments has divided responsibility to follow up that memberships are in place. CMOM is responsible for requesting memberships when ordering goods or services, and the finance and sustainability departments are responsible for annual check-ups against suppliers who have invoiced the company. By the end of Q4 2023 a total of 256 suppliers has committed to the company's guidelines for suppliers and a total of 187 suppliers are a member of StartBANK.

Evaluation



Relevant KPIs for measuring risks will be possible incidents and the number of times the company may be given notice of breaches or violations of human rights and decent working conditions. The board in collaboration with the management group must consider how to resolve or possibly provide compensation if such risks have occurred. If necessary, the company will seek advice from advisers such as auditors or lawyers. The company will conduct annual due diligence assessments mapping the supply chain. An overview of risks will be obtained through articles in the media, and input from organizations, authorities, and other relevant sources. In addition, Norwegian Property will assess best practices for the property industry and how other large companies work to comply with The Transparency Act.

No breach of human rights or decent working conditions within Norwegian Property or its supply chain was found in 2023.

The work to comply with and report on the Transparency Act is an ongoing process. To ensure that the due diligence of the supply chain will uncover risks and potential violations in the future the group rely on good internal communication and follow-up on the routines and guidelines. In 2023 departments involved in the evaluation of the measures concluded that there is room for improvements in the risk assessment and due diligence of the supply chain. Following multiple links in the supply chain and conducting dialogue meetings with suppliers who are subject to higher risks have been raised as relevant measures to implement in 2024.