

Øglænd System Group's work on fundamental human rights and decent working conditions according to Transparency Act (LOV-2021-06-18-99)

Annual Report 2024

About Øglænd System Group

Øglænd System Group is required to prepare an annual report under the Norwegian Transparency Act. This report is published in 2024 for Øglænd System Group (referred to as "Company" throughout the report). Øglænd System Group in Norway includes entities Øglænd System AS, Øglænd Industrier AS and Øglænd Group Holding AS.

Øglænd System Group is a global solution provider of multidiscipline support systems, cable ladders, cable trays and associated services with more than 40 years of experience. It runs factories located in Norway, Malaysia, and China. The headquarter and main production of steel products is located in Klepp southwest in Norway, with around 270 employees. The company works with roughly 11 core direct suppliers to purchase the material used in our products. Approximately 55 percent of these suppliers are based in Europe, 45 percent in the Asia/Pacific region and 0 percent in the western hemisphere outside Europe. It serves customers within oil & gas, shipbuilding, wind energy, infrastructure, marine farming, and many other industries. All its production facilities are ISO 9001, ISO 14001 and ISO 45001 certified.

Øglænd System Group is a wholly owned subsidiary of Hilti Corp., headquartered in Liechtenstein, and is a member of Hilti Corp.'s global group of companies (referred to as "Hilti", "we", "our" throughout the report). The Hilti Group supplies the worldwide construction and energy industries with technologically leading products, systems, software and services. With about 34,000 team members in over 120 countries Hilti stands for direct customer relationships, quality, and innovation. Hilti generated annual sales of more than CHF 6.5 billion in 2023. The headquarters of the Hilti Group have been in Schaan, Liechtenstein, since its founding in 1941. Hilti Corp. is privately owned by the Martin Hilti Family Trust, which ensures its long-term continuity. The Hilti Group's purpose is making construction better, based on a passionate and inclusive global team and a caring and performance-oriented culture.

As part of the international Hilti group of companies, the Øglænd System Group companies are vigilant to ensure that our own business and supply chain partners are compliant with human rights standards and provide decent working conditions, as set out in the Universal Declaration of Human Rights and the Declaration of the International Labor Organization on fundamental principles and rights at work, and we are committed to protecting these rights using best practices according to the OECD Guidelines for Multinational Enterprises beyond the reported topics under the Norwegian Transparency Act. Already since 2006 the Hilti Group is committed to the

ten principles of the UN Global Compact. This is reflected in our strategy, Code of Conduct for Employees, our Code of Conduct for Suppliers, and related policies. We report on our progress by publishing our annual Sustainability Report.

Our approach, principles, guidelines, and procedures

Our global operations come with an inherent risk of adverse impacts on human rights standards, and we must be diligent to provide decent working conditions in our own facilities and supply chain.

Our commitment to human and labor rights for our employees is covered by the national framework agreement between Øglænd System AS and the Norwegian trade unions Fellesforbundet, Tekna and NITO, and our own Human Rights Policy.

We have a thorough qualification process for suppliers before onboarding them to our supply chain. Since 2012, we have formally required each of our direct suppliers of raw materials (e.g. stainless steel, carbon steel, aluminium) to commit to compliance with our Code of Conduct for Suppliers as well as Hilti's Sustainable Sourcing Policy, which clearly sets out Hilti's expectations and requirements. Both the Code of Conduct for Suppliers and the Sustainable Sourcing Policy must be contractually agreed to before we embark on a business relationship. Since 2019, also high-risk indirect materials suppliers, for instance branding clothing suppliers, are subject to a risk-assessment approach. Sustainable Sourcing Policies in both direct and indirect procurement, must be obeyed when sourcing decisions are taken ensuring that parameters are equally rated.

Alternatively, suppliers may have their own established principles or codes that meet our requirements. During 2023 Øglænd System Group experienced 2 suppliers who rejected our Code of Conduct for Suppliers (CoCfS). Due to our internal escalation process, one of the suppliers has now accepted our CoCfS and the other one is still ongoing. In terms of human rights and decent working conditions, our suppliers commit, for example, to eschew slave labor, servitude, forced or compulsory labor and human trafficking, to pay minimum wages and not to make use of child labor, as well as the correct handling of hazardous substances and environmental protection. Hilti suppliers participate in an IT-based supplier-relationship management system connected with our procurement solution provider and support the assessment regarding sustainability, business ethics and human rights.

Suppliers can expect Hilti to abide by and actively live by the core values set out in its Code of Conduct which is mandatory for all Hilti employees. Vice versa, Hilti expects suppliers to abide by all applicable national and international laws and regulations as well as by the requirements of the Code of Conduct for Suppliers.

We use a digital solution for contractual communication with our suppliers. Through this solution, we are already connected to almost all our around 900 core suppliers at Hilti Group level and Øglænd System Group, which handle 99 % of our total purchasing volume of direct materials. Our goal is to have contract documentation and communication from all suppliers on this platform, including indirect procurement such as office supplies and services. This enables us to document standards, product declarations of conformity, agreements and audit results, and helps us to systematically cultivating our supplier relationships, including human rights and decent working conditions.

As a result of the described approach, Hilti suppliers participate in IT connected, external service providers assessment regarding sustainability, business ethics and human rights – with a specific risk assessment scoped to the requirements of the Norwegian Transparency Act. The same provider does this for other country specific requirements for us, e.g the German supply chain act since supply chain acts are similar but not the same. On top we establish our own monitoring observing human rights and working conditions reports in relevant forums and based on our product portfolio related risk in a bottom-up approach.

Risk assessment & mitigation

We are constantly reviewing industry best practices and statements from government and non-governmental agencies, that is why we are very critical of our human rights due diligence. We not only aim to tackle but also to prevent and foresee possible dangerous situations. We looked for and identified risks in some areas of our business and based on our findings and on public press releases, we primarily discerned risks in:

- the production of Hilti branded clothing
- the supply of indirect material
- the extraction of electronic components, raw materials, and minerals

The risk assessment is based on actual reports of Human rights violations from the media and government and non-government organizations. In addition, in Norway, the DFØ overview of high-risks products is used as a source to identify the highest risks.

The clothes production is addressed in collaboration with Hilti's global suppliers for clothing as part of the internal procurement process. This topic was also assessed by external audit and certification provider regarding the occupational safety and working conditions. Recently, considering the public reports on reported incidents from indirect material, e.g., tea, coffee and solar panels, we decided to put in place a system whereby our suppliers working in this sector are now subject to new ad-hoc requirements and standards. The main novelty resides in the introduction of the duty to submit additional evidence of the suppliers' respect of and compliance with human rights, and of the duty to guarantee that they fulfil this obligation respecting the standard approach in such instances.

Regarding the raw material extraction, an in-scope material short-list was created and was the starting point to address modern slavery and other relevant human rights and labour standard risks in this area. In a first step, all direct suppliers have been required to provide insights into their supply chain, based on a standard risk assessment. As a second step, third party sustainability assessments are consulted, their results are entered into a bonus malus system in our supplier rating. After evaluating our entire supplier portfolio, we plan to focus more on sustainability initiatives for individual material groups in a third step.

For Øglænd System Group the following are under review:

- Aluminum
- Tin
- Tungsten

Within the scope of raw materials due diligence, we are critically aware that we currently process various materials in our products, which may originate from minerals sourced from Conflict-Affected and High-Risk Areas

(CAHRAs). At present, there is no equivalent substitute for these minerals, the extraction of which may help finance armed conflicts or may lead to political instability, insecurity, widespread violence, and widespread human rights violations in CAHRAs.

To mitigate associated risks, we ask our suppliers about the origins of their materials, and we require them to critically assess their own supply chains and to ensure that no materials derived from regulated conflict minerals are present in our products. By using the [Conflict Minerals Reporting Template \(CMRT\)](#), developed and maintained by the [Responsible Minerals Initiative \(RMI\)](#), we gather information throughout the supply chain regarding the countries of origin and the smelters and refiners utilised for processing tin, tantalum, tungsten, and gold (commonly abbreviated as "3TG"). In addition, by using the [Extended Minerals Reporting Template \(EMRT\)](#) from RMI, we also gain clarity on our cobalt and mica supply chains. Both the CMRT and EMRT standards are designed to be aligned with the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).

We have successfully obtained replies from almost all our relevant suppliers, the vast majority of whom either declared that 3TG minerals, cobalt, and mica are not contained in the products they supply to us, or that any 3TG minerals, cobalt, and mica contained have been properly sourced, as evidenced by an attached CMRT and/or EMRT. Furthermore, we have established a clear process flow, in which a supplier is contacted directly through the Corporate Compliance team, if they do not respond to our CMRT and EMRT requests, or if the requested CMRT and EMRT have not been completed correctly and fully.

The close collaboration with our suppliers makes it possible to directly incorporate feedback and common insights. During the reporting year, we intensified the exchange with selected major suppliers, conducting workshops to identify potential for product improvements. We started with an exchange exploring our common sustainability strategy, our values and goals, proceeded with deep dives into the sourcing strategy, elaborating our expectations towards our suppliers, and finally conducted a workshop resulting in concrete actions and initiatives at a product level.

The described efforts in direct and indirect procurement allow us to cease and/or mitigate potential adverse impact of our business operations and those of our suppliers.

What Hilti expects of suppliers:

- To ensure healthy and safe working conditions
- To effectively prevent and control hazards and to ensure product safety
- To pay at least the legal minimum wage and to provide the overtime compensation specified under applicable laws and regulations

What suppliers may not do:

- Make use of child or forced labour (according to ILO Conventions 138 and 182 as well as 29 and 105)
- Discriminate on the basis of ethnicity, nationality, sex, cultural background, race, age, disability, religious beliefs, or sexual orientation
- Exceed the maximum legal working hours excessively and for long periods (according to ILO Conventions 1 and 30)

- Obstruct their workers' rights to assembly, association, and collective bargaining
- Make use of any type of mental and/or physical forms of disciplinary action and engage in systematic harassment

Training

Comprehensive and target-group oriented compliance training concepts ensure that we raise awareness and inform our employees about human rights standards and decent working conditions etc. globally. All our colleagues received a human rights awareness training, either as a separate vignette as part of our Code of Conduct online training, or as part of a face to face Code of Conduct dilemma training for colleagues who do not have their own PC at their working place (blue-collar workers). Furthermore, we work with nudging towards continuous awareness.

All new general managers of a Hilti entity are trained on compliance issues in their area of responsibility as part of comprehensive training for general managers immediately after taking office including such on work environment and human rights. To ensure the correct application of our sustainable sourcing policy, we are training our internal supply community on the topic. Finally, especially for direct suppliers in countries with less established sustainability practices and within material groups with substantial sustainability impact, we offer and provide trainings on social practices on a regular basis, thereby promoting positive social impact action, as we do so with the initiatives of the Hilti Foundation to bring positive social impact at scale.

Relevant documents and resources

[Website – Øglænd System Group](#)

[Website – Hilti Group](#)

[PDF – Statement Regarding Modern Slavery](#)

[PDF – Code of Conduct for Suppliers](#)

[PDF – Code of Conduct](#)

[PDF – Hilti Sustainability Report 2022](#)

[PDF – Sustainable Sourcing Policy](#)

On behalf of Øglænd System AS

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On behalf of Øglænd Industrier AS

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