



A Group Company of 

Øglænd System AS
Engelsvollvegen 264
Post box 133, 4358 Kleppe
Phone.: +47 51 78 81 00
E-mail: oglaend@oglaend-system.com

18.03.2024

Øglænd System's work with fundamental human rights and decent working conditions

About Øglænd System AS

Øglænd System AS is a global and market leading solution provider of multidiscipline support systems, cable ladders, cable trays and associated services with more than 40 years of experience. Our systems help reduce the total installed cost of supports by reducing total weight, installation time and engineering hours through standardization, simplification, and digitalization. We serve customers within oil & gas, shipbuilding, wind energy, infrastructure, marine farming and many other industries. Our production facilities are ISO 9001, ISO 14001 and ISO 45001 certified.

Øglænd System AS was founded in 1977 in Sandnes, Norway and is part of the Hilti Group. The Hilti Group supplies the worldwide construction and energy industries with technologically leading products, systems, software and services. With about 32,000 team members in over 120 countries the company stands for direct customer relationships, quality, and innovation. Hilti generated annual sales of more than CHF 6.3 billion in 2022. The headquarters of the Hilti Group have been in Schaan, Liechtenstein, since its founding in 1941. The company 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 a globally active group of companies with complex value chains, Øglænd System runs factories located in Norway, Malaysia, and China hence is exposed to human rights-related risks. At Øglænd System we work with roughly 11 core direct suppliers to purchase the material that goes directly into 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. We procure more than 31 percent of our direct purchase volume locally in the sales regions where the product will eventually be sold. The principles of collaboration with our direct suppliers are regulated in our Code of Conduct for Suppliers, which must be contractually agreed to by all suppliers before we embark on a business relationship. Alternatively, suppliers may have their own established principles or codes that meet our requirements. These include principles against bribery, corruption, and the violation of human rights, and in favour of humane working conditions and minimum wages, as well as the correct handling of hazardous substances and environmental protection. In terms of specific human rights, our suppliers commit, for example, to eschew slave labour, servitude, forced or compulsory labour and human trafficking, to pay minimum wages and not to make use of child labour.

As part of the international Hilti group of companies, Øglænd Systems and the Øglænd 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 company 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.

Company approach, principles, guidelines, and procedures

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

The company's commitment to human and labor rights 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.

Since 2012, we have formally required each of our direct suppliers 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. Alternatively, suppliers may have their own established principles or codes that meet our requirements. 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.

Since 2019, also high-risk indirect materials suppliers are subject to this 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.

Our IT procurement solution provides supplier relationship management system is the basis for handling all supplier-related information digitally on one platform. We are already connected with almost all our roughly 900 core suppliers on Hilti Group level and Øglænd System via this system. These core suppliers handle 99 percent of our total purchasing volume of direct materials. Our goal is to have the contract documentation and communication of all suppliers on this one platform, including those from whom we purchase our indirect supplies, such as office supplies and services. This enables us to document standards, product compliance statements, agreements, and audit results, helping us in systematically cultivating our supplier relationships also about human rights and decent working conditions.

As a result of the above-described approach Hilti suppliers including those of the Øglænd group 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

As a baseline we conduct a due diligence assessment, in our own business and in the value chain of suppliers and business partners, as described in the procedures section and required by the [Norwegian law LOV-2021-06-18-99 Transparency Act](#). Hilti considers the main risks to be 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 of media, government, and non-government agencies. The clothes production and cotton supply risk is addressed in collaboration with our global suppliers for clothing. Recently, in light of the public discussion on reported incidents from indirect material, e.g., tea and solar panels, we decided to put in place additional measures 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 our standard approach in such instances.

Regarding the last point, all direct suppliers have been required to provide insights into their supply chain, based on a standard risk assessment as described in the procedures section. As a second step, sustainability assessments from cloud-based supply chain monitoring platforms are used to gather, analyse, and manage our suppliers' sustainability data. The monitoring includes 45 ESG country and industry risk specific indicators. This enables us to take effective action to reduce risks and, which 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.

Regarding the raw material extraction, an in-scope material short-list was created and will be the starting point to address modern slavery and other relevant human rights and labour standard risks. In a first step, all direct suppliers have been required to provide insights into their supply chain, based on a standard risk assessment. For Øglænd Group the following are under review:

- Aluminum
- Tin
- Tungsten

Currently, there are no equivalent technical replacements for tungsten for our purposes. However, our long-term goal is to replace conflict materials with less problematic substances.

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 most recent development in this space is our active involvement in the AIM-NEXT (Accelerate the Design and Insertion of non-CRM Hard Materials for Next Generation Extreme Applications) project, which will focus on establishing new experimental methods and computational approaches for the design of tools without Critical Raw Materials (CRM) such as tungsten or cobalt. This 4-year-long project will kick off in September 2023, and will fund 10 researchers at institutions across the EU. Hilti will host 2 researchers as part of AIM-NEXT, who will focus on 1) strengthening the binder phase for percussive drilling applications, without the inclusion of cobalt, and 2) microstructural design for damage tolerant components exposed to wear. Furthermore, our internal experts will play a key advisory role for other topics within the AIM-NEXT project, in close collaboration with our research and industry partners. We believe that AIM-NEXT can play a key role towards reducing the dependency of the European market to tungsten and cobalt, which are currently essential CRMs for high-performance applications such as percussion drilling.

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. We have developed a five-step strategy – see our Hilti sustainability report for details - that gradually raises our activities.

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.

Training

Comprehensive and target-group oriented compliance training concepts ensure that we inform our employees about human rights standards and decent working conditions. All our colleagues completed the human rights awareness vignette as part of our Code of Conduct training, beside that we provide face to face dilemma training to approx. 2000 colleagues p.a. and work with nudging towards continuous awareness.

All new general managers of a market organization 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](#)

[Website – Hilti Group](#)

[PDF – Statement Regarding Modern Slavery](#)

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

[PDF – Hilti Sustainability Report 2022](#)



On behalf of Øglænd System AS

<p>DocuSigned by: <i>Reinhard Schindler</i> Reinhard Schindler Chairman of the Board Øglænd System AS</p>	<p>DocuSigned by: <i>Amanda Baxendale</i> Amanda Baxendale Member of the Board Øglænd System AS</p>	<p>DocuSigned by: <i>Christian Ranacher</i> Christian Ranacher Member of the Board Øglænd System AS</p>	<p>DocuSigned by: <i>Dimitrij Lisak</i> Dimitrij Lisak Member of the Board Øglænd System AS</p>
---	---	---	---

<p>DocuSigned by: <i>Jan Kristian Helle</i> Jan Kristian Helle Member of the Board Øglænd System AS</p>	<p>DocuSigned by: <i>Hermann Holzer</i> Hermann Holzer Managing Director Øglænd System AS</p>
---	---

On behalf of Øglænd Industrier AS

<p>DocuSigned by: <i>Reinhard Schindler</i> Reinhard Schindler Chairman of the Board Øglænd Industrier AS</p>	<p>DocuSigned by: <i>Amanda Baxendale</i> Amanda Baxendale Member of the Board Øglænd Industrier AS</p>	<p>DocuSigned by: <i>Christian Ranacher</i> Christian Ranacher Member of the Board Øglænd Industrier AS</p>	<p>DocuSigned by: <i>Dimitrij Lisak</i> Dimitrij Lisak Member of the Board Øglænd Industrier AS</p>
---	---	---	---

<p>DocuSigned by: <i>Anne-Grethe Bathes</i> Anne-Grethe Bathes Member of the Board Øglænd Industrier AS</p>	<p>DocuSigned by: <i>Geir Seland</i> Geir Seland Managing Director Øglænd Industrier AS</p>
---	---