

TRANSPARENCY ACT



1. Introduction

The Transparency Act aims to reduce the risk of human rights violations and ensure decent working conditions in our own operations, in the value chain and among partners. In addition to promoting human rights and decent working conditions, the law also ensures access to information.

Alloc's approach to this topic is fully in accordance with the principles of the OECD Guidelines for Responsible Business Conduct. A methodology for conducting supplier due diligence has been developed. Conducting due diligence is part of our existing management system. More information on this process can be found in chapter 3.5.

2. Presentation of the company

Alloc AS is Norway's leading manufacturer of laminate flooring. In addition, the company produces wall panels for kitchens and bathrooms. We are approximately 200 employees and have a turnover of approx. 952 million NOK. The head office and factory are located in Lyngdal.

Alloc invests in new buildings and new production equipment. By 2024, the factory will have doubled its capacity and emerge with future-oriented technology, focusing on sustainability, product development and efficient processes.

We have our own sales force in the Nordic region, which is responsible for the sale of our own products and certain products from the Group. The products are marketed under the brand name BerryAlloc. Alloc AS is aiming for further growth in the Nordic region and in the rest of the world.

We have a vision to excite the customer.

Alloc AS is a subsidiary of the Beaulieu International Group (B.I.G.), which is headquartered in Belgium. Beaulieu International Group counts around 4.700 employees worldwide.

For more information on Beaulieu International Group, we refer to our Annual Report published on our website [BIG Annual Report 2023](#).

3. Steps to prevent and reduce risks of forced labour and child labour

Hereafter you can find further information on our corporate policies and due diligence process related to forced labour and child labour as well as sustainability in the broader sense.

In light of our sustainability goals, the Group defined a clear route towards 2030. We have taken the time to work out a **sustainability strategy** that we all believe in and are willing to fight for. One that's based on actionable commitments, encompasses our key priorities and reflects the spirit of the company in a sincere way.

The following routes have been defined :

- We take responsibility for the environmental impact of our operations.
- We value our employees and the people around us
- We work towards a circular economy with the whole value chain in mind
- We take responsibility for our climate impact
- We act with integrity and value open communication

In 2024, we will further work on the sustainability reporting according to the European Corporate Sustainability Reporting Directive (CSRD) which is mandatory for the group in 2026 for year 2025.

3.1 Our clear commitment to responsible business

As mentioned above, Alloc AS is a subsidiary of Beaulieu International Group. As a large industrial Group, we operate in multiple countries and in diverse cultural, legal and regulatory environments. That puts responsible and ethical business conduct across the whole value chain right on top of our agenda. From human rights to legal compliance, we see due diligence as essential to avoid adverse impacts on people, the environment, society and our own business.

The sustainability strategy, governance and processes at group level are also applying to its subsidiaries such as Alloc AS.

In 2022, we formalized our commitment at group level to be a Responsible Business (Responsible Business Statement). We reaffirmed our commitment to conduct our business in a manner that respects the rights and dignity of all people, adhering to the UN Guiding Principles on Business and Human Rights and the 10 Principles of the United Nations Global Compact. The 10 Principles of the UN Global Compact provides in a set of core values for human rights, labor standards, the environment, and anti-corruption.

By incorporating these principles into our strategy, policies and procedures, and establishing a culture of integrity, the company aims to uphold its basic responsibilities to people and planet, while setting the stage for long-term success. As stated in our [Responsible Business Statement](#) we go beyond compliance with local labour laws.

UN Global Compact: 10 principles

Human rights

- Principle 1 support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

Labor

- Principle 3 uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 eliminate all forms of forced and compulsory labor;
- Principle 5 the effective abolition of child labor; and
- Principle 6 eliminate discrimination in respect of employment and occupation.

Environment

- Principle 7 support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10 work against corruption in all its forms, including extortion and bribery

Where do we stand?

To ensure we run a flawless track record on the human rights principles, we appointed a Human Rights Officer for our Group in 2023. Together with the management team, the Human Rights officer assesses, manages and prevents human rights related risks within the organization and across the value chain. Other responsibilities include:

- raising awareness
- setting up human rights related trainings
- overseeing stakeholder management
- monitoring actions and reporting on them

To determine the most salient risks related to human rights, we performed an assessment on Group Level (including the activities and the entity of Alloc AS).

Salient human rights risks

Own Workforce

- ✓ The right to safe and healthy working conditions
- ✓ The right to equal treatment and opportunities for all
- ✓ The right to training and development

Value Chain

- ✓ The right to safe and healthy working conditions
- ✓ The right to fair working conditions (e.g. adequate wages, freedom of association, etc.)
- ✓ Diversity and equal opportunities in the value chain
- ✓ Child labor and forced labor



This above risk assessment formed the basis to make decisions on responsibilities, actions, tools and metrics to better mitigate these risks.

How do we tackle those risks at group and local level :

Mitigating human right risks for our own workforce

The right to safe and healthy working conditions is addressed in our SHE (Safety, Health, Environment) strategy, while the right to training and development is a core element in our HR strategy.

The right to equal treatment and opportunities is also covered in our sustainability strategy, and we empowered our employees with an additional tool to speak up in 2023, allowing them to signal inequities and other issues.

During 2023, we have focused to address and manage all salient human right risks for our own workforce in the **Norwegian operations**. **Looking forward towards 2024** we plan to have stronger focus on DEI and improve in better measuring and preventing any potential human rights risks.

Mitigating human right risks in our value chain

To build a value chain that's aligned with us on key sustainability principles, such as safeguarding all human rights, we have a multifaceted approach, including these actions and tools (see also further in chapters 3.3 to 3.5):

- a third-party risk management due diligence process
- on-going sanction screenings
- our anti-bribery and anti-corruption policy
- our Responsible Business Statement
- our Code of Conduct
- a series of audits

The results of these combined efforts are reflected in our improved sustainability ratings, such as the sustainability score for our suppliers and EcoVadis for our own business. To illustrate, we obtained a Silver Medal from Ecovadis in 2023 for 3 of the sites and for the first time, Ecovadis also rated our Group as a whole. The result: a Bronze Medal. Among our strengths are our strong policies, sustainable procurement, and our third-party risk management. Now, we'll work on the identified points of improvement (e.g. track all sustainability actions in one channel).



3.2. Business Code of Conduct

Within our company, we rely on our core values, a set of shared beliefs, to guide our behaviors weaving honesty and diligence into every fiber of our company culture. This is supported in our Code of Business Conduct and Ethics ('Code') as well as in other policies. The policies are published on the company's intranet and are accessible to every employee.

Alloc AS' administrative employees followed the web-based training on Code of Conduct.

In 2024, a new version of the Code of Business Conduct and Ethics will be launched. Training on this new Code will be planned as well.

3.3. Supplier Code of Conduct

Within all entities of the Beaulieu International Group incl. Alloc AS, we are committed to ethical and responsible conduct in all of our activities, whereby compliance with laws and respect for the rights of all individuals and the environment are of vital importance. We expect the same commitment of our suppliers, agents and other involved parties.

Therefore, our suppliers need to comply with our Supplier Code of Conduct. This Supplier Code of Conduct is published on our international website [Supplier Code of Conduct](#).

The Code of Conduct is structured around three topics:

- **Human and social rights:** Suppliers must comply with all applicable employment laws and will support the protection of fundamental human rights wherever they operate in the world.
- **Environmental management:** We expect suppliers to collaborate with us in achieving our sustainability goals, complying to all applicable environmental laws, regulations and standards, promoting safety, striving for environmentally-friendly production and transport and maintaining quality in their finished products.
- **Governance:** Suppliers must be committed to the highest standards of ethical conduct in all of their operations and when dealing with employees, other suppliers, government authorities and customers

In our purchase orders a reference is made to the terms and conditions which in turn refers to our this Supplier Code of Conduct. Suppliers evaluated as high or medium risk in our supplier due diligence process will also need to confirm the Supplier Code of Conduct using our TPRM web-based application (see further).

3.4. Sanction screening

The suppliers (as well as our clients) are screened against the worldwide sanction lists.

- The company only wants to work with reliable and accepted partners. All suppliers are to be screened against selected sanction party lists before entering in a relationship with the respective third party. In the event that the screening tool identifies a hit for a new supplier, the Group Legal Department needs to review the hit first and clear it before the company can enter into a relationship with a third party. We will not enter or maintain a supplier relationship when the supplier is black-listed.
- Once on-boarded, the sanction screening is performed daily till termination of the activities with the third party. In the event of a hit against the selected sanctioned party lists, the third party is blocked until the Group Legal Department reviews and clears the hit.

Besides the sanction screening process to be performed before the on-boarding of the third party, a supplier due diligence process is performed.

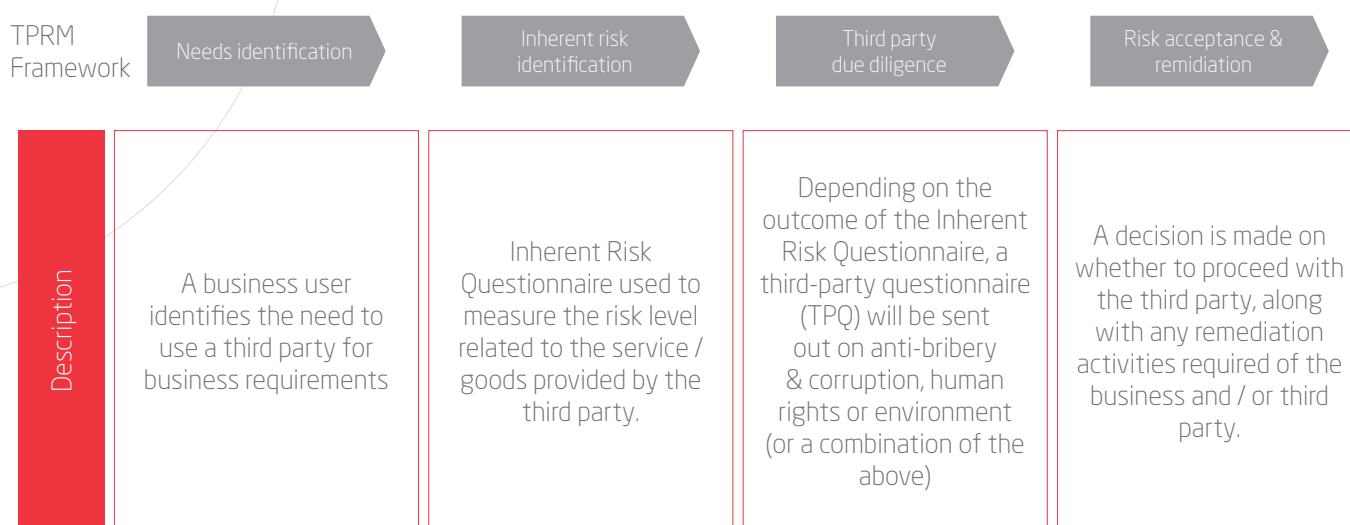
* TPRM = third party risk management

3.5. Supplier Due Diligence

As a large industrial Group, we operate in multiple countries and in diverse cultural, legal and regulatory environments. That puts responsible and ethical business conduct across the whole value chain right on top of our agenda for Governance – the G in ESG.

Alloc AS has in place a Third Party Risk Management System (TPRM) which is designed at group level. This process and tool is aimed at assessing the environmental, human rights and anti-bribery risks of our supplier base.

The supplier due diligence process encompasses the following steps :



In 2023, we also selected a software to support this process. During 2023 and 2024, the supplier due diligence process is being rolled out in Alloc AS. The process (and tool) follows the following steps :

- Each prospective third-party relationship is assessed first for the inherent risk posed to the company based on the nature of the products or services provided and, the country of origin of the goods/ services delivered. This determines whether the third party has a high, medium or low inherent risk. **The inherent risk assessment** assesses distinct categories of risk and the total risk of the relationship. Specific risk areas examined include:
 - Anti-Bribery & Anti-Corruption risk (ABAC)
 - Human Rights risk
 - Environmental risk

The standard risk evaluation criteria on country level were based on the official ‘**global slavery index - vulnerability to modern slavery**’ as well as the ‘**global rights index - workers’ rights**’ for human rights. The country level risk for anti-bribery & corruption risk was based on the ‘Corruption Perception Index’ published by Transparency International. Services and goods category did also receive a risk level relating to human rights and environmental risk. The risk evaluation framework was integrated in the selected tool which allows automated calculation of risk levels.

- Depending on the outcome and risk scoring in the inherent risk assessment phase, a **third party questionnaire (TPQ)** is sent to the third party on one or a combination of the identified risk topics - anti-bribery & anti-corruption, human rights and or environment (for high and medium scores). Specifically on human rights, questions are asked to our suppliers on their policies and procedures in general, on modern slavery and child labor and workers’ rights specifically. These questions are asked to those suppliers which are categorized in the inherent risk assessment as high or medium.

- The responses of the third party are evaluated internally by subject matter experts on respectively anti-bribery & corruption, human rights and environment. After evaluation, the third party relationship is **accepted or denied**. Where needed, the subject matter expert evaluates whether a **mitigation plan** is requested to the third party. A follow up of the remediation plan is performed.
- A periodic monitoring / renewal of the third party due diligence process is also in place.

3.6. Grievance mechanism - whistleblowing / SpeakUp

The company seeks to conduct its business in compliance with all applicable laws, rules and regulations in all countries in which we do business. We encourage a free and open culture of communication. Several reporting channels have been established for employees, suppliers and others to report information/ behavior that is inconsistent with our Code of Conduct, laws, regulations or company policies, or place the company's reputation at risk.

In their relationship with our company, third parties can :

- Share their concerns when they have suspicion of violation of the company's Supplier Code of Conduct;
- Report knowledge or suspicion that there is a violation of law, regulation or company policy in relation to the company to either their usual point of contact within the company or to the internal audit department in writing or by email.
- or through entering a report via our safe, confidential and compliant Speak Up platform <https://bintg.whispli.com/lp/speakup>

The link to the SpeakUp channel is published on the website BerryAlloc. Internally on our local sharepoint, procedures are referring to the SpeakUp channel.

Web-based training on the whistleblowing / SpeakUp was also launched end of 2023 and ongoing in 2024. Periodically, a report to the Group Audit Committee is prepared on the 'reports' received, and actions taken. Until now, no reports have been received relating to human rights and decent labor conditions for the Alloc AS entity.

3.7. Training

As mentioned above following trainings have been organized :

- Web-based training on Code of Business Conduct & Ethics
- Whistleblowing and Speak Up

Selected members of the procurement organization of Alloc AS also received training on the German Supply Chain Act which also addresses topics such as human rights and child labour.

The group sustainability goals and the need for third party risk management and the upcoming supplier due diligence process has been part of awareness presentations and communications to Group Procurement and all companies of the Beaulieu International Group (general managers, finance, supply chain managers, quality).

Focused training on sustainability, human rights and environmental is planned in 2024.

4. Assessment of the risks within our company and supply chain

4.1. Alloc AS - internal

As indicated above, the Responsible Business Statement clearly confirms our commitment to act as a Responsible Business. Processes, policies and procedures are in place to ensure compliance with respective laws and regulations. On group level, we prepare for reporting as required according to the European Union Corporate Sustainability Reporting Directive (CSRD). This requirement addresses a number of topics which are also required by the Transparency Act.

4.2. Alloc AS' supply chain

The entity currently considers the supply chain risks (including sustainability in all its aspects) when entering in a relationship with a new supplier as well as executing a supplier performance evaluation with existing suppliers.

We are currently reviewing all the suppliers of Alloc AS following our newly designed and structured supplier due diligence process (as described in 3.5). In 2024, we will have processed the due diligence of all our suppliers categorizing them in business partner profiles and other. Once all suppliers have gone through the supplier due diligence process, tracking will be done on the risk profile of the suppliers as well as the status of the remediation plan communicated to the supplier (where applicable).

For a number of raw materials suppliers and other suppliers based in overseas countries, Group Procurement is involved in the evaluation of the supplier. Each year, the Group also evaluates the sustainability score of the 100 most important suppliers at group level in terms of spent.

Should a violation against human rights be identified at a supplier, this would be discussed with our Group Legal function as well as with our Group Sustainability Director.

Until now, no breaches have been identified on human rights (forced labour and child labour, labor conditions). Following our bronze Ecovadis medal at Group level, we are reviewing which improvement actions need to be considered.

5. Actions planned for next phase/year

In 2024, we will be further introducing the third party risk management (supplier due diligence) in our processes. We will then be able to have a view on categorization of all our third parties in terms of risk assessment as well as the distinction between business partners /suppliers.

6. General Manager and Board signature

