

Sustainability report 2023

EUROPRIS ASA



This is Europris

Norway's **#1** discount variety retailer



Strong brand and loyal customer base



Low prices and powerful marketing and campaign engine



Proven category management model



Expanding store network and e-commerce operation

Total operating income

9,467
million

Total employees

3,826

Women

59%

Men

41%

EBIT

1,295
million



Customer transactions

36
million

Mer
Kundeklubb

Customer club members

1.5
million



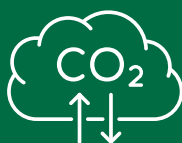
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Highlights 2023

– the year in brief

12%



reduction in
carbon emissions
including scope 3

Waste recycling
rate of

87.8%

an improvement of 10.7 pp

40%

reduction in GHG
emissions from transport

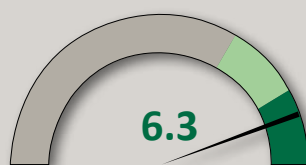
Socially audited suppliers

99%

an improvement of 4.9 pp

Attractive workplace score

Employee survey
on a scale
from 1 - 7



Solar panels
installed at
the logistics
centre

Energy
efficiency
target
reached

Improved reporting scores

CDP

A-

Position Green

A

Internal engagement and education

- Leadership programme on our social responsibility and leadership principles
- Sustainability week for all employees

Number of people in work training

→ 123

About Europris ASA

Europris is Norway's largest discount variety retailer by sales, featuring 282 stores throughout the country where 257 are directly owned by the group and 25 operate as franchise stores. Its head office lies in Fredrikstad, while the logistics centre is located in Moss. The group offers its customers a broad range of quality own brand and branded merchandise across a wide range of product categories. Laundry and cleaning, pet food and accessories, storage, confectionery and snacks, candles and interior and seasonal items are defined as top-of-mind destination categories.

In addition, Europris has a 100 per cent stake in Lekekassen (Toy Space), and 67 per cent stakes in Lunehjem, Strikkemekka (Yarnmania) and Designhandel. These are specialised e-commerce stores, concentrating on toys, DIY and interior.

The group's vision is to be the preferred choice for those seeking convenient, intelligent and affordable shopping experiences. A key strategic focus area for Europris is acting responsibly, placing a strong emphasis on social and environmental initiatives. The ambition is to be recognised as a responsible retailer providing sustainable and affordable products for everyone.

Supply chain

Europris has an extensive value chain, extending from raw material extraction to end-of-life waste management. Its procurement model emphasises efficiency throughout the value chain from supplier to customer, aiming to minimise costs through optimised procurement, logistics and distribution. A skilled procurement team acquires substantial quantities of goods from suppliers located predominantly in Europe and Asia. The head office is at Fredrikstad, with the logistics centre in Moss. The group has a Shanghai sourcing office (SHO) in Asia (operated jointly with Tokmanni). During the reporting year, Europris maintained 739 supplier relationships in Europe and Asia split by purchase cost between 70 per cent European and 30 per cent Asian. Where the number of suppliers is concerned, 67 per cent are from Asia.



Sustainability in all we do

We are pleased to present our sustainability report for 2023. This provides a comprehensive overview of our performance in this area over the past year, reflecting our commitment to transparency and accountability in our environmental, social, and governance (ESG) practices. At Europris, we understand that sustainability is not only about mitigating risks, but also about seizing opportunities to create long-term value for our stakeholders. We are committed to integrating sustainability into every aspect of our business, from our operations and supply chain to our products and to our interaction with employees and the many local communities we form part of.

Significant progress was made in our sustainability efforts during 2023. First, notable gains were made with our climate initiatives. Second, we have advanced in the social dimension of sustainability.

Where the environmental aspect of ESG is concerned, we achieved a 12 per cent reduction in GHG emissions from 2022 to 2023. Substantial progress was made with mapping emissions in scope 3. This is an important step on the way to setting goals which are approved as science-based targets by the Science Based Targets initiative. Furthermore, we assessed the potential financial impacts and risks associated with climate-related factors when conducting our climate risk analysis in accordance with the TCFD framework. The process of fully embedding the approach in our strategy and operations is still ongoing, and a complete TCFD report will be published in 2024. Taken together, these initiatives express our commitment to building climate resilience. Another significant stride forward involves establishing a checklist for sustainable product sourcing. This heightens awareness and expedites the transition of the product dimension towards lower emissions, preserving biodiversity and fostering responsible sourcing practices.

However, sustainability is not just a matter of mitigating emissions. The “S” in ESG reflects the social considerations and impacts associated with a company’s operations, emphasising its responsibility towards people and communities. During 2023, we persistently enhanced our efforts devoted to responsible sourcing, work training, and strengthening the employee engagement which marks our positive contribution to local communities. Through a strong and dedicated commitment, we ensured that 99 per cent of purchases from high-risk areas came from socially audited suppliers. The number of employees in work training remained at a good level, with 123 people in 2023. The recent employee survey has shown improved perceptions regarding our positive contributions to local communities. These results affirm that attention is focused in the right direction.

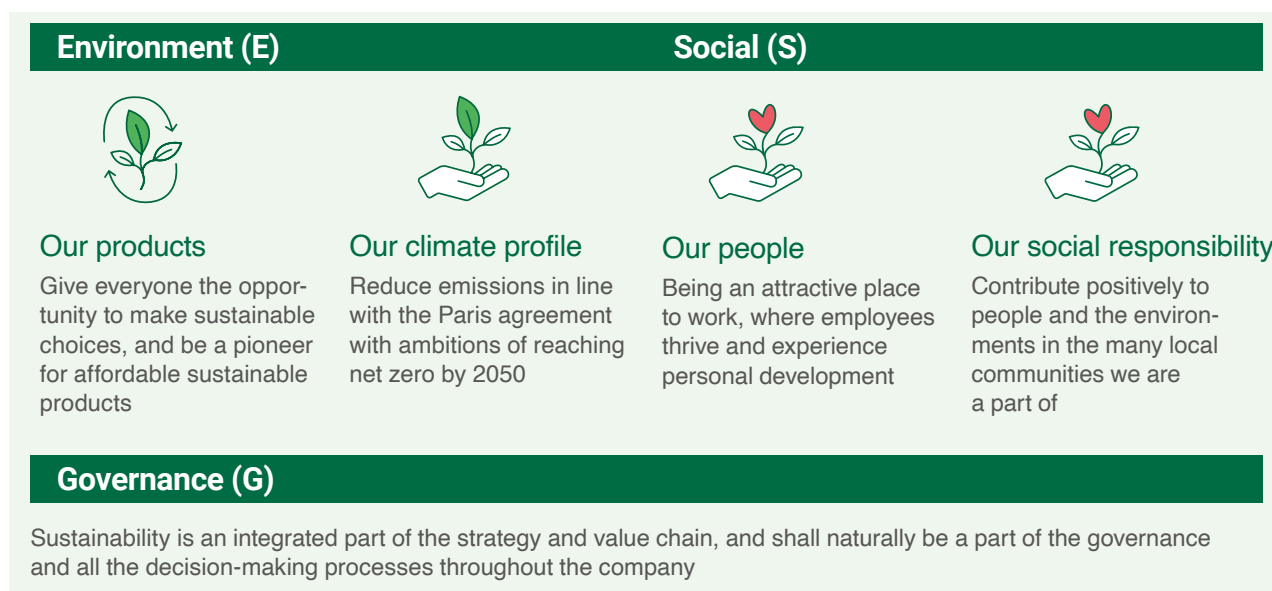
This report, prepared in accordance with the Global Reporting Initiative (GRI) framework, allows us to measure and report our sustainability performance in a way which is meaningful, transparent and comparable. It aims to provide the reader with a clear understanding of our sustainability journey and commitment to creating a more sustainable future in order to pursue our overall ambition to be a responsible retailer while giving everyone the opportunity to make sustainable choices through sustainable but affordable products. We hope the report can serve as a basis for dialogue with our stakeholders as we continue to seek ways to improve our work. As a reading aid, we have compiled a glossary of the commonest sustainability terms used. This is available on page 98.

Unless otherwise specified, the figures in this report cover Europris AS, Europris Butikkdrift AS, Europris Holding AS, Lekekassen Holding AS, Strikkemekka Holding AS and Lunehjem.no AS. Numbers are for the year 2023.

The group's ESG priority areas

Our ESG priority areas are based on the UN sustainable development goals (SDGs) and the material topics which identify our most significant impacts on the economy, the environment and

people. We are concentrating on four main priority areas which aim to inspire and activate positive change and to lead the journey towards this: i) our products, ii) our climate profile, iii) our people and iv) our social responsibility.



A concentration on the most material sustainability topics

We have conducted a materiality assessment in order to concentrate sustainability work on our most prominent impacts. This was updated in 2022, to align with the principles, requirements and guidelines in the 2021 GRI standards. This was revisited and updated slightly in 2023.

Identifying our most significant impacts began by engaging with a diverse range of stakeholders. These included employees in Norway, personnel at the Shanghai sourcing office in Asia, and top management, as well as with external parties such as suppliers, shareholders and NGOs. Examining the entire value chain and not just core activities is essential when describing local, regional and global impacts on the sectors we operate in. International guidelines and standards we are expected to comply with, such as the OECD guidelines for responsible business conduct, the UN guiding principles on human rights and the Paris agreement, were also included in developing and understanding our sustainability context.

Based on the latter, a list of actual and potential impacts – both negative and positive – was identified. This assessment evaluated each identified

impact across several dimensions, such as irremediability, time scale and whether it related to human rights. They were then scored in terms of severity, using dimensions for scale and scope, and likelihood. Scoring for each impact was based on its severity and likelihood in relation to the other identified impacts. In addition, each impact was categorised by its time frame – in other words, whether it had an actual or potential scope. To prioritise the most material impacts, a threshold was set for inclusion in further materiality assessments. Ultimately, impacts with similar characteristics were grouped into material topics.

In addition to reworking the impact list, new impacts were added to improve the strength of the analysis. The methodology for scoring the impacts has been improved. This initiative was conducted by a group of key personnel from the sustainability and finance department in collaboration with an external consultancy to ensure alignment and quality. As a result of this update, the material topics have remained but their order has been slightly changed. Climate resilience and sustainable products and circular solutions have moved up, while safe and good-quality products have moved down slightly. No new material topics were identified in the updated assessment.

Material topics ranked from 2023 materiality assessment	Material topics ranked from 2022 materiality assessment
1. Human rights due diligence	1. Human rights due diligence
2. Climate resilience	2. Safe and good-quality products
3. Sustainable products and circular solutions	3. Climate-friendly operations and logistics
4. Climate-friendly operations and logistics	4. Climate resilience
5. Equal opportunities and an inclusive working environment	5. Sustainable products and circular solutions
6. Safe and good-quality products	6. Equal opportunities and an inclusive working environment
7. Business ethics and anti-corruption	7. Business ethics and anti-corruption
8. Health and safety in the workplace	8. Local value creation and community engagement
9. Local value creation and community engagement	9. Health and safety in the workplace

The materiality matrix is presented in line with the GRI standard of 2021.

In line with the Corporate Sustainability Reporting Directive (CSRD), we are extending our work and will undertake a double materiality assessment in 2024 followed by a gap analysis leading to the upcoming ESRS. This will include widening the involvement of stakeholders, revisiting impacts, assessing financial opportunities and risks, and adjusting the materiality

overview with strategic implications for our group in the time to come. We initiated this process in late 2023 by assessing how climate-related factors might affect our financial performance, utilising the recommendations of the task force on climate-related financial disclosures (TCFD). More information about climate resilience can be found on page 67.



How our sustainability strategy relates to the UN SDGs

Material topic	UN SDGs targets/main priority areas	How we relate to the SDG target
<p>Sustainable products and circular solutions</p> <p>Safe and good-quality products</p>	  	<p>We seek to give everyone the opportunity to make a sustainable choice, and to be a pioneer in offering sustainable but affordable products (12.8)</p> <p>We also work to reduce waste and packaging with more circular solutions (12.5)</p>
<p>Climate resilience</p> <p>Climate-friendly operations and logistics</p>	 	<p>We will implement specific measures to reduce energy consumption across our organisation, reduce emissions associated with products and transport, and contribute to increased utilisation of waste in order to strengthen resilience to and capacity for dealing with climate-related hazards (13.1)</p>
<p>Equal opportunities and an inclusive working environment</p>	 	<p>We work for equal opportunities and an inclusive working environment, and are committed to ensuring full participation in and equal opportunities for all employees regardless of gender, at all levels of decision-making in our organisation (5.5)</p>
<p>Human rights due diligence</p> <p>Health and safety in the workplace</p>	 	<p>We will ensure that products are sourced responsibly, and promote a safe working environment for all workers throughout the supply chain (8.8)</p> <p>We will contribute to full and productive employment and decent work for all people as well as equal pay for work of equal value (8.5)</p>
<p>Local value creation and community engagement</p>	 	<p>We will be an inclusive, ethical and responsible business which contributes to the local communities we are part of (10.3)</p>
<p>Local value creation and community engagement</p> <p>Climate resilience</p>	  	<p>We are committed to measuring and managing risks and opportunities presented by climate change in accordance with the CDP, a global environmental disclosure system (17.14). The climate risk and opportunities are identified in accordance with the TCFD framework.</p> <p>We encourage and promote cooperation through both business and civil society partnerships, building on and sharing experience in order to promote best practice (17.17)</p>

Identifying our stakeholders

In the context of sustainable business practices, identifying and understanding the roles and interests of our various stakeholders are crucial for developing strategies which balance economic growth with environmental stewardship and social responsibility.

Information acquired from communication with stakeholders is a crucial input in updating our materiality impacts. Stakeholders are identified as a natural consequence of our value chain and the interactions we have across all functions, and by understanding who is affected by or can affect our sustainability practices.

Put briefly, our stakeholders fall into the following groups.

1. Customers: Customers are increasingly conscious of environmental and social impacts. Their preferences drive demands to adopt sustainable practices, offer eco-friendly products and embrace ethical sourcing. Consumer interaction is tracked through brand-tracker surveys, and we interact with our customers through newsletters, social media, customer leaflets and websites.

2. Suppliers: Sustainable supply chain management is crucial. We must ensure that our suppliers adhere to the environmental standards and labour practices we specify, which extends our commitment to sustainability throughout the supply chain. This interaction can be described as ongoing dialogues, annual vendor summits, and one-to-one meetings. The Shanghai sourcing office occupies a key place in our relationship and interactions with suppliers in Asia.

3. Employees: The employees function as integral stakeholders in our sustainability efforts by advocating for, implementing and introducing sustainable practices throughout our organisation. They help in embedding the culture of sustainability, provide valuable feedback, educate and raise awareness, ensure compliance and function as ambassadors for our commitment to sustainability. We engage with them through a wide range of channels, primarily meetings, newsletters, workplace interaction and the intranet, as well as kick-offs, regional meetings and the annual sustainability week.

4. Banks and funding: To secure funding on competitive terms, we need to demonstrate a genuine willingness to contribute positively with ESG. Financial institutions or other sources for funding will take our work on these topics and our progress and ambitions for the future into account when evaluating risk and considering whether to offer funding at what margins. Dialogue is mainly through regular one-to-one meetings.

5. Investors and analysts: Analysts can influence investor and public perception, highlighting our efforts with regard to sustainable practices. Given a growing trend towards responsible investment, investors are more likely to support companies which demonstrate a commitment to sustainability, ensuring that their investments contribute to positive environmental and social outcomes.

Meetings are held with analysts and investors along with quarterly roadshows and investor seminars.

6. NGOs: Collaboration with organisations such as Green Dot, Amfori, the Norwegian Retailers Environment Fund and Ethical Trade Norway highlights our commitment to sustainable practices. These partnerships provide us with expertise, resources and support for implementing sustainable best practice. Important points of contact are meetings, seminars and courses.

7. Local communities: Engaging with local charities and other partners can help us understand and address community-specific environmental and social issues, and strengthen our role as a responsible local player. We engage through one-to-one meetings or calls.

8. Government and regulators: These bodies determine the legal framework for sustainable practices through regulations. Compliance with environmental legislation and regulations is a key aspect of corporate sustainability. Enhanced legal requirements in such areas as climate adaptation and mitigation, human rights due diligence through the Norwegian Transparency Act and the upcoming CSDDD, enhanced ESG reporting through the ESRS, and the EU taxonomy and regulations on circularity are highly relevant for us.




Reporting standards and achievements

The Position Green Group, an independent research and advisory firm, awarded us an A score for our 2022 sustainability report after evaluating the 100 largest companies on the Oslo Stock Exchange (ESG 100). We are very satisfied with this recognition, which was raised from a B ranking in 2021.

The CDP is a global non-profit organisation which runs the world's leading environmental disclosure platform. With a record of more than 23,000 companies disclosing through the CDP in 2023, disclosing data on environmental impacts is now a

business norm. We have disclosed our environmental data through this channel since 2016. Now more than ever, it is crucial to be transparent about the risks climate poses to businesses, investors and the planet. Tracking progress on reducing emissions is essential if we are to achieve a 1.5°C world. Our group is proud to be recognised for our climate-related sustainability work, with an improved score from B to A- in the 2023 disclosure report.

	2019	2020	2021	2022	2023
	B	B	B	B	A-



Governance

Sustainability is an important component in our overarching goals. The board recognises its importance as an integrated part of our strategy and culture, and oversees all important material impacts related to the economy, the environment and people. Sustainability work and reporting are governed by the board and supervised by the steering group and the sustainability department. They are based on our sustainability strategy and the material topics presented in the materiality assessment. Responsibility for managing these impacts is delegated by the board through the CEO and management team to the relevant roles in our organisation and illustrated in the figure next page.

The CEO briefs the board at least quarterly on our sustainable activities, operations, economic position and financial status. Climate-related risks, opportunities and impacts are reported and approved by the board annually as part of the total risk management process presented on page 19.

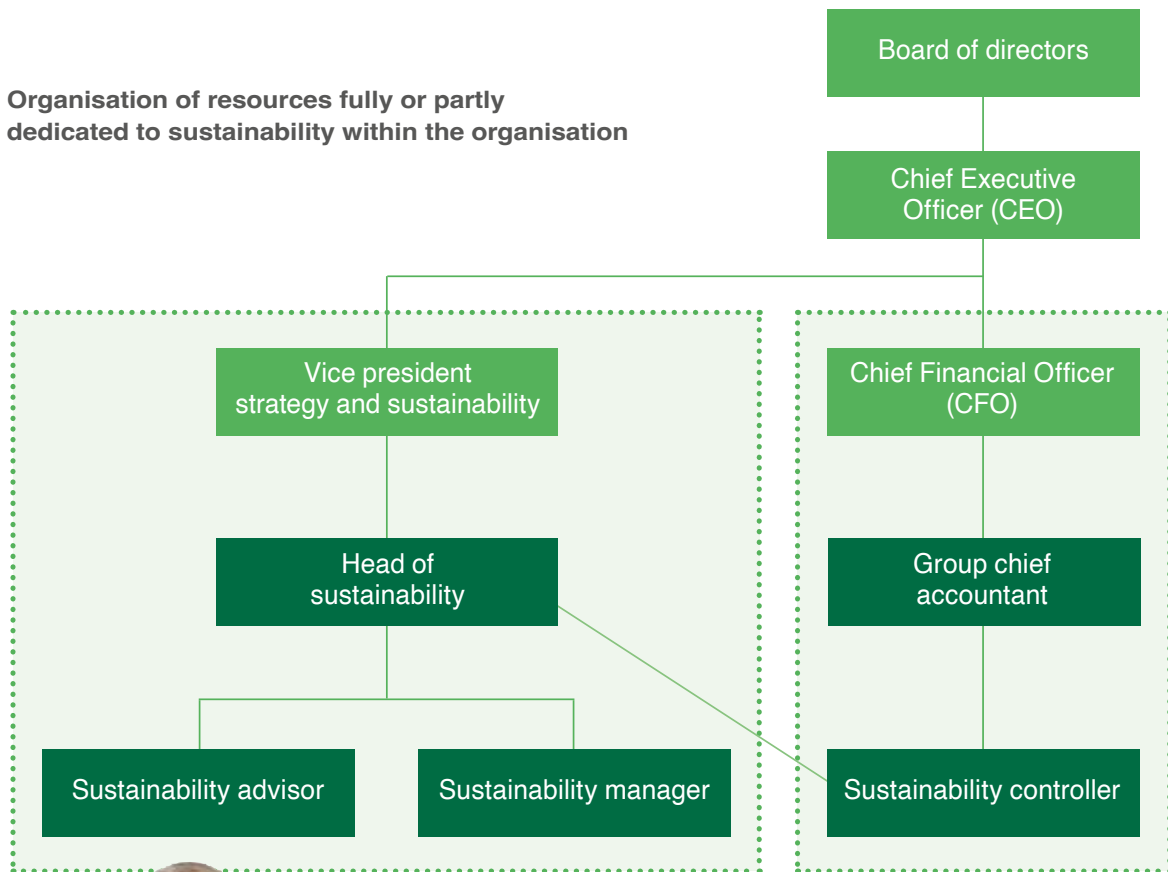
The board is given a quarterly update on sustainability-related activities and KPI performance. In 2023, the frequency of internal KPI-reporting to the board was expanded in order to ensure a wider and deeper understanding of progress being made in sustainability across our organisation. Several members of the board have experience of ESG matters through their current jobs, through the academic sustainability discipline at the Norwegian Business School or through such areas as global procurement. One director also obtain a certificate on sustainable business strategy. The board has chosen one of its members to exercise dedicated responsibility for ESG issues. This director meets the vice president for strategy and sustainability and the head of sustainability at least twice a year to discuss and work on strategic ESG issues for our group. In June 2023, the board received an in-depth review of sustainability work where special attention was devoted to increased communication internally and externally.

Day-to-day management of our operations is regulated by the CEO to ensure that we pursue and seek to reach the strategic targets set by the board. That includes the alignment and approval of the annual report and material topics. KPIs related to the sustainability strategy and targets are incorporated in the bonus agreements of the executive management group and all other employees with individual bonus agreements. This approach ensures attention to our sustainability goals at all levels of

management. The department head is responsible for ensuring that all employees within their department are familiar with the necessary policies and guidelines relevant to their area. This is facilitated by the availability of information on the intranet and through digital learning modules covering topics such as corruption, IT security, and ethical guidelines. An insight trip was conducted in the autumn of 2023 with the aim of increasing knowledge about and attention paid to sustainability in the retail sector. Several members of the management team and other relevant roles travelled to Copenhagen for meetings with and learning from relevant players who are at the forefront in this field. A summary was presented and discussed in the full leadership group to align and share information and pass this further down in our organisation.

Our sustainability department is organised in conjunction with the strategy area and led by the vice president of strategy and sustainability. Such an organisation permits an integrated approach, where sustainability is part of the decision-making processes throughout our group. The head of sustainability reports to the vice president for strategy and sustainability, and is responsible for updating the sustainability strategy, implementing plans, and assessing and incorporating the sustainability strategy across our organisation. The sustainability team was strengthened in 2023 with two additional personnel, one of whom has been placed in the finance department. The day-to-day management of sustainability issues is distributed throughout the organisation, with each department's management holding KPIs relevant to their specific business area. The model on the next page depicts roles that are either directly or partially responsible for overseeing sustainability efforts within the group.

Organisation of resources fully or partly dedicated to sustainability within the organisation



An ever larger segment of our expanded customer base wants sustainable products. We have displayed a willingness and ability to innovate in this area, and continue to expand our offering of sustainable products at attractive prices. We've managed this in parallel with ever more stringent government requirements for documenting the environmental impact of our products. Our purposeful work on sustainability has earned us an A- rating from the CDP and an A mark from Position Green. We also devoted substantial efforts during 2023 to preparing science-based targets for our climate goals, and look forward to submitting these for approval in 2024.


Espen Eldal
CEO of Europris ASA

Business ethics and anti-corruption

Acknowledging the group’s impact on business ethics and anti-corruption is essential for its future, owing to its close links with both regulations and reputation. Impacts related to business ethics refer not only to implementing appropriate business policies and practices on controversial subjects, such

as corruption, bribery and discrimination, but also to the way we work with corporate governance and legal compliance. We therefore view business ethics and anti-corruption as a material topic for our group.

A selection of impacts is presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
	Lack of training and competence can lead to corruption	Potential	Negative	No
	Deviation from IT routines which leads to leaks of sensitive employee data	Potential	Negative	Yes
	Advertising potentially leading to discrimination with misleading communication to customers	Potential	Negative	Yes
	Training for exposed roles to make them more resilient towards corruption	Actual	Positive	Yes
	Policies for ethical guidelines communicated to all employees	Actual	Positive	No

We recognise and address these impacts. The board has established clear objectives, strategies, and risk profiles for our business activities in order to create value for shareholders and to ensure that our resources are utilised in an efficient and sustainable manner to the benefit of all stakeholders. We have developed various policies to establish business practices and to provide guidance on following up important sustainability areas, such as the supplier code of conduct, ethical trade, anti-corruption, data protection, trade sanctions and whistleblowing. These policies set standards for the behaviour expected both internally and externally to build trust, loyalty and responsible business conduct, and to prevent violations and negative impacts externally. The policies are revised annually and approved by the board.

We finalised and implemented a project in 2023 to revitalise these policies across our organisation. This started with mapping key roles which needed special attention or training related to various policies. An e-learning course on our ethical guidelines was launched to all employees to ensure that the policies are well understood and embedded in the day-to-day business. Many people completed this programme in 2023, and it will be repeated in 2024 with the aim of ensuring full completion by all employees. Additional training was also provided for employees in roles susceptible to potential corruption risks as part of

ongoing efforts to prevent corruption in our organisation.

In 2023, we worked on updated guidelines for whistleblowing both internally and externally. They were approved by the board in January 2024. We also started the work on creating a simplified whistleblowing poster to make information about this process more accessible. Various whistleblowing methods have been provided, including a third-party channel which enables anonymous reporting of such important matters as breaches of our ethical guidelines in areas like discrimination and any form for harassment. This channel is available to both internal and external parties who wish to report. To ensure that personnel have sufficient information, questions on this issue were incorporated in the annual employee survey for 2023 as well as being included in the e-learning programme launched in the same year. The results show that the vast majority of employees have a good understanding of the topic.

One incident in relation to The Working Environment Act and one case involving the General Data Protection Regulation (GDPR) was reported in 2023. Both were handled and resolved by the HR department. None of the cases reported in 2023 involved discrimination or corruption. There were no cases reported on communication and advertising.



Our products

We recognise that our main impact on ESG issues relates to the sourcing and production of products. The Intergovernmental Panel on Climate Change (IPCC) has concluded that the biggest threats to nature and the climate today are the ways in which humans consume resources. To reverse the loss of natural habitats and halt climate change, the world must reduce production and consumption footprints by 50 per cent by 2030. This chapter explains how we work continuously to increase our share of more sustainable products, and our approach to creating a more circular business. It also describes how we work with safe and good-quality products.

Our ambition is to give everyone the opportunity to make sustainable choices, and be a pioneer for affordable sustainable products



SDG in relation to our products



Material topics related to our products

- Sustainable products and circular solutions
- Safe and good-quality products



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Sustainable products and circular solutions	Annual increase in share of total chain sales from third-party certified products	7.8	9.1	9.8	> 9.1	> 9.8	n/a	Percentage of total chain sales from third-party certified products
Safe and good-quality products	Maintain a low complaint rate on durable goods	0.30	0.30	0.29	< 0.35	< 0.35	< 0.35	Complaints in percentage of number of items sold, within durable goods (accounting for 30 per cent of total chain sales)

Key initiatives for achieving the targets

Sustainable products and circular solutions

1. Checklist for sourcing new products to reduce emissions, preserving biodiversity and respecting human rights in the value chain
2. Policies on deforestation and plastic
3. Increase of third-party certifications
4. Improved work on offering spare parts to prolong product lifecycles
5. KPIs on packaging to reduce waste and increase recycled and renewable materials in packaging
6. Nudging consumers to more sustainable choices: reworked and enhanced communication on sustainability plus new visual identity

Safe and good-quality products

1. Optimised routines to ensure compliance on high-risk products
2. Improved work on risk analysis
3. Improved data collection


Sustainable products and circular solutions

GHG emissions accounts for the greater part of our environmental impact, with product manufacturing – including raw materials – responsible for 95 per cent of these emissions. Both manufacturing processes and the raw materials we utilise may have a negative effect on forests, water supplies, local ecosystems and the people involved in our supply chain. The actual use and after-use of products must also be accounted for.

EU circularity plans emphasise the significance of a resource-efficient, climate-neutral and circular economy. They specify that the EU will ensure the incorporation of its circular economy goals in interna-

tional alliances and trade agreements (European Commission, undated). The Commission revised the circular economy monitoring framework in 2023, adding new indicators on material footprints and resource productivity to provide further support for the circularity ambitions in the European Green Deal. Alongside the new reporting requirements for CSRD, these new rules aim to set sustainability requirements for almost all goods in the EU market and prohibit the destruction of certain unsold consumer goods. They represent a financial risk while addressing the urgency of adapting business models.

Sustainable products and circular solutions have naturally been included in this report as a material topic of great importance. An overview of some of the actual and potential impacts is presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Sustainable products and circular solutions 	Insufficient speed in accelerating the transition to more sustainable products	Potential	Negative	Yes
	Shortage of technology and recycled raw materials leading to a price gap for sustainable products	Actual	Negative	No
	Use of wood, cardboard and paper, which implies a high risk of deforestation, loss of biodiversity, violations of indigenous peoples' rights, and increased GHG emissions	Actual	Negative	Yes
	Unnecessary product packaging, leading to increased use of materials	Actual	Negative	No
	Lack of spare parts and inability to repair products, leading to increased use of materials	Potential	Negative	No
	Commodity policies in place with KPIs to track progress	Actual	Positive	Yes
	Mapping of scope 3 category 1, permits a scientific approach to concentrating our efforts	Actual	Positive	No

As a major retailer in the variety discount segment, we influence consumption patterns among consumers. Our ambition is to pioneer affordable and sustainable products which are obtainable by all. For us, this means optimising the product dimension by minimising our environmental impact, encompassing

social factors, and ensuring economic viability at a low price. We implemented several measures in 2023 to expedite the transformation of the product dimension to meet our targets. Importantly, we acknowledge the need for speed in accelerating the transformation of our product dimension.

Checklist for sourcing new products and commodity policies

We seek to reduce our negative footprint by continuously improving our sourcing strategy through developing and implementing guidelines for more circular and sustainable products. In close cooperation with key roles in category and sourcing, we built a checklist of five key initiatives in 2023. This has been developed to align with a circular approach to sourcing products, taking account of environmental, social and biodiversity impacts and the forthcoming CSRD directive which offer guidance for our category strategy on product sourcing. These guidelines are intended for use in our dialogue with suppliers. The checklist is presented in the illustration below.

To escalate our shift to sustainable products, we have developed commodity policies for raw materials.

Applying the materiality principle to raw materials selection has resulted in the prioritisation of plastics and raw materials susceptible to deforestation as the initial policies for implementation. Where we are concerned, this means cardboard, paper, wood, palm oil, soya, cocoa and coffee.

Other materials of great relevance are synthetically produced textiles, such as polyester, nylon and so forth, paraffin/candles, cotton, metals, conflict minerals, and textiles involving animal welfare (wool, fur, leather, feathers, down and so forth). Aligning policies remains a work in progress, and is expected to be formalised through policies in the next one-two years. This will further reduce our stakeholders' concerns over these issues, safeguard animal welfare and enhance responsible supply chains in terms of human rights.

Guidelines for sustainable product sourcing

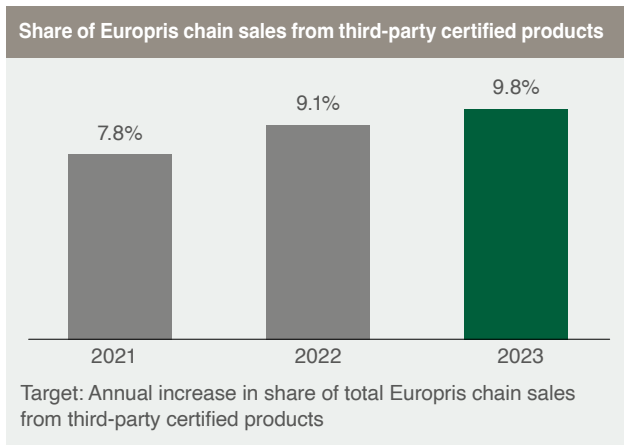
1. We will work to increase the share of third-party certified products
2. We will work to ensure recycled or recyclable packaging
3. We will work to reduce the amount of packaging used in products and packaging
4. We will work to increase the share of recycled/renewable materials in our products
5. Commodity policies will apply when the main material is plastic or commodities potentially involved in deforestation

Collecting data and ensuring its quality in order to show progress towards the targets effectively is challenging. We devoted much time in 2023 to establishing data points related to our products. This work has involved personnel from IT, sustainability, masterdata and finance to ensure that future registration of new products will provide the information needed for GHG accounting and transparency in the journey towards the green transition. This is a demanding task, which requires a great deal of information from the supplier level. It will continue to attract great attention in 2024.



Third-party certifications

Our ambition is to achieve growth in the share of third-party certified products in sales on an annual basis, and we are proud to say that results have been positive for the fifth year in a row.



Twenty external certifications have been considered relevant for the product range we offer with regard to the environment and/or ethical trade, quality and health. Our most commonly used certifications are the Nordic Ecolabel (Swan), the Forest Stewardship Council (FSC), the Rainforest Alliance and Fairtrade. An updated list of these can be found at Europris.no.

Spare parts to enhance circularity

In a circular economy, products have to last as long as possible and be repairable, upgradable and reusable. The traditional linear model of "take, make, dispose" must be replaced with a more circular approach.

Adjusting to a more circular business is vital for our group. Regulations on circularity which affect product lines and packaging (the Ecodesign for Sustainable Products Regulation, Extended Producer Responsibility and Food Waste Directive model) present a potential risk, since their implications may increase costs. However, delivering on them faster and better than competitors also provides an opportunity.

We are already applying circular thinking in several corporate projects. One initiative which accelerated in 2023 is offering spare parts for repairs and thereby extending product lifespans. Such components are distributed through two routes, either directly from the stores or via the customer service centre. The latter processed 1,787 requests for spare parts in 2023, helping to extend the life of the products concerned.

Packaging

Paper and cardboard are our main packaging waste materials, along with plastic. Minimising packaging waste is not only a given in the context of environmental sustainability but also a practical and strategic move for us as a retailer. When done right, it results in cost savings, regulatory compliance, better customer relations and improved supply-chain efficiency. That leads in turn to a reduced carbon footprint.

As a member of Green Dot Norway, we meet the national legal requirements for waste by paying an environmental tax on all imported packaging which helps to finance Norway's waste collection system. We committed in 2020 to the Green Dot plastic pledge, undertaking to contribute to a more circular plastic economy. Plastic packaging of the future will be smarter, more innovative and more sustainable. Goals are to increase the use of recycled plastic, avoid its unnecessary use, and design for recycling.

Our ambition is to move towards more environment-friendly packaging made from recyclable or recycled materials. We are also working towards a general annual reduction in the amount of packaging. Utilising recycling pictograms and explanatory text will make it as easy as possible for customers to recycle and limit their impact on the environment.

Defined goals such as recycled and renewable packaging materials and optimising materials for recyclability are applied when designing new packaging. In addition, we require our suppliers to adhere to our packaging policy in order to deliver on our ambition.

Progress was made in 2023 towards the targets for several product groups, with improved packaging initiatives pursued for several products, and this work will continue. These improvements include switching from virgin to recycled plastic, replacing plastic with sustainable paper and cardboard, and eliminating unnecessary packaging materials.



Changing packaging from plastic to cardboard saves seven tonnes of plastic per year based on 2023 figures.

Communication with and nudging consumers

We strive to provide sustainably produced and sourced products, presented in a way which motivates customers to make sustainable choices. An essential part of helping consumers to identify sustainable choices is clear communication, which makes it easy actually to make the more sustainable choice. We created a communication plan in 2023 to enhance and intensify this work, including a communication strategy, an operational plan as well as a new visual identity. The plan was aligned with the management group and the board of directors.

Explaining sustainability can be complex, given the "alphabet soup" of abbreviations in the ESG vocabulary. We try to simplify our language as much as possible and to nudge the consumer in the right direction. This is done through messaging in our current marketing mix.

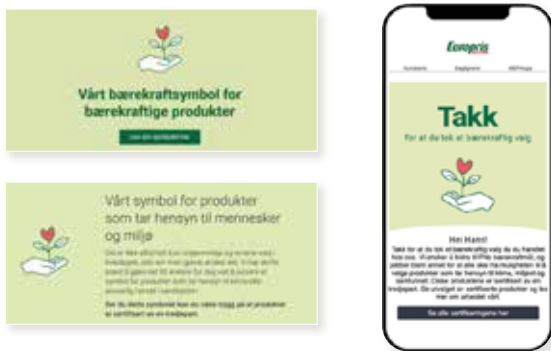
One example is providing environmental tips on in-store posters, with such messages as using less laundry detergent or washing at lower temperatures in order to reduce environmental impact. Another is explaining how packaging has changed from plastic to cardboard or to recycled materials for a specific product. Similar messages are communicated on the website, in newsletters and in-house to build and strengthen understanding both externally and internally. We have also launched new web pages on sustainability to provide a fuller and more transparent picture of the progress being made.



Examples of in-store posters about sustainability.



We relaunched our own umbrella sustainability symbol in October 2023, covering the 20 different third-party certifications we utilise. This is intended to help customers find sustainable products more easily. The products concerned carry this symbol on store shelves and in digital and print marketing.



Greenwashing

Greenwashing can be defined as misleading marketing, where a product or a business is presented as more environment-friendly than it actually is. While refraining from misleading or false information goes without saying, sustainability and social responsibility are complicated areas where it can be difficult to navigate and easy to make mistakes. The greenwashing poster we have signed provides a guideline for businesses which want to avoid such errors and contribute positively to the green transition. Signatory companies meet several times a year to discuss and share measures in order to be proactive and avoid greenwashing.

Safe and good-quality products

A key driver in developing longer-lasting products, slowing consumption and reducing emissions is improved product quality. As a discount retailer, we acknowledge the potential for negative associations related to price and quality perceptions. We are very aware of this and work continuously to provide safe and good-quality products. The aim is to strengthen our reputation as a trustworthy and dependable retailer of discount variety merchandise, while making quality an important criterion for sustainability.

An overview of some of the actual and potential impacts from the materiality analysis on safe and good-quality products is presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Safe and good-quality products	Product with a short lifecycle, leading to greater consumption and climate impact	Actual	Negative	No
	Variable quality control, leading to possible sales of potentially harmful products	Potential	Negative	No
	Quality department with an excellent level of expertise which permits good control	Actual	Positive	No

Optimised routines to ensure compliance with high-risk products

Our dedicated quality and assurance department, with offices in both Norway and Shanghai, ensures that products are safe, have good quality, are correctly labelled for content, and have been checked for safe use and disposal.



All high-risk products are tested to ensure that they comply with international and national legislation. We work diligently to keep products free of hazardous substances and to continue meeting high standards of quality, transparency and safety. That is particularly important since products are sourced from a multitude of suppliers across the globe, increasing the risk that some may fail to meet national requirements. Goods are tested at the production site in accordance with Norwegian product regulations.

In addition, all high-risk items – such as electrical products, toys, chemicals, food, food-contact materials and pet food – are subject to strict checks by the quality assurance department before production can take place. We want to ensure that all our products are safe and of good quality, and have zero tolerance of recalls and withdrawals. Stringent requirements are set by us for our suppliers, and we seek confirmation that they have the necessary expertise to understand and comply with current laws and regulations concerning their products. Ethical guidelines and adherence to our code of conduct are also integral to the process, ensuring that human and labour rights in the supply chain are in line with Norway’s legislation on work by businesses with fundamental human rights and decent working conditions (the Transparency Act). Read more about this under human rights due diligence on page 86.

Inspections

Our quality assurance department in Norway has concentrated on optimising routines and testing in collaboration with the quality team in Shanghai. The latter ensures that pre-shipment inspections are carried out with products produced in Asia. Reports from these inspections must be approved by the quality assurance department at head office in Norway before the shipment is released, which ensures that any corrections can be made before products leave the production site and reduces the risk of faulty or defective items being transported to the Norwegian market. Increased attention has also been paid to improving quality on the basis of feedback about product defects through follow-up at regular meetings with product managers. Two cases of non-compliance related to products or their incorrect labelling which resulted in a warning were identified in 2023.

		2021	2022	2023
Product safety	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
	Incidents of non-compliance with regulations resulting in a warning	2	0	0
	Incidents of non-compliance with voluntary codes	6	11	12
Product labelling	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
	Incidents of non-compliance with regulations resulting in a warning	0	0	2
	Incidents of non-compliance with voluntary codes	0	1	1

Risk analysis in procurement

We implemented improved, meticulously designed procedures during 2023 for risk analysis in procurement. Targeted measures have been introduced to ensure the quality of the products we distribute while also guaranteeing safe products for customers. Our products are divided into three risk categories:

→ Red risk:

This category includes products which may pose a risk to health, safety and/or the environment (HSE). Those requiring CE marking automatically belong in this risk category. Products incurring customer complaints which indicate a hazard are also moved into the red category. These products are strictly monitored and will remain in this group until changes justify a downgrade.

→ Yellow risk:

Products in this category have potential risks, but with a small likelihood of negative consequences. That includes technical chemical products such as cleaning supplies. Extra care is taken to ensure the safe use of such items.

→ Green risk:

Products which pose no imminent risk to HSE.

Improved tracking and data to reduce defects and enhance product quality

A Lean project was implemented in 2023 covering data capture and improvements to the complaint-handling process. As a result, we now use consistent return codes throughout the value chain to secure better control and ensure that data are automatically collected in the right place. With a clearer dataset, it has become significantly easier to identify areas with a potential for improvement. We also acquire feedback and information from the entire value chain in a more structured manner, enabling their use as a tool for identifying products which either need quality improvements or require better instructions to ensure proper usage.

With the aim of improving the quality of unsatisfactory products, extra attention is devoted to suppliers of high-risk products or product categories which exceed a claim rate of three per cent in any given year. Taken together, our procedures ensure a responsible approach to risk management and product quality while maintaining a continuous concentration on improvement.

Development of KPIs in 2023

We pay great attention to the level of customer complaints. Given total chain sales, the overall claim rate of 0.06 per cent is at a satisfactorily low level. We have reworked the KPI during the reporting year to target a wider and more representative selection of products prone to complaints. As a large portion of the product range consists of consumables that are rarely subject to customer complaints, the KPI now relates to durable goods. These products are intended to have a relatively long lifespan and provide repeated use over an extended period of time. Durable goods accounts for 30 per cent of our chain sales. Our target is to maintain claims at a rate below 0.35 per cent taking into account expected normal fluctuation of 15 per cent. With a rate of customer complaints of 0.29 per cent, we managed to maintain a low claim rate in 2023.

In addition to monitoring overall developments, we devote special attention to specific product groups with unsatisfactory levels of complaints. These are small domestic appliances, seasonal lighting and outdoor furniture, which have been closely monitored over the past three years. We worked systematically in 2023 to improve materials or parts with systematic weaknesses. Where seasonal lighting is concerned, attention has been devoted to water resistance in the shrink plastic around light bulbs and connectors in order to improve the overall quality of the product. Another example, involving outdoor furniture, is the efforts made to enhance the components in our rattan furniture. The result of this work has been reductions in the complaint rate of 16 per cent on small domestic appliances, 18 per cent for seasonal lighting and 26 per cent with outdoor furniture.





Our climate profile

GHG emissions from producing and transporting the products we sell account for the largest part of the environmental impact from our business model. As the global climate challenge becomes ever more acute, we must make choices for a greener transition to more climate-friendly business activities and operations. This chapter describes our work in transitioning towards net zero emissions, our initiatives related to climate resilience, and how we work to build a more climate-friendly business model.



Our ambition is to reduce emissions in line with the Paris agreement with ambitions of reaching net zero by 2050

SDG in relation to our climate profile



Material topics related to our climate profile

- Climate-friendly operations and logistics
- Climate resilience



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Climate resilience	Net zero emissions by 2050	449,548	392,539	345,832	n/a	TBA	TBA	tCO ₂ e-emissions
		Base year	-13	-12	n/a	TBA	TBA	Percentage change in tCO ₂ e-emissions compared to year before
Climate-friendly operations and logistics	Increase energy efficiency in stores in 2030 by more than 20 per cent from 2022	110.9	101.7	98.3	99	96	80	kWh per square meter
	Reach an overall recycling rate of 90 per cent by 2030	75.9	77.1	87.8	81	85	90	Percentage of total amount of waste that is recycled

Key initiatives for achieving the targets

Climate-friendly operations and logistics

1. Establishing science-based targets – submitting our application to the SBTi for approval during 2024
2. Developing a full GHG inventory, including all applicable scopes and categories
3. Reducing GHG emissions from transport, most importantly:
 - a. eco-delivery covering all long-distance maritime transport (from March 2023)
 - b. participating in an external working group to develop a zero-emission transport chain from Moss to Tromsø by 2025
 - c. engaging in dialogue with transport service providers about transitioning to lorries run on electricity or biogas
4. Implementing remote operational monitoring of energy systems in an increasing number of stores to improve energy efficiency
5. Developing measures to reduce GHG emissions from goods purchased, such as increased use of recycled raw materials in products and packaging

Climate resilience


1. Completing the TCFD analysis in 2024 – identifying the greatest climate-related financial risks and opportunities
2. Implementing commodity policies to build resilience

Climate-friendly operations and logistics

We recognise that our business affects the climate, both directly through our operations and indirectly through the value chain. These impacts relate to emissions from our activities, transport methods and use of resources. Climate-friendly operations and logistics therefore remained a material topic in 2023, which we actively sought to address by monitoring

emissions, setting reduction targets and implementing measures to reduce emissions. Policy commitments and the management structure for this area are described in the section on governance.

A selection of impacts is presented in the table below. These are often systemic rather than specific to one of our sites or operations. An example of this is how the share of renewable energy in the energy mix is developing in Asia compared with Norway.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Climate-friendly operations and logistics 	GHG emissions from the use of fossil-fuel-based goods transport	Actual	Negative	No
	GHG emissions from using electricity generated by non-renewable sources	Actual	Negative	No
	Mapping of scope 3, permits a scientific approach to concentrating our efforts in mitigating GHG emissions	Actual	Positive	No

We committed in 2022, through the science-based targets initiative (SBTi), to develop and set emission reduction targets in line with the Paris agreement, with the ambition of reaching net zero by 2050. The GHG emission inventory forms the basis for formulating reduction targets and activities for our group. In preparing to submit an application during 2024 to SBTi for approval of near-term and long-term targets, expanding the scope of the GHG inventory was a key priority during 2023. Work on including the remaining applicable categories will continue in 2024. Based on a complete GHG emission inventory, we will formulate science-based targets for achieving the reductions needed to comply with our commitments.

Using electricity accounts for most of the emissions from our own operations. Emissions in the value chain from transport and waste have also been actively managed for many years and are therefore well understood and integrated in decision processes. Measures to reduce emissions in these three areas are thereby well established and will continue. Actions taken in 2023 and the results achieved are described in the sections below.

During 2023, emissions from category 1 under scope 3 – the production of goods and services which we source – were calculated for the first time. It became evident from this mapping that producing

goods is by far the greatest source of emissions, and thereby represents the most significant impact on the climate from our business. Continued measures to reduce these emissions will be a priority in 2024 and onwards.

GHG emission inventory

The GHG emission inventory comprises three parts. Scope 1 covers all direct emission sources, scope 2 includes indirect emissions related to purchased energy, and scope 3 includes other indirect emissions from value-chain activities, upstream and downstream, which we do not control directly. During 2023, we expanded our GHG emission inventory in terms of both the number of categories included under scope 3 and the scope of operations covered. Put briefly, emissions were added from purchased goods, transport of imported goods, commuting by employees and investments. Including emissions from the pure play companies in scope 3 broadened the scope of the operations covered.

Details on how emissions are calculated can be found in the chapter on methodology. In general, any reference to we/us (Europris/the group) in relation to the GHG emission inventory also includes franchises and pure players. A few exceptions are specified in

the chapter on methodology. The emissions are calculated in accordance with the GHG Protocol. Both location-based and market-based emissions are reported. Comments on changes

to emissions over the years draw on the location-based emissions. They represent our emissions related to power purchased from the Nordic grid without any green electricity certificates.

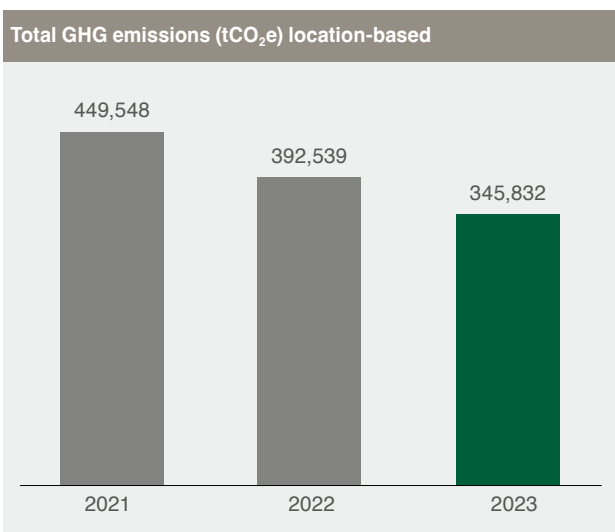
GHG emission inventory 2021-2023

tCO ₂ e	2021	2022	2023
Scope 1			
Transportation	152	132	103
Scope 1 Total	152	132	103
Scope 2			
Electricity location-based	1,444	1,121	1,253
Electricity general	-	-	-
District heating location	6	6	4
Scope 2 Total location-based	1,450	1,127	1,256
Scope 3			
Purchased goods and services	416,613	364,891	326,928
Fuel-and-energy-related activities	708	363	793
Upstream transportation and distribution	27,073	22,505	13,445
Waste	1 125	1 029	610
Business travel	180	197	420
Employee commuting	2,174	2,227	2,220
Investments	75	68	57
Scope 3 Total	447,946	391,280	344,473
Total location-based emissions	449,548	392,539	345,832
Electricity Total market-based	10,851	11,470	14,676
Scope 2 Total market-based	10,857	11,475	14,679
Total market-based emissions	458,955	402,888	359,255

Note: The GHG emission inventory, with the exception of category 1 under scope 3 (purchase of goods and services), has been subject to independent auditors limited assurance attestation (ISAE 3410 Assurance engagement on greenhouse gas statements with limited assurance).

Key developments in GHG emissions

We reduced our total location-based GHG emissions by 12 per cent in 2023 compared with 2022, and by 23 per cent compared with 2021. The primary driver is a decline in emissions from goods purchased. Smaller emissions from transport also added to the reduction. A decline in volumes purchased contributed to the fall in emissions from 2022 to 2023 for these two categories. Both a general trend in retail of lower volumes sold due to a tougher macroeconomic environment, and seasonal summer overliers from 2022, caused the reduction in volumes purchased. Emissions from goods purchased was also lower in 2023 due to a change in the emission intensity of the types of goods sourced. In other words, goods with lower emissions per unit constituted a larger share of total volumes purchased in 2023 than in the year before. Where transport is concerned, an eco-delivery agreement on maritime transport which came into effect in March 2023 contributed to the emission reduction, along with lower import volumes.



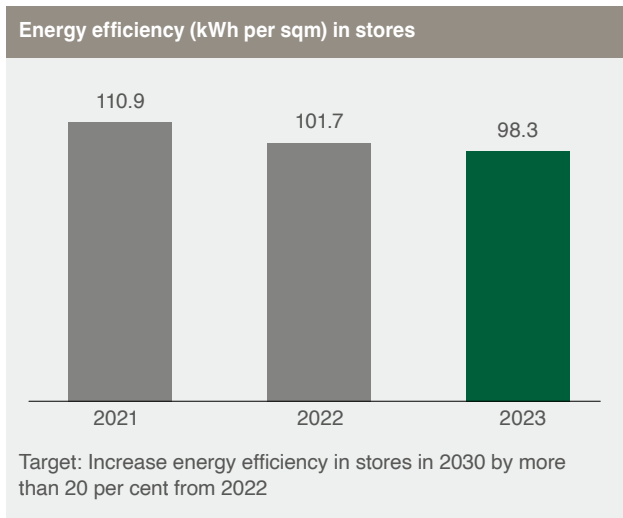
Scope 1 – own vehicles

As a broad variety retailer with no production processes or transport fleet of our own, direct emissions are limited. They related in 2023 to leased company cars and amounted to 103 tonnes of CO₂ equivalent (tCO₂e), down by 22 per cent from the year before and by 33 per cent from 2021. Our vehicle policy specifies that zero-emission will be chosen when new leasing agreements are signed. Exceptions can only be made for regional managers located in areas where mileage/range is insufficient for the travel distance to stores, and they must be approved by the VP store operations.

Scope 2 – energy

Our total energy consumption in 2023 amounted to 45,930 MWh, up five per cent from 43,817 MWh in the year before. Electricity accounts for the great bulk of this, at 97 per cent. District heating constitutes two per cent of the total, while on-site solar energy systems currently contribute 0.5 per cent of the MWh used. Our location-based emissions associated with electricity purchased from the Nordic grid were 1,253 tCO₂e, an increase of 132 tCO₂e or 12 per cent from 2022. About two-thirds of this rise is explained by a change to the electricity mix in the Nordic grid. The rest reflects growth in the amount of electricity used, some at the logistics centre but mostly in our stores (64 per cent). The weather in 2023 was colder than usual according to Energima, which monitors electricity consumption in our stores. This contributed to higher power usage. The stores account for about 80 per cent of our energy consumption, and as more stores are opened every year, this increases requirements. At the same time, a general improvement in the energy efficiency of our stores from 101.7 kWh/m² to 98.3 kWh/m² in 2023 helped limit the extra electricity required.

Given the significant contribution of the stores to our total energy consumption, particular attention is devoted to monitoring their electricity use and implementing energy-saving measures. An energy monitoring system is in place at most stores. Electricity use is reported internally on a monthly basis to management at head office as well as regional and store managers. Several managers also have this as a KPI for performance-based pay. Underperforming stores are followed up on an individual basis, and best practice is shared across stores and regions. In addition, an increasing number of stores have signed agreements on active operational energy monitoring, allowing for remote control and optimisation of technical systems such as ventilation. At present, 31 per cent of the stores are covered by such agreements. This operational monitoring system has proved efficient in saving energy and costs, and we will continue extending it to more stores during 2024.



In line with the target of increasing energy efficiency in stores during 2030 by 20 per cent from the 2022 level, we will be maintaining our concentration on energy-saving measures in stores during 2024. The ongoing pilot concerning the use of batteries in combination with an automated building operating system to reduce peak loads will carry on during 2024, and we will continue to seek profitable solutions in this area. In parallel, a pilot project is

running on optimising the indoor climate – including energy efficiency – using the automated building operating system. This has so far been tested in eight stores (see text box).

We are pleased to be enabling energy-saving solutions at our offices as well, and both head office in Fredrikstad and the logistics centre in Moss are Eco-Lighthouse certified. The logistics centre also has Breeam certification, and it has been decided to work towards this at head office as well.

Ways to increase our share of renewable electricity are being actively explored. We continue to utilise power self-generated from solar panels at our head office, amounting to 42 MWh in 2023. Additional solar panels will be installed there in 2024. Such panels were also installed on the logistics centre in July 2023. With an annual capacity of 400 MWh, they generated 175 MWh from August to December. This electricity is primarily for the centre's own consumption. Where the stores are concerned, specific proposals are under consideration to cooperate with landlords to buy electricity from solar systems should these be installed on the buildings.

Pilot project: optimising the indoor climate in stores

Two stores installed a new system in 2022 with multiple sensors for automatically monitoring and regulating the indoor climate. Another six pilot stores were included in the project during 2023.

The sensors measure such metrics as temperature, CO₂ levels, air humidity, light intensity, motion, and volatile organic compounds (VOCs). Data from the sensors are combined with external information sources such as weather forecasts and real-time data on operation of the

ventilation system. The latter is then automatically optimised to meet the preferred indoor climate during opening hours with the lowest possible energy use.

The new management system is installed on existing ventilation systems, which improves their operating life as well as the indoor climate and energy efficiency for the stores. An evaluation of the pilot will be conducted in 2024.

Scope 3 – purchase of goods and services

The predominant source of emissions in our value chain is the production of goods purchased for resale. This was estimated to release 326,928 tCO₂e in 2023, or 95 per cent of our total GHG emissions. Laundry and cleaning, groceries, and house and garden were the three product categories making the biggest contributions to total emissions – 47 per cent in total. Emissions were down by 10 per cent from 2022 and 22 per cent from 2021. Changes to the house and garden, personal care, and candles and

interior categories made the biggest contribution to the 2023 emission reduction, measured in tonnes CO₂e.

A more demanding macroeconomic environment limited sales volumes in retail overall, thereby reducing the need for purchases. In addition, seasonal summer overliers from 2022 in the house and garden category further reduced our need for imports in 2023. Naturally, lower volumes purchased affected the level of GHG emission positively and

was a significant contributor to the decrease in emissions. We also witnessed a change in purchasing mix that added positively to the reduction in emissions, as spend increased in less emission-intensive categories and decreased in more emission-intensive categories. As for volumes purchased, the purchasing mix is something that may vary from year to year.

As described in more detail in the chapter on methodology, the numbers calculated are not exact measures of emissions related to purchased goods. They represent a best-effort estimate based on available product data and emission factors. Nevertheless, the estimate gives a valuable insight into which product categories are the most emission-intensive and which represent the biggest emissions today in absolute terms. This will enable us to adopt more targeted measures for reducing emissions from this part of our value chain. As described in the chapter on our products, we have already initiated such mitigating actions as increasing the use of recycled raw material in products and packaging. Further measures will be developed in 2024.

Scope 3 – transport

After purchased goods, transport is the main source of GHG emissions in our value chain. In previous years, we only reported amounts released by distributing goods from our logistics centre to stores. However, great efforts were devoted throughout 2023 to mapping emissions from all parts of the transport chain. That includes imports by sea, road and air to the warehouses, transport directly from suppliers to stores, and distribution of goods purchased online to the end consumer. A complete picture of emissions from all types of transport gives us the opportunity to target actions which have the greatest effects on emissions and to monitor the actual results of these initiatives.

Emissions from transport amounted to 13,445 tCO₂e in 2023, constituting 4 per cent of our total GHG emissions. Emissions were down by 40 per cent from 2022 and 50 per cent from 2021. Eighty-two per cent of the 2023 cut was achieved in

maritime transport. The two main reasons were a lower volume of goods imported and an eco-delivery agreement with our supplier of long-range maritime transport on the use of biofuel (see text box). Maritime transport now accounts for 22 per cent (2,977 tCO₂e) of our total transport emissions, down from 46 per cent in 2022 (10,385 tCO₂e). That represents a reduction in emissions from maritime transport of 71 per cent. Distribution of goods was the largest source of emissions from transport in 2023, accounting for 53 per cent (7,137 tCO₂e). That represents a reduction in emissions from this part of the transport chain of 17 per cent from 2022.

We are on a continuous journey to convert from fossil-fuel to renewable transport, and strategic cooperation is the key to achieving results. We participate in an external working group, led by Asko, to develop a zero-emission transport chain from Moss to Tromsø by 2025. The idea is to use lorries run on electricity or alternative renewable fuels from Moss to Oslo, then rail between Oslo and Bodø and finally an autonomous electric ferry from Bodø to Tromsø. Planning will continue in 2024, and the ferries are under construction.

Using electric lorries for distributing goods to stores was tested in 2023. Battery range has turned out to be a limiting factor for the moment. In parallel, we are testing the use of lorries run on biogas to distribute goods from the logistics centre in Moss to the stores. Starting with two vehicles in 2023, testing will continue during 2024. Transitioning to a fossil-free transport chain takes time, with various existing and new technologies and infrastructure needing to be tested in cooperation with suppliers and other companies. Our efforts to find more sustainable transport solutions will continue in 2024.

Going the distance

– we reduced emissions from maritime transport by 71 per cent in 2023 through the relationship with our logistic partner

As one of the first retailers in the world, we substituted fossil fuels with biofuel for maritime transport in March 2023 by entering into an agreement with our logistic partner, Maersk. This led to a substantial reduction in GHG emissions from upstream transport and distribution, saving 4,193 tonnes of CO₂e in 2023. That accounted for almost 50 per cent of the decline in our transport emissions compared with the year before.

We and Maersk have a long-term partnership dating back more than 20 years. Both sides are committed to net zero, and these types of relationships are important on the journey to reaching our long-term ambitions and commitment to targets aligned with the Science-Based Targets Initiative (SBTi).

What is biofuel?

Biofuel is an innovative product which replaces fossil sources with green fuels. It is carbon-neutral and manufactured from recycled and sustainable biomass. Biofuel is certified as sustainable by the International Sustainability & Carbon Certification (ISCC) body.

When taking a full lifecycle view, including all emissions from upstream production and transport, biofuel provides an 84 per cent reduction in emissions compared with fossil fuel.

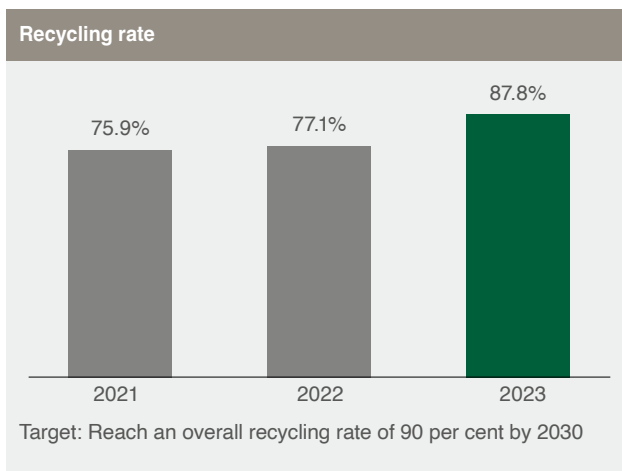


“Reducing our GHG emissions is an important strategic goal for us. Cooperation with partners who seek modern solutions and opportunities are therefore imperative for achieving our ambitions.

Pål Christian Andersen
VP supply chain
Europris ASA

Scope 3 – waste

Waste from operations affects the environment negatively through pollution, resource use and GHG emissions associated with handling. That underlines the importance of waste management and circular solutions. We are committed to reducing and sorting waste from our operations.



We are proud to see that our targeted efforts over the past two years have yielded substantial results in the form both of a nine per cent cut in total waste and a significant rise in the recycling rate from 76 to 88 per cent since 2021. The corresponding reduction in GHG emissions for the same period was 46 per cent, resulting in a significantly lower emission level of 610 tCO₂e in 2023. The stores make the biggest contribution to waste generation. Improving their sorting of cardboard and hard plastic has been a priority and was central to the results achieved.

Waste quantities and recycling rates are reported internally on a monthly basis to management at head office as well as to regional and store managers. Underperforming stores are followed up on an individual basis, and best practice is shared across stores and regions. The recycling rate is also included as a KPI for performance-based pay for several managers. Furthermore, particular attention has been paid to training all employees in stores and at the logistics centre, including temporary workers. Equipment used for waste sorting in stores has also been reviewed to ensure that the process is as easy as possible. Attention will continue to be devoted to waste reduction and sorting during 2024.

Scope 3 – business travel

After three years of reduced activity owing to the Covid pandemic, business travel increased in 2023. Emissions from this source doubled since 2022 and reached 420 tCO₂e in 2023. Air travel accounted for 94 per cent of these emissions, with more intercontinental flights leading to an increase in emissions from this category.

Scope 3 – employee commuting

Emissions from commuting by employees were calculated for the first time in 2023 on the basis of a workforce survey, with an average emission factor being calculated per employee. Total emissions were then calculated on the basis of the number of people working 50 per cent or more of a full-time equivalent. Such travel accounted for total emissions of 2,220 tCO₂e in 2023.




Climate resilience

The Centre for Climate and Energy Solutions defines climate resilience as “the ability to anticipate, prepare for and respond to hazardous events, trends or disturbances related to climate”. Our business impacts the climate resilience of the economy, the environment and people in various ways, both directly through our own operations and indirectly through business relationships. At the same time, climate change poses significant financial risks and opportunities for our business. We recognise the need to address these impacts, risks and opportunities, ultimately building a climate-resilient business model suited for the transition to a green economy.

Being a climate-friendly business which develops science-based targets and measures to reduce GHG

emissions is not only relevant to our impact on the climate, but also addresses some of the impacts, risks and opportunities related to climate resilience. Choosing deforestation-free raw materials, for instance, reduces GHG emissions while enhancing the resilience of local environments to flooding induced by climate change. As another example, increasing the share of fossil-fuel-free transport reduces both emissions and our financial vulnerability to regulations in this area. Consequently, targets and measures to address emission reductions and climate resilience must be seen in context.

A selection of impacts is presented in the table below. Impacts are often systemic rather than specific to one of our sites or operations.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
	Lack of internal processes and policies for dealing with climate-related impacts and biodiversity	Potential	Negative	Yes
	Implementing policies to counter deforestation and biodiversity loss in the value chain related to the production of goods may improve the climate resilience of local environments	Actual	Positive	No
	Sourcing goods from suppliers without an environmental audit may contribute to lower local climate resilience	Actual	Negative	Yes
	Lack of progress in transitioning to a business model aligned with a green economy may harm our profitability, with a negative effect on employee job security and the dividend paid to shareholders	Potential	Negative	No

Commodity policies to counter deforestation and biodiversity loss

Implementing policies to counter deforestation and biodiversity loss in the value chain related to the production of goods may improve climate resilience in local environments. That is why, in 2023, we implemented and aligned with policies on commodities prone to deforestation. Where we are concerned, this affects raw materials such as cardboard, paper, wood, palm oil, soya, cocoa and coffee and to some extent red meat.

In general, the overall target of these policies is to ensure that raw materials utilised in our product range do not contribute to deforestation. We have specified guidelines tailored to each material,

concentrating on the need for documented traceability which secures sustainable forestry as well as respect for human rights and indigenous people. We will closely monitor progress on implementing the guidelines in order to meet our long-term target.

Analysis of climate-related risks and opportunities

An analysis of climate-related risks and opportunities was conducted in 2023, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of the analysis, key personnel in our group took part in two workshops covering key parts of our business, such as finance, sourcing, the supply chain and operations.

The first of these workshops concentrated on discussing changes in operating conditions owing to climate change (drivers) and how they might affect our business financially in a negative or positive way. This resulted in a long-list of risks and opportunities. Both physical and transitional drivers were discussed. Physical drivers are either acute or chronic, while transitional drivers take the form of regulatory, technological, market-related or reputational changes. In the second workshop, we discussed the likelihood, time frames and financial implications of the identified risks and opportunities.

This analysis identified a short-list of climate-related risks and opportunities, with the potential for a considerable financial impact on our business. Three time frames and two climate scenarios were considered in order to improve understanding of our exposure to the effects of climate change.

Although already covered partly in our general risk review/management, the full short-list of climate-related risks and opportunities will be integrated into our existing process for overall risk management. This is handled by the executive management and approved annually by the board.

The process of fully embedding the approach in our strategy and operations is still ongoing, and a complete TCFD report will be published in 2024. This will provide a comprehensive description of our management of climate-related risks and opportunities and mark a significant milestone in our sustainability work, further strengthening our commitment to sustainable operations.

The EU taxonomy

Introduction

Europris ASA is reporting the disclosures required by the EU taxonomy for the first time in 2023. This report describes how far our activities are considered to be environmentally sustainable pursuant to the EU taxonomy.

The EU taxonomy is an internationally recognised classification system with specified requirements for defining sustainable economic activities aimed at reorienting capital flows towards sustainable investments and helping to navigate the transition to a low-carbon society, as well as at fostering a resilient and resource-efficient economy for investors and companies. It thereby aims to help reach the EU's climate and environmental targets for 2030 and the objectives of the European green deal.

As a large public-interest entity with more than 500 employees covered by the non-financial reporting directive (EU) 2014/95, we fall within the scope of the EU taxonomy regulation. Norway's Sustainable Finance Act, which came into force on 1 January 2024, implements the EU taxonomy regulation in Norwegian legislation. Norwegian companies falling within the scope of the regulation, such as Europris, are therefore presenting their first reports pursuant to the EU taxonomy for the 2023 financial year. We accordingly do not have a basis for comparison yet.

An economic activity is considered eligible if it is listed in the EU taxonomy and has the potential to contribute positively to at least one of six environmental objectives. These are climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Economic activities are taken into account irrespective of their geographic location inside or outside of the EU.

For an activity to be considered environmentally sustainable – in other words, taxonomy-aligned – it must meet all three of the following conditions.

- It makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity
- It meets the do no significant harm (DNSH) criterion defined for this economic activity
- It is carried out in compliance with the minimum safeguards, which relate primarily to human rights and social and labour standards

In the following, we describe the way our economic activities regulated under the EU taxonomy have been identified and how their alignment has been assessed.

Eligibility screening of economic activities

Eligible economic activities are those regulated by the EU taxonomy. We have followed development of the taxonomy and conducted an eligibility screening in 2023 in accordance with the taxonomy's published activities. This was provided by CEMAsys, a third-party consultancy. An assessment of whether our economic activities are governed by commission delegated regulation (EU) 2021/2139 and its amendments was conducted to determine eligibility. The eligibility screening found that, as a discount variety

retailer, we by and large do not pursue activities covered by the EU taxonomy. The retail sector, within which most of our material economic activities fall, has yet to be included in the EU taxonomy. These activities are therefore not yet eligible.

The EU taxonomy does not cover all economic activities, and has therefore only established technical screening criteria which specify the requirements for an economic activity to be considered sustainable with regard to sectors and activities which can make the most relevant contributions towards the six environmental objectives listed above. However,

some of our minor economic activities fall within other sectors which are included in the EU taxonomy, such as transport, construction and real estate activities, information and communication, and services. Note that these are not our main economic activities.

To identify eligible activities, all economic activities were screened and evaluated. Instead of using NACE codes to identify potentially eligible activities, all economic activities under the taxonomy regulation and their descriptions have been assessed, since the description of an economic activity takes precedence over the NACE codes. A list of potentially eligible activities was drafted and discussed with key internal staff and external consultants. The assessment of the technical screening criteria for each of the potentially eligible activities, as specified in commission delegated regulation (EU) 2021/2139 and its amendments, concludes that we conducted the following eligible activities in 2023.

Transport

Our main transport activities are related to sourcing and distribution of goods. This activity is conducted by third-party actors and therefore do not apply as an eligible economic activity. Our purchase and long-term leasing of company cars is an eligible economic activity covered by the taxonomy, however, this is a minor activity for us. These vehicles are used for such supporting activities as sales and other administration, and we have developed a dedicated company-car policy, as described in the chapter of our climate profile. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

Construction and real estate activities

Apart from a warehouse belonging to our Lekekassen subsidiary, we do not own any buildings and lease our head office, stores and main warehouse. However, we engage in construction activities executed by a third party on a contract basis, where we define the requirements and specifications for the building. The main warehouse in Moss was extended by 21,000 m² and taken over by us in 2023, and some stores underwent conversion work in the reporting year. Furthermore, we installed solar photovoltaic systems on the warehouse roof in Moss and heat pumps in the head office and stores, replaced old lightbulbs with LEDs, and installed fans for hot/cold air exchange. Each office at the head office is equipped with individual thermostats to

regulate the room temperature, and energy monitoring systems are in place at most stores. Activities in this category are described in more detail under the material topic on climate-friendly operations and logistics. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 7.1 CE 3.1 Construction of new buildings
- CCM/CCA 7.3 Installation, maintenance and repair of energy-efficiency equipment
- CCM/CCA 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
- CCM/CCA 7.6 Installation, maintenance and repair of renewable energy technologies
- CCM/CCA 7.7 Acquisition and ownership of buildings

Information and communication

As a discount variety retailer with a complex value chain and a wide range of customers, we collect and store data as well as operating our own data servers. Pursuant to the taxonomy, one of our eligible activities in this sector is the operation of our own servers. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 8.1 Data processing, hosting and related activities

Services

We sell spare parts related to a number of items in our product range, such as outdoor furniture and vacuum cleaners, and such sales therefore rank as an eligible economic activity. Read more about spare-part sales to enhance circularity on the chapter of our products. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CE 5.2 Sale of spare parts

The results of our assessment of how of our activities align with the conditions for environmental sustainability specified in regulation (EU) 2020/852 of the European Parliament and the Council – in other words, whether the criteria for an economic activity to be sustainable are fulfilled – are presented below.

Alignment assessment of eligible economic activities

In the alignment assessment, our eligible economic activities are assessed against the substantial contribution criteria and the do no significant harm criteria as set out in the technical screening criteria of commission delegated regulation (EU) 2021/2139 and its amendments, as well as the minimum safeguard criteria. While substantial contribution and do no significant harm are specific to economic activity, minimum safeguards are a company-level policy requirement.

The substantial contribution sets out the criteria for determining that a specific economic activity furthers the taxonomy's environmental objectives. Do no significant harm sets out the criteria for determining that a specific economic activity does not impair any other environmental objective in the Act. Moreover, economic activities must be carried out in compliance with the minimum safeguards, which relate mainly to human rights and labour standards but also cover the topics of corruption, fair competition, taxation and controversial weapons. Here, we follow the specified guidelines presented in "Final Report on Minimum Safeguards" from the Platform on Sustainable Finance.

Norway's Transparency Act, which sets out the legal requirements for the conduct of human rights due diligence by Norwegian undertakings, is built on the UN Guiding Principles (UNGP) on business and human rights and the OECD guidelines for multinational enterprises. Our human rights due diligence is conducted in line with the UNGP and the OECD guidelines. Read more about our human rights due diligence, policies on corruption, fair competition and taxation on the chapter of human rights due diligence.

In 2023, the EU further amended the Climate Delegated Act (delegated regulation (EU) 2021/2139) with commission delegated regulation (EU) 2023/2485, and introduced the Environmental Delegated Act (delegated regulation (EU) 2023/2486). New economic activities were thereby incorporated in these regulations, such as our spare-parts sales. The eligibility of these new economic activities must be assessed for the 2023 financial year but assessing their alignment is optional for the 2023 reporting year.

When assessing the alignment of the eligible economic activities, all our eligible activities share the generic do no significant harm criteria for climate-change adaptation. This states that a physical climate risk assessment should be conducted for the eligible

activities and that adaptation solutions should be identified. Even though we conducted a climate risk assessment covering our main business activities in accordance with the TCFD framework in 2023, the EU taxonomy requires a physical climate risk assessment to be conducted for each eligible economic activity subject to the EU taxonomy regulation. Owing to the lack of materiality of those activities, they have not been covered in the physical climate risk assessment. We accordingly do not fulfil the do no significant harm criteria yet. Consequently, the alignment assessment concludes that none of our eligible economic activities are aligned and are therefore not environmentally sustainable in accordance with the EU taxonomy regulation.

Accounting policy

Turnover: we define turnover as our total operating income, comprising sales of directly operated stores, sales from fully and partly owned subsidiaries, sales from wholesale to franchise stores, and franchise fees and other income, as reported in the financial statements. Our eligible turnover is that part of total operating income generated by the sale of spare parts in directly operated stores.

Capex: we define Capex as the additions to fixed assets and intangible assets (see definitions of APMs), as presented in the consolidated cash flow statement. Our eligible Capex is the amount related to the installation of energy-efficiency equipment and renewable-energy technologies, the purchase of servers, leasing of company cars, and the construction of new buildings.

Opex: We define Opex as the sum of employee-benefit expenses and other operating expenses directly related to the maintenance, repair and day-to-day servicing of property and equipment. Our eligible Opex relates to the maintenance costs of Lekekassen's warehouse, ongoing energy monitoring by a third-party provider, and operational costs of the server park.

The EU taxonomy key performance indicators

The EU taxonomy defines turnover, capital expenditure and operating expenditure as the key performance indicators which must be reported. The required tables for reporting these KPIs are presented below.

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A		
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	E	
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
				(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)	(EL;N/EL)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CE 5.2	1.45	0.015%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Of which Enabling		1.45	0.015%	0%	0%	0%	0%	0.015%	0%								N/A		
Of which Transitional		1.45	0.015%	0%	0%	0%	0%	0.015%	0%								N/A		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy-non-eligible activities (B)	9,465.00	99.985%																	
Total (A + B)	9,466.45	100%																	
	Proportion of turnover/ Total turnover	99.985%																	
	Aligned per objective	Eligible per objective																	
CCM	0%	0%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0.015%																	
PPC	0%	0%																	
BIO	0%	0%																	
Row	Nuclear energy related activities																		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.																		NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.																		NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy																		NO
	Fossil gas related activities																		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.																		NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.																		NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels																		NO

Capital expenditure

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria						Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity			
A. Taxonomy-Eligible Activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	E
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	N/A	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)									
Installation, maintenance and repair of energy efficiency equipment	CCM/CCA 7.3	0.88	0.110%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Installation, maintenance and repair of renewable energy technologies	CCM/CCA 7.6	5.92	0.737%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
IConstruction of new buildings	CCM/CCA 7.1 CE 3.1	180.36	22.447%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Data processing, hosting and related activities	CCM/CCA 8.1	2.16	0.270%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM/CCA 6.5	7.17	0.893%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		196.51	24.457%	24.457%	24.457%	0%	0%	22.447%	0%								N/A	
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		196.51	24.457%	24.457%	24.457%	0%	0%	22.447%	0%								N/A	

B. Taxonomy-Non-Eligible Activities

CapEx of Taxonomy-non-eligible activities (B)	606.99	75.543%
Total (A + B)	803.50	100%

	Proportion of CapEx/Total CapEx	
	Aligned per objective	Eligible per objective
CCM	0%	24.457%
CCA	0%	24.457%
WTR	0%	0%
CE	0%	22.447%
PPC	0%	0%
BIO	0%	0%

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

Operating expenditure

Financial year 2023	2023		Substantial contribution criteria						DNSH criteria						Minimum safeguards	Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity	
Economic activities	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy					Biodiversity
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	Y	N/A	
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	Y	N/A	ab
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	Y	N/A	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)										
Acquisition and ownership of buildings	CCM/CCA 7.7	0.18	0.513%	EL	EL	N/EL	N/EL	N/EL	N/EL									N/A	
Installation, maintenance and repair of energy efficiency equipment	CCM/CCA 7.3	3.43	9.966%	EL	EL	N/EL	N/EL	N/EL	N/EL									N/A	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM/CCA 7.5	1.62	4.723%	EL	EL	N/EL	N/EL	N/EL	N/EL									N/A	
Data processing, hosting and related activities	CCM/CCA 8.1	0.89	2.582%	EL	EL	N/EL	N/EL	N/EL	N/EL									N/A	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	6.11	17.784%	17.784%	17.784%	17.784%	0%	0%	0%	0%									N/A	
A. OpEx of Taxonomy eligible activities (A.1 + A.2)	6.11	17.784%	17.784%	17.784%	17.784%	0%	0%	0%	0%									N/A	
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy-non-eligible activities (B)	28.3	82.216%																	
Total (A + B)	34.4	100%																	
	Proportion of OpEx/Total OpEx	99.985%																	
	Aligned per objective	Eligible per objective																	
CCM	0%	17.784%																	
CCA	0%	17.784%																	
WTR	0%	0%																	
CE	0%	0%																	
PPC	0%	0%																	
BIO	0%	0%																	
Row	Nuclear energy related activities																		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.																	NO	
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.																	NO	
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy																	NO	
Fossil gas related activities																			
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.																	NO	
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.																	NO	
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels																	NO	

We are reporting EU taxonomy disclosures for the first time in 2023, since Norway follows a different timeline than EU member states. No comparisons can therefore be drawn with previous EU taxonomy KPIs this year. Furthermore, the numerators of the Capex and Opex KPIs do not include investments associated with a Capex plan, since we have yet to establish such a plan.

The EU taxonomy aims to bring additional economic activities gradually within its scope. We will therefore continue to pay close attention to the development of the taxonomy and conduct new eligibility screenings once new activities are introduced. Furthermore, new eligibility screenings will be conducted when and if we initiate additional economic activities.





Our people

Dedicated employees are our most important asset. As a responsible employer, we work purposefully to ensure a meaningful and health-promoting working environment where all employees have the opportunity to fulfil their potential. This includes a focus on safety, equal opportunities and development for all employees. We also place great emphasis on promoting a culture characterised by openness, where employees' voices are heard and valued. This chapter explains how we work continuously to be an attractive and inclusive employer. It describes recruitment and promotion processes, training and development initiatives, as well as pay policy and working conditions. The material topics in this chapter are summarised by equal opportunities and an inclusive working environment, as well as health, safety and the environment (HSE) in the workplace.

Our ambition is to be an attractive place to work, where employees thrive and experience personal development



SDG in relation to our people



Material topics related to our people

- Equal opportunities and an inclusive work environment
- Health and safety in the workplace



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Equal opportunities and an inclusive working environment	Ensure a balanced split between men and women in leading positions	49/51	50/50	51/49 ●	Min. 40% women and men	Min. 40% women and men	Min. 40% women and men	Share of female vs. male employees in leading positions (management, store managers and other key personnel)
	Be an attractive workplace	n/a	6.3	6.3 ●	≥ 6	≥ 6	≥ 6	Score in annual employee survey on a scale of 1 to 7
Health and safety in the workplace	Annual decrease in sickness absence	8.8	9.1	7.8 ●	< 9.1	< 7.8	n/a	Sick leave days in percentage of total number of planned work days

Key initiatives for achieving the targets

Equal opportunities and an inclusive work environment

1. Policy on and ensuring awareness of our business ethics and guidelines which apply to all employees, and zero tolerance for discrimination and harassment
2. 64 per cent of store managers promoted internally in 2023
3. Strategy and training programme for managers, with attention paid to leadership principles in 2023

Health and safety in the workplace


1. Involvement of employees with the working environment
2. Leadership support and preventive measures to reduce sickness absence
3. Risk assessment and established guidelines for registering deviations accessible to all employees
4. Employee survey with high response rate and good results places us as an attractive workplace

Equal opportunities and an inclusive working environment

We strive to ensure equal opportunities for all our employees, and this occupies a key place in efforts to secure an inclusive workplace and reduce sickness absence. Equality means equal opportunities and rights for all, regardless of gender, pregnancy, maternity or adoption leave, caring duties, ethnic, national or political affiliation, gender identity and expression, disability, sexual orientation, age or combinations of these. Any form of discrimination

against employees is considered unacceptable, and we undertake to comply with applicable legislation, collective pay agreements, and the code of conduct adopted by the board.

We have identified a number of effects, both direct and indirect, related to this important subject which can arise through collaboration with external partners or other business relationships in the value chain. Although our group may not be directly involved in all aspects of these impacts, we recognise their existence and take active steps to deal with them.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Equal opportunities and an inclusive working environment 	Lack of routines, which leads to discrimination against or harassment of employees	Potential	Negative	Yes
	A gender balance in leading positions will enable us to grow a diverse and inclusive working environment	Potential	Positive	Yes
	We work extensively to accommodate all employees and the Equality and Anti-Discrimination Act, which aims particularly to improve the position of women and minorities in the workplace	Actual	Positive	Yes

Policy

Our overall policy, business ethics and guidelines apply to all employees regardless of their role. A dedicated policy on diversity and equality was revised and approved by the board in 2023 in order to manifest our strong commitment to promoting equality and preventing discrimination. Our core values and policies are regularly and clearly communicated to the employees for use as guidelines in their daily work. Mandatory and simple game training was introduced in 2023 for all employees to ensure that the guidelines are understood. This training covers important topics in such areas as whistleblowing, anti-corruption, data protection, equality and discrimination. We have also introduced a number of management principles to provide employees with guidance on desired behaviour. Policies and management principles are available to all employees through the intranet. Work on these principles formed a key component in management training during 2023 and will continue in 2024 so that they become part of our corporate culture.

Employee participation and a culture of speaking out are very important for us. We offer effective platforms for communication and collaboration, such as one-to-one conversations, regular personnel meetings,

an active working environment committee (AMU), accessible whistleblowing channels and annual employee surveys.

Customisation and adaptation

Equality means equal status, equal opportunities and equal rights, which also includes a requirement to customise and adapt where necessary. By offering flexible working time arrangements and opportunities for individual accommodations, we support the employee's ability to balance work and private life. Working time arrangements, including shift work, are regularly assessed. We have introduced routines for adaptation and provided training for managers in connection with follow-up of sickness absence and handling of conflicts which have related to such absence. The latter topic is also a fixed item on the agenda for AMU meetings.

Zero tolerance of discrimination and harassment

We work continuously on measures to prevent discrimination and ensure equal opportunities. These cover such areas as recruitment, promotion, training and development, as well as pay and working condi-

tions, working time arrangements, customisation and opportunities for balancing work and private life. Job advertisements include references to that part of our strategy which concerns our people, and emphasise that employees represent the diversity of our corporate community.

Particular attention is paid to identifying and dealing with circumstances related to discrimination and harassment. We have zero tolerance of any and all forms of such behaviour. Employees are encouraged to report possible unacceptable behaviour and to blow the whistle over possible irregularities in the workplace. Managers have access to support from the HR department, with its HSE expertise on matters related to personnel and the working environment, to ensure that equal treatment and procedural standards can be maintained and suitable measures adopted.

An organised working environment

We observe collective pay agreements in all our workplaces and belong to the Virke industry and employer association, participating actively in the latter's initiatives. Membership gives us valuable access to resources, networks and best practice which contribute to continuous improvement in key areas such as equality and inclusion. Virke also provides a range of support in following up employee rights to pay and working conditions as well as social and welfare entitlements.

Close collaboration is pursued with the Norwegian Labour and Welfare Service (NAV) in addition to other relevant welfare organisations and companies which have agreements with the NAV. This cooperation is very significant for our efforts to include more people in working life. According to the NAV, more than 600,000 people in Norway are excluded from the labour market. As an employer with a large workforce, our goal is to help reduce this figure and open doors for more people to participate actively in the labour force.

Recruitment and career paths

Our ambition is that at least 50 per cent of store managers are recruited internally in order to provide a career path to managerial positions and to utilise the expertise of our existing workforce. This goal was exceeded in 2023, with 64 per cent of such posts filled internally – a proportion maintained from 2022. Although we give priority to internal candidates, every position is advertised both externally and internally through an established recruitment system. This ensures that all aspects of the recruitment process

comply with professional and approved guidelines as well as good administrative practice, in addition to being GDPR compliant. When selecting employees, we follow a standardised recruitment procedure.

Candidates for recruitment and promotion are ranked on the basis of their competence, defined as education, practical experience, personal qualities and suitability. When applicants of both genders have virtually the same qualifications, the one from the under-represented gender can be preferred as specified in Norway's Equality and Anti-Discrimination Act. We aim to recruit at least 40 per cent of each gender to leading positions, and are pleased to see a satisfactory gender balance for employees in leading positions, with a split of about 50-50 women and men. Employee turnover in 2023 was 13.4 per cent.



Training and development

We offer relevant training and development opportunities to employees across our organisation. An electronic learning management system (LMS) is utilised to ensure that expertise development and training are documented, followed up, systematised and available at all times. We have established routines for conducting assessment and development conversations at least once a year with all employees.

Store staff participate in training, both virtual and physical, on a wide range of subjects through the year. The most important courses concentrate on product knowledge, concept and seasonal execution, leadership and store management, training new employees, and HSE. We have a total of 18 mentors who help provide store managers with solid backing and training. Available across the chain, their job is to inspire and support such personnel.

To ensure a good introduction, new recruits undergo a digital onboarding process. This includes aspects of our history, values, culture and sustainability. How new employees experience their reception initially and in the subsequent period is measured annually at group level. Employees recruited in 2023 reported a very good reception and sufficient introduction and training. In order to strengthen leadership and promote an innovation mentality, all middle managers have participated in a combined strategy and training programme.

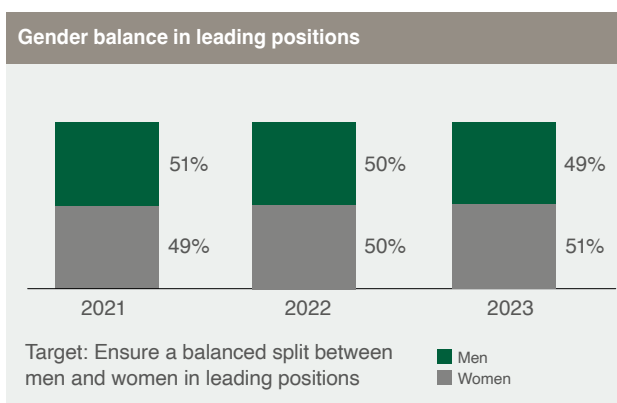
A leadership and training programme has been implemented for managers since 2021. Part of applying our corporate strategy, this is intended to increase competence with key transitions facing us as well as driving change and innovation management to ensure that we are “fit for the future”. Several of the transitions where we are building increased competence are closely linked to the



circular economy, with the move to products produced circularly, and to the shift towards a more purpose-driven group. A number of gatherings took place in 2023 where participants worked in small groups on selected case projects. This led to a series of specific proposals which could help to ensure sustainable future growth. Attention was also paid to leadership principles and to strengthening our corporate culture. In addition to physical meetings, participants had regular access to relevant videos, podcasts, coaching and group work.

Pay, working conditions and gender balance

Generally speaking, more women than men work in our stores and more men than women at the logistics centre. This reflects the typical gender division in these industries and occupations. As in society overall, women account for the majority of our part-time personnel. We implemented a new routine in 2023 for ensuring that discussion and documentation requirements are met when awarding new



contracts for part-time positions. This a step towards promoting opportunities for full-time working. According to the 2023 employee survey, 35 per cent of part-time workers expressed a desire and availability for full-time jobs.


Data on pay differentials between genders show that men in our group earn on average 12.1 per cent more than women. This reflects a larger proportion of males with higher pay seniority and jobs in middle and senior management. We conduct earnings checks for all employees, including those with individual pay agreements, in order to ensure equal remuneration for work of equal value. Pay equality between women and men means that we apply gender-neutral criteria when determining remuneration. Differentials reflect pay seniority, expertise and so forth. Pay is mapped and checked within comparable groups and under collective pay agreements, taking account of education, responsibility, competence and other relevant criteria. If unreasonable pay differentials are identified, they will be dealt with individually and steps taken to reduce any unintentional gaps. Measures to combat gender pay differentials are integrated in the annual remuneration assessment process, where possible unreasonable differences in treatment are followed up. The majority of the group’s employees are covered by collective pay agreements which ensure objective criteria for pay determination and development.

Health and safety in the workplace

Most of our employees work in stores and at the logistics centre. The physical work required to keep the stores inviting and fully supplied with goods may involve the risk of occupational injury and illness. A total of nine cases of injuries resulting in absence from work were recorded in 2023, with the majority (eight) of these incidents occurring in-store, and one at a logistics centre. Our systematic approach to work on HSE covers all employees and workplaces, and is crucial for ensuring a safe working environment as

well as preventing accidents. That calls for detailed HSE mapping and implementation of measures. We have identified a number of impacts related to this area, recognise these and deal with them through active management. Managers play a key role in implementing HSE work and are responsible for it. They are supported by competent functions in HR and HSE which ensure continuous follow-up as well as ownership of processes and tools to provide the necessary training. HSE work in the group is

entrenched in the Norwegian Working Environment Act with associated regulations and in guidance from Virke and the Norwegian Labour Inspection Authority. This framework provides the basis for assessing risk and preparing action plans. A selection of the identified impacts is presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
 <p>Health and safety in the workplace</p>	Insufficient training in HSE may lead to increased frequency of injuries and sickness absence for employees	Potential	Negative	No
	Preventive activities will limit the extent of workrelated accidents	Actual	Positive	No
	Mental health care provided for employees prevents stress, low productivity, depression, sickness and more absence	Actual	Positive	Yes

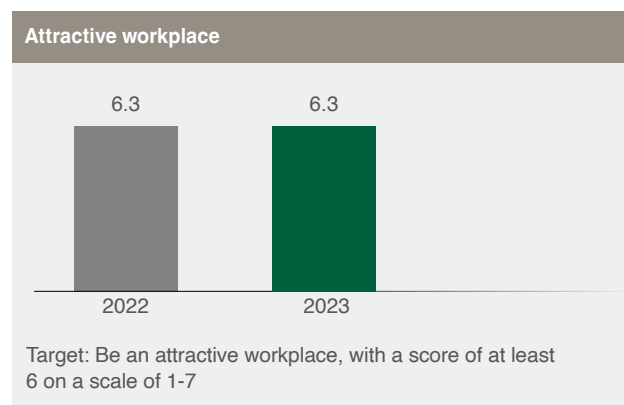
Inclusion of employees in the working environment

We have established an AMU which covers the head office, logistics and store operations. Meeting at least four times a year, this body is responsible for discharging statutory duties and dealing with significant issues related to our working environment. The AMU plays an important role in the regular meeting structure for HSE and in employee participation. Other arenas for employee participation and for identifying conditions which affect the working environment include employee and working environment surveys as well as performance and development conversations. The process, repeated at least once a year or more often if required, comprises the following steps.

1. Identifying potential risks or deviations related to HSE as well as discrimination and lack of equal opportunities
2. Analysing the causes of the identified risks
3. Developing and implementing appropriate measures for dealing with these risks
4. Evaluating the effectiveness of the measures implemented

We utilise established systems and guidelines for registering deviations, and these are accessible to all

employees. That forms part of our commitment to identifying risks, possible safety breaches or violations of guidelines. Regular activities such as surveys, investigations, risk assessments and physical inspections are conducted to maintain this.



Our annual employee survey for 2023 yielded even better results than the strong findings for 2022 in a number of key areas related to job satisfaction and the working environment. All our managers are involved in following up the survey in collaboration with their subordinates. The 2023 employee survey also included new questions related to unwished-for part-time work, harassment and sexual harassment as well as equal treatment and equality. At workplaces where deviations or complaints regarding any form of harassment were reported, we conducted further

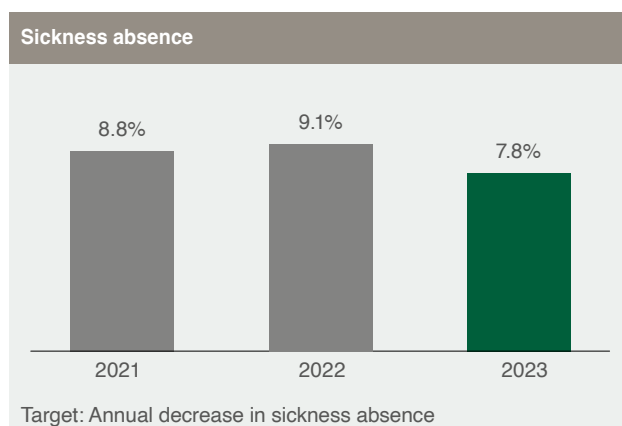


investigations and implemented measures with individual conversations and training.

We regularly audit risk assessments and action plans in accordance with the local annual HSE plan. An improved risk assessment process was introduced for the stores in 2023, and the annual HSE plan has proved an effective tool. Safety walks are regularly conducted as part of our engagement with continuous improvement. Local plans, including action, continuity and emergency response plans, are developed in this context to ensure a robust and proactive approach to the working environment.

Employees can report work-related risks or deviations to their supervisors. The manager, with possible assistance from HSE/HR advisers, along with the safety delegates and other employees, will follow up on the reported deviations and collaborate with the management to implement necessary measures. Employees can report irregularities and we follow up any reported cases actively at group level. As described in the section on governance, whistleblowing reports can also be made anonymously through an external system managed by an external third party. Information acquired through this process is used actively to develop or update guidelines and to improve work routines and practices. To ensure all employees are familiar with whistleblowing, this topic is both covered in annual training of employees and included in the annual employee survey.

In order to ensure a secure working environment, we give priority to preventive and rehabilitation measures for avoiding health and safety breaches. E-learning is facilitated and HSE training ensured for managers, selected safety delegates and AMU members. Courses are also conducted on robbery prevention, conflict management, fire protection and lifesaving first aid. The logistics centre is subject to the requirements of the industrial protection regulations, and has its own trained team for dealing with various hazards.



The trend in sickness absence has been on the rise over the past few years, largely because of Covid-19. We have devoted great attention to managing and proactively implementing preventive measures in order to reduce the rate of sickness absence. It is therefore encouraging to see a decline in absences during 2023. Our efforts in sustaining and enhancing these measures will be maintained in 2024.

Preventive measures in relation to sickness absence

In order to ensure continuous follow-up and to develop employees, all personnel have access to our HSE system, which comprises various modules designed to ensure detailed follow-up. The system also provides a solid basis for handling HR master data in accordance with the GDPR. Employees have access to their own personal data as well as to processes, routines and guidelines in our internal handbooks. The personnel and HSE handbook is updated in accordance with applicable legislation, statutory regulations and collective pay agreements.

To reduce sickness absence, we have developed “how to” e-learning courses for all employees. The majority of managers participated during 2023 in a course on rights and duties related to following up and dealing with sickness absence.

We have ensured easy access to physical exercise at the logistics centre with an in-house gym, and agreements have been entered into with various sports clubs to make discounts available to our employees across the country. All personnel are covered by occupational injury insurance, with expanded access at the moment to psychological first aid in the event of emergencies. Employees at the head office and the logistics centre as well as store managers are also covered by our health insurance, which ensures speedy advice on and treatment of sickness or injury. In the event of serious emergencies, we have routines for crisis management.

To achieve results in reducing sickness absence, we conduct regular HSE education and relevant training programmes for store managers. Physical health is also a priority area in management training. This integrated approach ensures that we constantly support a good working environment, contribute to employee wellbeing, and maintain a high level of work engagement and efficiency.



Our social responsibility

Corporate social responsibility (CSR) has become an increasingly important issue for companies worldwide, and is defined as “taking actions aimed at benefiting the society that the business operates in” (Corporate Finance Institute, 2022). We see it as an opportunity to contribute locally owing to our extensive store network across Norway, totalling 282 outlets at 31 December 2023. These often play an important role in smaller communities, and we want to contribute positively in the local societies we form part of. CSR also means recognising our social responsibilities and taking specific action to ensure that we operate in a manner which respects and promotes human rights. This involves a commitment to ethical practices, transparency and accountability, and is a fundamental aspect of responsible and sustainable business conduct. This chapter explains how we engage with and give back to these communities and how products are sourced responsibly through due diligence work on human rights.



Our ambition is to contribute positively to people and the environments in the many local communities we are a part of

SDG in relation to our social responsibility



Material topics related to our social responsibility

- Human rights due diligence
- Local value creation and community engagement



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Human rights due diligence	All products from risk areas will come from socially audited suppliers by end of 2030	89.3	94.4	99.3 ●	> 92.4	> 99.3	100	Percentage of purchasing cost from suppliers audited before or during 2023. Only BSCI-revised suppliers included in 2021. From 2022 and onwards, all socially revised suppliers are included.
Local value creation and community engagement	Be a responsible company which contributes positively to local communities	n/a	4.2	4.5 ●	≥ 4	≥ 4	≥ 4	Score in annual employee survey on a scale of 1 to 5.
	Give people the opportunity to be included in working life	137	122	123 ●	n/a	n/a	n/a	Number of people in work training via the Norwegian Labour and Welfare Administration (NAV)

Key initiatives for achieving the targets

Human rights due diligence (HRDD)

1. Comprehensive approach to HRDD aligned with the UN guiding principles and the OECD model
2. Policies on business ethics, anti-corruption and supplier code of conduct
3. Training for key roles in our group
4. Shanghai office with local knowledge and follow-up of risk area/Asia
5. Amfori membership and compliance with 99.3 per cent of purchase cost from suppliers audited in risk area

Local value creation and community engagement


1. Inclusion and work training
2. Partnerships with contributions to environmental, sports and charitable organisations
3. Local store as local hero
4. Local engagement in plastic and waste clean-up in local communities and nudging of customers to reduce the use of plastic bags

Human rights due diligence

We have a large number of suppliers and sub-suppliers worldwide. Around 30 per cent of our total purchase cost in 2023 derived from countries identified as high risk for human rights. Our approach to identifying high-risk countries is disclosed below as well as in our annual report from Ethical Trade Norway on our business. The latter is our full due diligence assessment of human rights in the value

chain. A systematic approach to promoting good working conditions in the entire supply chain is essential for us and is pursued in close cooperation with suppliers and business partners.

As a natural consequence of business relationships and potential negative impacts, HRDD is a material topic of particular importance. The table below addresses some of the actual and potential negative and positive impacts related to human rights.

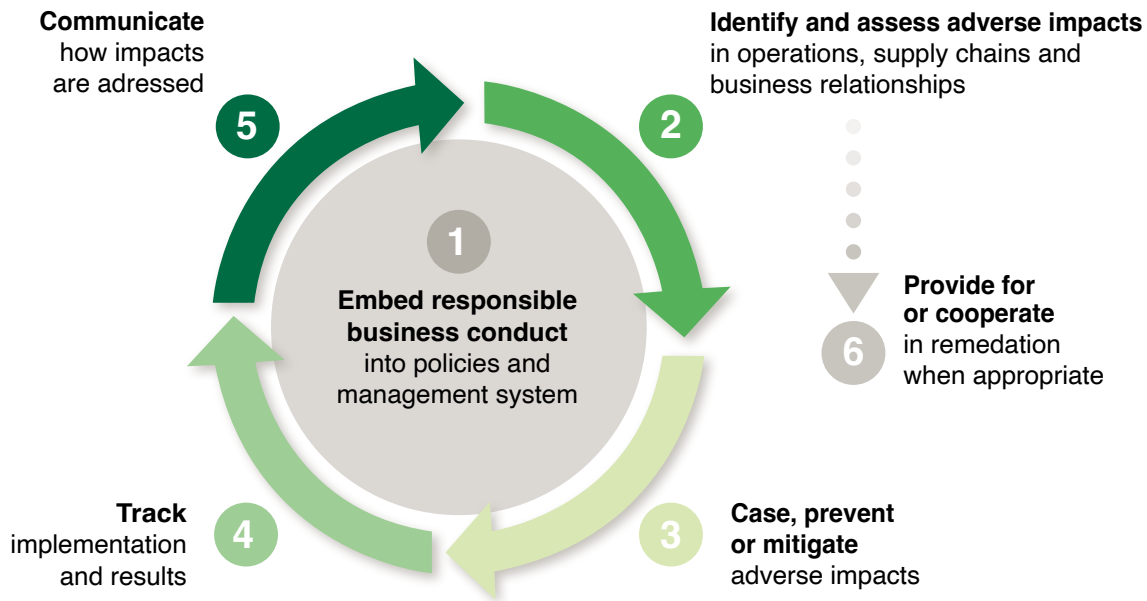
Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Human rights due diligence	We import products from countries identified as high-risk for HRDD	Actual	Negative	Yes
	Variations in supplier screening which might lead to a breach of human rights	Potential	Negative	Yes
	Risk materials, such as minerals involving human-rights challenges	Actual	Negative	Yes
	High share of suppliers with BSCI social audits	Actual	Positive	Yes
	Policy of ethical trade communicated to all employees in our organisation	Actual	Positive	Yes

Norway's Transparency Act

The Transparency Act came into effect in Norway on 1 July 2022. Its purpose is to promote respect by companies for basic human rights and decent working conditions along supply chains. A goal of the Act is to ensure that the public has access to information on these conditions and on how businesses handle them. Together with other measures, these legal requirements will contribute to our work on meeting and complying with UN SDG 8 on decent work and economic growth, as well as SDG 12 on responsible consumption and production. The core of the Act imposes a duty on businesses to carry out due diligence assessments. These map possible and actual negative impacts on basic human rights and decent working conditions in supply chains as a basis for implementing improvement measures, following these up and reporting on them.

Our approach to the Transparency Act and due diligence assessments

We have established a comprehensive approach to due diligence in line with the UN Guiding Principles on Business and Human Rights and the OECD model for due diligence for responsible business conduct. We recognise and have secured the updated recommendations in June 2023 describing expected conduct for due diligence. A six-step model is followed which outlines how to promote responsible and sustainable business practices. Attention is concentrated on being open and transparent about challenges and addressing them collaboratively with stakeholders.



OECD model for due diligence for responsible business conduct.

Drawing on several sources, such as the International Trade Union Confederation (ITUC), we have conducted and classified all our suppliers in accordance with a risk matrix. This describes the risk levels related to country and product category, along with the corresponding action level and priority for follow-up. The great majority of our high-risk suppliers are located in Asia, while a small portion in Europe also fall under this classification.

We have developed a dedicated policy on business ethics and a supplier code of conduct, aligned with UN and ILO conventions, to guide suppliers about our requirements for human and labour rights, anti-corruption and animal welfare throughout the value chain. These can be found on our website at <https://investor.europris.no/about-us/corporate-governance/policies/default.aspx>. In line with our group policy, all suppliers need to sign this code of conduct. To ensure compliance, we conduct annual due diligence assessments and employee training as well as supplier dialogue and meetings. We expect transparency throughout the value chain and address deviations by collaborating with the suppliers.

Overall responsibility for due diligence assessments rests with the VP international sourcing. The quality manager is responsible for following up such evaluations in collaboration with the sustainability departments and our own procurement office in Shanghai (SHO). The SHO comprises 35 employees who are specialists in their product categories and

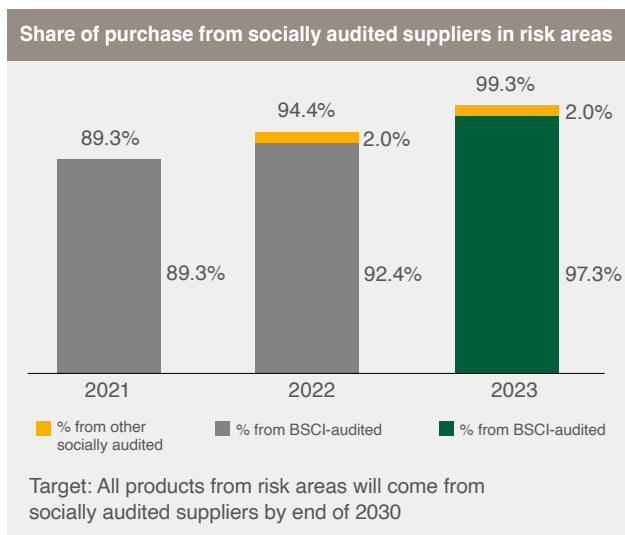
play an important part in our efforts to secure responsible suppliers in Asia. Procurement of goods is followed up in Asia by the SHO and reported to the quality and product safety department and the international sourcing director. Follow-up of Europe, the Middle East and Norway rests with the quality and product safety department.

Awareness of HRDD as a topic is generally high in the Norwegian part of the organisation. Exposed roles, such as purchasers and those exposed to areas like anti-corruption, also receive extra on-premise training in order to be able to meet our guidelines. We also have our own corporate governance manual, which provides guidelines for ethical trade, anti-corruption and ethical behaviour by all our employees. These guidelines are based on the UN and ILO conventions and describe the main principles for the way we should handle human and labour rights in day-to-day operations. This manual is revised annually and approved by the board.

We are a member of Ethical Trade Norway and Amfori. The former is a membership organisation for both private and public enterprises and serves as a guidance and resource centre for ethical trade. Amfori is a large and highly reputable international organisation which monitors factories and companies to ensure that they comply with a wide range of requirements related to working conditions, pay discrimination, child labour, freedom of association and collective bargaining, forced or compulsory

labour and rights of indigenous peoples, corruption, environmental considerations and so forth.

Our suppliers are monitored by us via supplier evaluations and third-party audits, which are followed up through the SHO and in Norway. Membership in Amfori ensures that the results of monitoring activities and audits are shared between members, maximising the effort-result ratio to ensure increased control for buyers and suppliers. Our target is that all products sourced in risk areas must come from suppliers and factories audited for social aspects by the end of 2030. In addition, all suppliers and factories with a BSCI assessment must have a score of C or better on a scale from A-F. This work will follow up any deviations continuously and improve them where possible. Cases classified as zero tolerance will automatically mean failure to become or remain a BSCI-assessed supplier. The criteria and incidents for such classification are child labour, occupational health and safety violations which pose an imminent and critical threat to worker health, safety or life, inhumane treatment, forced labour, or unethical behaviour like attempted bribery of auditors or intentional misrepresentation in the supply chain, and so forth. Examples of incidents which lead to a grade C include excessive overtime working or minor HSE infractions.



Suppliers/factories without BSCI membership must complete a self-assessment to ensure that they commit to and sign all parts of our code of conduct, in addition to undergoing a third-party audit aligned with the BSCI criteria. Seventeen suppliers in 2023 completed a self-assessment and third-party audit, compared with 508 approved through the BSCI system. In 2023, a total of 538 factories underwent audits or possessed an approved audit. Twelve have

been made inactive since they are not BSCI revised or are unwilling to cooperate further over BSCI.

We have identified four priorities which involve a significant risk of negative impact/harm in relation to human rights in China, our biggest market. These are forced labour, poor health and safety, lack of union rights and pay below official minimum rates. We mitigate negative impacts in these prioritised areas by tracking potential incidents, addressing and setting clear expectations in dialogue with suppliers, and following the established routines already described by the BSCI audits in combination with our code of conduct. No deviations were identified in the significant risk areas during 2023.

Importance of dialogue and engagement in the supply chain

As emphasised above, continuous dialogue along the supply chain is essential for maintaining responsible and sustainable business conduct. Dialogue is primarily conducted by mail, and preferably in face-to-face meetings. Another approach is to hold supplier gatherings where this subject forms an important part of the agenda. Where suppliers in Asia are concerned, an annual supplier meeting takes place in Guangzhou with participants from the whole of south-east Asia as well as the SHO and top management from Norway. In 2023, we presented one supplier with a prize for initiative over sustainability. The recipient had achieved proven results in several areas with the environmental impacts from its business model. This supplier has devoted great attention to the areas of recycling, reducing and reusing, and offering recycled plastic products produced using renewable energy from solar panels. It has also integrated energy efficiency into the production line and taken several initiatives to promote employee wellbeing. This ranks as a best-practice supplier where ESG is concerned, and was a clear winner of such an award.



“Initiative of sustainability price” handed over to winner: Intco Industries Co.,Ltd.

The market position in China

“The overall position has changed, especially in China. Demand for goods from major trading partners has declined and many factories have received fewer orders and volumes than previously. This reflects fiercer competition in both the USA and Europe, high levels of inventories, and American companies sourcing outside China because of the on-going trade war. After peaking during the pandemic, raw material prices are declining because of lower demand.

In previous years, many factories suffered capacity shortages owing to lock-down and are now in a position where lead times are shorter than before and production is stable. Delays owing to the pandemic and supplier issues have been reduced by more than 50 per cent compared with 2022.

This can mitigate the risk of overtime working or even forced or compulsory labour, since capacity pressures on suppliers have been reduced.

Generally, we are witnessing an increase in knowledge about and commitment to the green transition at supplier level, with many of them placing greater emphasis on sustainable materials and on manufacturing processes which reduce environmental footprints. That bodes well for the future.”




Knut Spæren, VP international sourcing, Europris ASA

Local value creation and community engagement

Local value creation and community engagement naturally represent a material topic, since we recognise our impact on customers and the local communities in which we operate. We engage with stakeholders through sponsorships, partnerships and other community-building activities, as well as with charities contributing to both social and environmental causes. By making a large array of sustainable choices easily accessible and well communicated to everyone, we play an important role as an

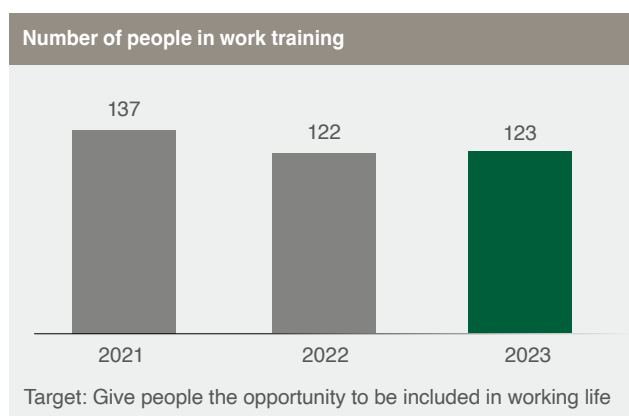
enabler of more sustainable but affordable living. We recognise our position as a local value creator and will always comply with local tax regulations and strive to generate value by expanding job opportunities and supporting the local community via our indirect value creation. Our reporting indicators have been amended to fit better with the activities initiated to mitigate negative impacts. The specific indicators we use are listed in the GRI index as company specific indicators.

A range of impacts have been identified under this material topic. Some are presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
	Failing to help people come together for the benefit of society and the environment	Actual	Negative	No
	Supporting local sports teams has a positive effect and helps to reduce inequality	Actual	Positive	No
	Discarding products after their expiry date causes waste rather than contributing to a circular economy	Actual	Negative	No
	We offer internships and job training, and have an ongoing collaboration with the NAV	Actual	Positive	Yes

Inclusion and work training

Ensuring that no one is left behind is integral to sustainable development. The desire to address this is also the reason we have added SDG 10 – reduced inequalities – to our strategy. We place great emphasis on reducing inequality in and between communities in Norway by contributing positively to human wellbeing at a local level, and decided to add SDG 10 because of our recognition that we can make a contribution which matters to vulnerable groups and minorities.



We collaborate with social welfare schemes like the one run by the Norwegian Labour and Welfare Administration (NAV) and welcomed 51 new employees under this umbrella in 2023, compared with 39 the year before. The number of people in work training was stable, with 123 people included in our work training programme supported by NAV in 2023. A further of 133 people were in work training outside NAV the same year. This is an important initiative for our group because it allows us to contribute to an extended aspect of value creation by providing people with the opportunity to gain work experience and return to the labour force. Several stores enable people to attend language training programmes in addition to the initiatives described above.

Especially people who have had special needs during their education can find it difficult to enter working life. We aim to welcome young people, since we recognise the importance of offering them a start in working life.

We will continue to strengthen our local presence by establishing stores in new locations around Norway. This allows people to shop where they live,

making their lives more convenient and providing sustainable but affordable products for everyone.

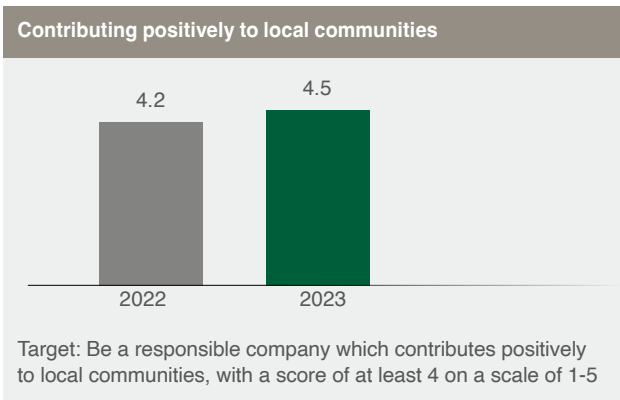
Our partnerships

Our impact on local communities is a result of relationships with such organisations as Spond and the Norwegian Retailers Environment Fund, where we make substantial financial contributions. These amounted to NOK 19 million in 2023.

We also support a wide range of local activities and organisations, such as sports clubs, humanitarian and charitable organisations, cultural festivals and other events which take place where we have a presence. Moreover, we supply and donate products to several projects initiated locally by the City Mission, the children’s clinic of the Helping Heart, and other local organisations.

Local store as local hero

A corporate project on us as the local store was rolled out in 2022. This continues in 2023 with the aim was to standardise procedures and provide local store managers with a toolkit of initiatives aligned with our ESG strategy, which enables them to serve and contribute relevantly to the community where their store is located geographically. Examples include supplying products for projects at cost price or donating any surplus groceries, toys or other relevant products. Receivers of such gifts might be a food bank, the Salvation Army, the City Mission or the Blue Cross. Other examples of creating a sense of belonging are engaging with the local community through local events. This project will continue to be pursued with increased vigour during 2024 in order to continue building on our position as the local store while also taking our local value creation seriously.



One of the KPIs we measure is how far our employees perceive us to be a local contributor. It is gratifying to see that this is evolving in a positive

direction, with an increase from the first time this was measured in 2022.

Reducing plastic waste in the local community

We have been a member of the Norwegian Retailers Environment Fund since 2018. This is Norway’s largest private environmental fund, and the retail sector’s major joint initiative to solve environmental problems related to plastic. It is also Norway’s most important measure for complying with the EU’s plastic carrier bags directive. Funds received are earmarked for environmental measures which fulfil one or more of our three main objectives:

- 1) reduce the amount of plastic carrier bags
- 2) prevent and clean up plastic pollution
- 3) contribute to reduced plastic use and a circular plastic economy



Members donate a fee for each plastic bag they purchase. This increased in August 2023 from NOK 1 to 2 per bag. Our contribution to the fund in 2023 amounted to NOK 11 million. We are the only member in the discount variety retail segment and have contributed a total of NOK 51 million since the fund was established in 2018. This contribution is devoted to local and global initiatives based on UN SDG 14 and aligned with the main objectives described above. Some of the quantifiable measures which the fund has contributed to so far are:

- helping to clear away 8,300 tonnes of plastic waste from the natural environment
- helping to clean up 2,300 miles of coastline
- increasing the use of recycled plastic by 9,000 tonnes.

Nudging consumers to use fewer shopping bags

A total of 722 million plastic bags were bought by Norwegian consumers during 2023, placing Norway at the top of the list for such purchases in Europe. As a result, we are now pursuing a joint project with the Norwegian Retailers Environment Fund to reduce such usage by Norwegians in general - and where we can have the largest impact, towards our customers.

Several measures have been implemented to cut consumption by nudging consumers to switch from shopping bags made from plastic to such reusable alternatives as shopping nets combined with garbagebag rolls. Increased pricing as a result of higher fees has had a significant effect. In addition, all plastic bags have been removed from the checkout areas so that customers have to ask for them specifically. We have also placed garbage-bag rolls alongside shopping nets at strategic locations near the entrance and in front of the checkout area.



Overall communication is linked to the national campaign on “the big plastic-bag cut” initiated by the Norwegian Retailers Environment Fund. These initiatives have been supported by national marketing campaigns under the umbrella of the big plastic-bag cut, where people have been given explanations of why consumption must be reduced and good options for achieving this. The result has been an increase of almost 80 per cent in sales of garbage-bag rolls and a decrease of about 20 per cent in the number of shopping bags sold from 2022 to 2023 – the decline from when the fee increased in August was 30 per cent.



Internal engagement to clean up locally

Our employees contributed to local waste clean-ups in connection with World Clean Up Day in September 2023. We have been at the forefront in this area, with all employees across the country helping to remove garbage in their own areas. They were encouraged to fill one plastic bag with waste from their neighbourhood, and five winners received a prize for their efforts. This created great participation and engagement internally.

Our store at Begby was selected as the winner, and its employees decided to donate the NOK 20,000 prize to the Childhood Cancer Foundation in Østfold.

Europris Begby wins waste collection competition

Donates prize to childhood cancer foundation

Europris employees picked up trash in local areas across Norway.

Saturday 16 September 2023 was World Clean Up Day, and we were at the forefront in Norway with employees from all our 280 stores across the country participating in collecting waste in their local area. Our Begby store won the NOK 20,000 prize, and its employees decided to donate this sum to the Childhood Cancer Foundation in Østfold.

"We gathered about five or six bags of waste per employee here at Begby," says store manager Elinor Spernes. "In addition, we encouraged our customers to do the same. Supporting the purpose of the Childhood Cancer Foundation is important, and there was unanimous agreement among the staff that the prize money should go to the foundation and its work."

"It was very nice that the employees at Begby wanted to pass the prize on to us," says Pernilla Rummelhoff, who heads the foundation in Østfold. "The money will be very useful, whether we spend it on events for families with children under treatment or who're receiving follow-up care, or on families who've lost a child. The funds could also be earmarked for research."



Methodology – GHG emission inventory

We consolidate our GHG emission inventory in accordance with the GHG Protocol. This inventory takes account of the following GHGs, all converted to CO₂ equivalent (CO₂e): CO₂, CH₄, N₂O, SF₆, HFCs, PFCs and NF₃. Where the 2023 inventory is concerned, IPCC assessment report 4 or 5, depending on the reference source, provides the conversion factor for turning non-CO₂ emissions into CO₂ equivalents.

GHG emissions are consolidated on the basis of where we have operational control. In general, GHG emissions from Europris AS, Europris Butikkdrift AS, Europris Holding AS, Lekekassen Holding AS, Strikkemekka Holding AS and Lunehjem.no AS are included. There are two exceptions: 1) Lunehjem is only included in scopes 1 and 2, and 2) Lekekassen is not included in category 1 of scope 3, purchased goods and services. Lekekassen will be included in this category from 2024. Franchises are considered to be under our operating control, given the control Europris AS exerts over their daily operations through the franchise agreements. This include, but is not limited to, equal product range, marketing, power agreements, and administration (routines and IT systems). Climate related issues, such as energy efficiency and recycling of waste, are monitored and followed up in the same way in franchise stores as in our own stores.

The base year chosen is 2021, balancing the inclusion of relevant mitigating actions taken with the availability of historical data. Whenever new categories and parts of operations have been added, emissions have been recalculated for 2021 and 2022 to permit comparison between years.

We currently measure the following categories under scope 3: purchased goods and services, fuel-and-energy-related activities, upstream transport and distribution, waste, business travel, employee commuting and investments. Emissions related to capital goods, use of sold products and end-of-life treatment of sold products will be incorporated in 2024. The remaining categories under scope 3 are not considered relevant to our business.

One significant improvement made in calculating scope 3 categories in general is the addition of emissions related to the production of fuels and

energy purchased and consumed not included in Scope 1 and 2 (well-to-tank – WTT) for all relevant categories. Only emissions related to combustion (tank-to-wheel – TTW) were previously included for categories other than Scope 3 fuel-and-energy-related activities.

Category 1, scope 3: purchased goods and services

- Emissions from purchased goods for resale have been calculated (emissions from goods used internally, such as office equipment, have not been included).
- As of 2023, calculations of actual emissions per product are not provided by suppliers. Emission factors based on global averages per material or product have therefore been used.
- Where information on the material content is available, specific emission factors have been used. Otherwise, generic emission factors for the product have been applied.
- Where emission factors on product/material level are concerned, gates such as A1-A3 for food-related products and T1-T4 for textile-related products have been used.
- Emission factors with the greatest scope have been chosen – ideally from extraction or production of the raw material to production and assembly of the final product.
- Data on the amount of goods sourced were used for most of the emissions. Where some parts of the business were concerned, the amount sold was used owing to data quality issues.
- Data quality vary with respect to weight and material content and will therefore be an area for future improvement.

Category 3, scope 3: fuel-and-energy-related emissions

- Relates to the extraction, processing and transport of fuel and energy reported under scopes 1 and 2.
- Data for scopes 1 and 2 are copied to this category, with upstream (for electricity and district heating) and WTT (for fuels) emission factors utilised.

Category 4, scope 3: transport

- So far, few transport providers can report the actual number of litres of fuel consumed.
- Where available, CO₂e emissions calculated by the supplier are reported. If TTW emission factors alone have been used, WTT emissions are added. On a few occasions, only CO₂ emissions have been provided by the supplier, not CO₂e emissions.
- If unavailable, tonnes-kilometre reported by the supplier are used.
- If unavailable, tonnes-kilometre are estimated on the basis of average tonnes transported by each container or pallet, and kilometres are estimated on the basis of the start- and end-point addresses.

Category 5, scope 3: waste

- In general, stores, offices, logistics centre and other warehouses are included.
- Some stores (14 per cent) are not part of waste reports, for instance those located in shopping centres with joint waste collection. Where those excluded are concerned, an estimate of the amount of waste generated and the recycling rate has been calculated on basis of the average for

the reported stores. This estimate is included in the GHG inventory.

Category 6, scope 3: business travel

- The calculation includes person-kilometres travelled by car and air flights booked through travel agencies.
- Emissions from car transport are based on the average Norwegian mix of electric and fossil-fuel vehicles, while emissions from air flights are provided by the travel agency based on DEFRA emission factors.

Category 7, scope 3: employee commuting

- The calculation is based on a survey sent to 2,090 employees. With a response rate of 33 per cent, a total of 690 answers were collected.
- Employees working 50 per cent or more of full-time equivalent were invited to complete the survey.

Category 15, scope 3: investments

- In line with our shareholding in Runsvengruppen AB (ÖoB), 20 per cent of its scopes 1 and 2 emissions have been included. With the exception of category 3, scope 3 emissions are not included.

GRI Input - Our people

GRI 2.7 Employees Employment type	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Permanent employees	978	1,365	2,343	26%	36%	61%
Temporary employees	174	258	432	5%	7%	11%
Employees without guaranteed hours	409	642	1,051	11%	17%	27%
Total	1,561	2,265	3,826	41%	59%	100%

GRI 2.7 Employees Employment capacity	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Full-time employees	627	553	1,180	23%	20%	43%
Part-time employees	525	1,070	1,595	19%	39%	57%
Total	1,152	1,623	2,775	42%	58%	100%

2.8 Workers who are not employees

Europris had 25 franchises in 2023, with a total of 164.6 FTEs compared with 184.8 in 2022. The primary reason why the total number of employees decreased here was that the number of franchise stores declined by two. These people do the same work as other managers and employees in Europris stores.

GRI 401-1a New hires	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	159	195	354	30%	37%	67%
30-50 years	58	84	142	11%	16%	27%
Over 50 years	8	23	31	2%	4%	6%
Total	225	302	527	43%	57%	100%

GRI 401-1b Turnover, age and gender distribution	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	68	82	150	2.9%	3.5%	6.4%
30-50 years	45	82	127	1.9%	3.5%	5.4%
Over 50 years	14	23	37	0.6%	1.0%	1.6%
Total	127	187	314	5.4%	8.0%	13.4%

GRI 401-3 Parental leave	Men	Women	Total
	Number of employees that took parental leave	45	89
Average number of weeks of parental leave	12	22	19

401-3 Parental leave

Europris offers all employees, both full- and part-time, benefits in accordance with Norwegian legislation on parental leave

GRI 405-1a Board of directors, age and gender distribution	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	-	-	-	-	-	-
30-50 years	-	-	-	-	-	-
Over 50 years	4	3	7	57%	43%	100%
Total	4	3	7	57%	43%	100%

GRI 405-1b Employees, gender distribution	Number of			Share of	
	Men	Women	Total	Men	Women
Management	47	17	64	73%	27%
Store managers	112	146	258	43%	57%
Remaining staff on individual pay agreements	128	140	268	48%	52%
Employees on collective agreements	1,274	1,962	3,236	39%	61%
Total	1,561	2,265	3,826	41%	59%

GRI 405-1b Employees, age distribution	Number of employees				Share of employees		
	Under 30 years	30-50 years	Over 50 years	Total	Under 30 years	30-50 years	Over 50 years
Management	-	39	25	64	-	61%	39%
Store managers	13	180	65	258	5%	70%	25%
Remaining staff on individual pay agreements	68	134	66	268	25%	50%	25%
Employees on collective agreements	1,727	1,121	388	3,236	53%	35%	12%
Total	1,808	1,474	544	3,826	47%	39%	14%

GRI 405-2 Pay difference	Men vs women
Management	31.6%
Store managers	5.1%
Remaining staff on individual pay agreements	9.7%
Employees on collective agreements	4.7%
Total	12.1%

Interaction with key stakeholders

Stakeholders	Type of dialogue	Frequency
Employees	Meetings Newsletters for store managers Workplace Key stakeholders for prioritised sustainability areas Sustainability week Employee survey	Weekly/monthly Quarterly Ongoing Annually Annually Annually
Customers	Brand tracker survey Customer survey on sustainability Newsletter to Mer members Website and some social media Customer leaflet	Annually Annually /project-based Weekly Weekly
Banks	One-to-one meetings	Semi-annually
Analysts	Meetings and calls	Quarterly
Investors	Roadshows Investor seminars Meetings	Quarterly Quarterly On request
Other partners, such as Green Dot, Amfori, Norwegian Retailers' Environment Fund and Ethical Trade Norway	Meetings Information meetings Webinars, courses	Semi-annually, annually Semi-annually, annually Bimonthly/semi-annually as required (regulatory updates)
Local community players, such as charities and partners	Meetings	Regularly
Suppliers	One-to-one meetings Annual vendor summits Code of conduct	At least twice a year, normally more often Annually Annually, related to contracts

Sustainability terms

This summary presents the essential sustainability terms used in this report, and offers a clearer perspective on how we implement our sustainability initiatives.

Reporting frameworks

Global Reporting Initiative (GRI):

An independent international organisation which has developed the most widely used and recognised framework for sustainability reporting, including principles, aspects and indicators for enterprises to disclose their financial, environmental and social performance. For the reporting year 2024 Europris will report according to the reporting standards of ESRS which comes with the The Corporate Sustainability Reporting Directive (CSRD).

CSRD: The Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023. This modernises and strengthens the rules concerning the social and environmental information which companies must report. Enterprises subject to the CSRD will have to report in accordance with the European Sustainability Reporting Standards (ESRS). These were developed by the EFRAG, previously known as the European Financial Reporting Advisory Group, an independent body bringing together various stakeholders.

The CSRD requires assurance of the sustainability information which companies report and will provide for the digital taxonomy of sustainability information.

The CSRD requires assurance on the sustainability information that companies report and will provide for the digital taxonomy of sustainability information.

Task Force on Climate-Related Financial Disclosures (TCFD):

A methodology established to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.

Science-Based Targets initiative (SBTi):

A collaboration which establishes and promotes best practice for setting science-based targets. It evaluates and approves company goals, ensuring that these align with scientific principles to combat climate change effectively.

CDP: An organisation which supports companies and cities in disclosing the environmental impact of major corporations, and thereby helping to drive disclosure, insight and action towards a sustainable economy.

Global and strategic goals

SDG (sustainable development goals):

A collection of 17 global goals set by the UN for 2030, aimed at ending poverty, ensuring peace and prosperity for all, and protecting the planet.

Materiality assessment: Materiality is the principle of defining the social and environmental topics which matter most to our business and stakeholders. After identifying which actual and potential sustainability issues are thought to be directly relevant to an enterprise's value chain, they are analysed and prioritised into material topics.

Material topic: A significant issue which affects an enterprise's impact on the economy, the environment and society. This includes how it generates value or causes harm for itself, its stakeholders and the wider community.

Double materiality assessment: When reporting in accordance to the CSRD, we must undertake a double materiality assessment to identify which sustainability matters are most material to us and to our stakeholders when viewed through a double lens. Double materiality is defined as the union of impact and financial materiality. A sustainability or ESG matter has double materiality if it is material

from either an impact or environmental perspective, a financial perspective, or both. The group is undertaking the double materiality first half 2024.

Environmental emissions

GHG: Greenhouse gas.

GHG Protocol: The most widely used greenhouse gas accounting and reporting standard, which builds on a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Scope 1, 2 and 3 emissions: These terms refer to the three main categories of GHG emissions in corporate reporting. Scope 1 covers direct emissions from sources owned or controlled by the enterprise, scope 2 relates to indirect emissions from the generation of purchased energy, and scope 3 includes all other indirect emissions in an enterprise's value chain.

tCO₂e (tonnes of carbon dioxide equivalent): A measurement unit representing the amount of CO₂ and other GHGs converted to the equivalent amount of CO₂ based on their global warming potential.

Net zero: The SBTi defines the state of net-zero emissions for companies "as reaching a state of no impact on the climate resulting from the organisation's GHG emissions". This implies the following two conditions: "Achieving a scale of value-chain emission reductions consistent with the depth of abatement at the point of reaching global net zero in pathways which limit warming to 1.5°C with no or low overshoot [and] neutralising the impact of any source of any residual emissions by permanently removing an equivalent volume of atmospheric CO₂".

Supply chain and business practices

Ethical trade: Describes the ethical aspects of enterprises, focusing on human rights, fair wages and decent working conditions in the supply chain.

Ethical trade Norway: A Norwegian member-based organisation advocating for ethical trade. It aligns with global reporting frameworks by aiding businesses in upholding human rights, labour standards and environmental care in supply chains.

Amfori: Amfori is a large and highly reputable international organisation which monitors that factories and companies comply with a wide range of requirements related to working conditions, pay discrimination, child labour, freedom of association and collective bargaining, forced or compulsory labour and rights of indigenous peoples, corruption, environmental considerations and so forth.

BSCI (Business Social Compliance Initiative):

A business-driven initiative by Amfori to improve working conditions in the global supply chain by providing a common code of conduct and a framework for social compliance assessment.

Upstream: Refers to the activities in the supply chain related to sourcing materials and inputs for production processes.

Downstream: Refers to the activities pursued after the production phase, including distribution, marketing and sale of products.

Value chain: The full range of activities required to bring a product from conception, through different production phases and delivery to end-consumers, and final disposal after use or reintroduction into the production cycle.



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To the Board of Directors of Europris ASA

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON EUROPRIS ASA EUROPRIS SUSTAINABILITY REPORT FOR 2023

We have performed a limited assurance engagement for the Board of Directors of Europris ASA on the Europris sustainability report 2023 (the "Selected Information") for the reporting period ended 31 December 2023.

Our limited assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023, as described below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Europris ASA has engaged us to provide independent Limited assurance in accordance with International Standard on Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410", issued by the International Auditing and Assurance Standards Board ("IAASB")) and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in Europris sustainability report 2023 for the year ended 31 December 2023 is as follows:

Selected Information	Applicable Criteria
Greenhouse Gas Accounting for the reporting period ended 31 December 2023, hereunder Scope 1, Scope 2 and Scope 3 GHG Emissions e.g. category 3, 4, 5, 6, 7 and 15	Reporting in accordance with Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 and Greenhouse Gas (GHG) Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

Board of Directors and Management responsibilities

The Board of Directors and Management are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Board of Directors.

Our independence and quality management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment and included, among others, an assessment of the appropriateness of the Applicable Criteria. In carrying out our Limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:



- Through inquiries of relevant personnel, we have obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify areas where material misstatement in the Selected Information is likely to arise, providing a basis for designing and performing procedures to respond to address these areas and to obtain limited assurance to support a conclusion.
- Through inquiries of relevant personnel, we have obtained an understanding of the internal processes relevant to the Selected Information and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information.
- Performed procedures on a sample basis to assess whether the Selected Information has been collected and reported in accordance with the Applicable Criteria, including comparing to source documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Oslo, 19 March 2024
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

This document is signed electronically

GRI index

Statement of use		Europris ASA has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI sector standard(s)		N/A			
GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
	2-1 Organisational details	Directors report p.14			
	2-2 Entities included in the organisation's sustainability reporting	Consolidated financial statement p.118 Sustainability report p. 39			
	2-3 Reporting period, frequency and contact point	a. Annually b. 01.01.2023-31.12.2023 c. 19.03.2024 d. Trude Mork Alnæs trude@europris.no			
	2-4 Restatements of information	Waste: Recycling rate 2022 restated due to error found in last year's calculation. GHG emissions: 2021 and 2022 restated. See details in our climate profile p.66 and methodology p. 94			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI sector standard reference number is not available.
	2-5 External assurance	a. Signed by the board. b. Sustainability report p. 100-103			
	2-6 Activities, value chain and other business relationships	Sustainability report p. 38-43 d. no significant changes since last year			
	2-7 Employees	GRI Input - Our people p. 96 Total number of employees: The number is not directly comparable to previous years because of a change in calculation method to yearly average number of employees			
	2-8 Workers who are not employees	GRI Input - Our people p. 96			
	2-9 Governance structure and composition	Governance report p. 29-31			
	2-10 Nomination and selection of the highest governance body	Governance report p. 28-29			
	2-11 Chair of the highest governance body	No. The highest governance body is not a senior executive in the organisation	b	Not applicable	The chair is not a senior executive
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability report p. 45			
	2-13 Delegation of responsibility for managing impacts	Sustainability report p. 45			

GRI standard/ other source	Disclosure	Location	Omission	
			Requirement(s) omitted	Reason Explanation
General disclosures				
	2-14 Role of the highest governance body in sustainability reporting	Sustainability report p. 45		
	2-15 Conflicts of interest	Governance report p. 30		
	2-16 Communication of critical concerns	Sustainability report p. 47		
	2-17 Collective knowledge of the highest governance body	Sustainability report p. 45		
	2-18 Evaluation of the performance of the highest governance body	Governance report p. 31		
	2-19 Remuneration policies	Remuneration report		
	2-20 Process to determine remuneration	Remuneration report		
	2-21 Annual total compensation ratio	<p>a. Ratio 18:1, representing the ratio of the CEO total compensation vs. the median basic salary, which is that of a warehouse employee. In 2022, the ratio was 13:1, the increase is caused by a variable CEO bonus.</p> <p>b. The change in ratio is 4.2 (percentage change in total CEO compensation divided by percentage change in median basic salary).</p>		
	2-22 Statement on sustainable development strategy	Sustainability report p. 40		
	2-23 Policy commitments	https://investor.europris.no/about-us/corporate-governance/policies/default.aspx		
	2-24 Embedding policy commitments	Sustainability report p. 47		
	2-25 Processes to remediate negative impacts	GRI index: 3-3 for each material topic		
	2-26 Mechanisms for seeking advice and raising concerns	<p>i. Our employees can seek advice on implementing policies and practises for responsible business conduct through its leaders, through documents on the internal employee handbook or through resources in the sustainability department.</p> <p>ii. The whistleblower channel can be used anonymously and is aimed for any relevant stakeholders of the organisation. The cases are handled confidentially by a third party and through legal/ HR department. Depending on the case, the management group is involved.</p>		
	2-27 Compliance with laws and regulations	Sustainability report p. 47		
	2-28 Membership associations	Ethical Trade Norway, Amfori/ BSCI, CDP, Green Dot Norway, Norwegian Retailers Environmental Fund		

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
	2-29 Approach to stakeholder engagement	Sustainability report p. 43			
	2-30 Collective bargaining agreements	a. Sustainability report p. 96 b. p. 80			
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics	Sustainability report p. 40-41			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI sector standard reference number is not available.
	3-2 List of material topics	Sustainability report p. 41			
Human Rights due diligence					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our social responsibility p. 86-89			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ethical trade report			
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	a. i: Child Labour (UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146). There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified in the code of conduct. ii: 0 b. i: We do yearly due diligence assessments reported in the Ethical trade report. Child labour is seen as little risk within our operation suppliers ii: 0 c. The code of conduct regulates our zero tolerance towards child labour			
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability report p. 87 Ethical trade report			
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	a. No incidents in relation to indigenous peoples. p. 87	b.	Not applicable	Not relevant
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability report p. 88			
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability report p. 86 and ethical trade report	a, d	Information unavailable/incomplete	We aim to report these indicators for our 2024 report

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Climate resilience					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our climate profile p. 67-68			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Directors report p. 16			
	201-2 Financial implications and other risks and opportunities due to climate change	Directors report p. 20-22 Sustainability report p. 67-68			
Sustainable products and circular solutions					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our products p. 50-54			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		a.	Information unavailable/incomplete	Will be started with AMFORI/BEPI in 2024
	308-2 Negative environmental impacts in the supply chain and actions taken		d. e.	Information unavailable/incomplete	Will be started with AMFORI/BEPI in 2024
Climate-friendly operations and logistics					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our climate profile p. 60-66			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	a. 385 MWh. Fossil fuels, petrol and diesel b. 37 MWh. Renewable share of fuels (Norwegian mix) c. i. 44,743 MWh electricity, grid 217 MWh electricity self-generated ii 969 MWh district heating e. 46,352 MWh in total f. GHG Protocol g. DEFRA, IEA	c. iii and iv d.	Not applicable	Not relevant
	302-2 Energy consumption outside of the organisation			Not applicable	Not relevant
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	a, b, d, f, g. Sustainability report p. 51 and p. 94-95 e. Emission factors used are from DEFRA (2023) and Norwegian Environmental Agency	c.	Not applicable	Not relevant
	305-2 Energy indirect (Scope 2) GHG emissions	a, b, c, d, f, g. Sustainability report p. 51 and p. 94-95 e. IEA for location-based and AIB for market-based emission factors			
	305-3 Other indirect (Scope 3) GHG emissions	a, b, c, d, e, g. Sustainability report p. 51 and p. 94-95 f. Emission factors are from a range of different databases, depending on the scope 3 category in question. Europris has not created its own emission factors			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Climate-friendly operations and logistics					
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	a. Waste management p. 66 b. Strategic cooperation with third-party waste management company Ragn sells, who specialise in waste management with concern to environment and recycling. c. Digital reports and dialogue with strategic partner, Ragn sells			
	306-3 Waste generated	a. Residual waste: 857.7t Mixed waste sorted: 6,176.9t b. Sustainability report p. 94-95			
Equal opportunities and an inclusive working environment					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our people p. 78-80			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	GRI Input - Our people p. 96 Turnover: The number is not directly comparable to previous years because of a change in calculation method to include only permanent employees			
	401-3 Parental leave	GRI Input - Our people p. 96	c,d,e	Information unavailable/incomplete	We aim to report these indicators for our 2024 report
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	A total of 8,709 hours of completed training were tracked across the group. In addition, courses are conducted per department that are not tracked			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	GRI Input - Our people p. 96			
	405-2 Ratio of basic salary and remuneration of women to men	GRI Input - Our people p. 96			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability report p. 47	b. ii-iv	Not applicable	Not relevant
Safe and good-quality products					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our products p. 54-56			
GGRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability report p. 56			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability report p. 55	b.	Not applicable	Not relevant

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Safe and good-quality products					
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability report p. 56	b.	Information unavailable/incomplete	Insufficient data.
	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability report p. 55	b.	Not applicable	Not relevant
Business ethics and anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Governance p. 47			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability report p. 87 and Ethical trade report			
	205-2 Communication and training about anti-corruption policies and procedures	a. 100% of governance body members b. 100% of employees in Europris, not including pure players c. Code of conduct, embedded in all supplier contracts https://investor.europris.no/about-us/corporate-governance/policies/default.aspx e. 664 employees completed online training, in addition to in depth training of key personnel	b. d. e.	Information unavailable/incomplete	Lack of tracking procedure. We aim to report these indicators for our 2024 report
	205-3 Confirmed incidents of corruption and actions taken	Sustainability report p. 47			
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability report p. 47	b. a, 0	Not applicable	Not relevant
GRI 417: Marketing and labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Sustainability report p. 47			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report p. 47			
Health and safety in the workplace					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our people p. 80-83			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Sustainability report p. 80-83			
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability report p. 80-83	c.	Not applicable	Not relevant
	403-3 Occupational health services	Sustainability report p. 80-83			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability report p. 80-83			
	403-5 Worker training on occupational health and safety	Sustainability report p. 83			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Health and safety in the workplace					
GRI 403: Occupational health and safety 2018	403-6 Promotion of worker health	Sustainability report p. 83 All employees are covered by mental health service in the event of an emergency			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability report p. 80-83			
	403-10 Work-related ill health	a. i: 0, ii Sustainability report p. 80 b. i: 0 c. i, iii: Sustainability report p. 81 d. No workers excluded	a. iii, b. ii, iii, c. ii	Information unavailable/incomplete	We aim to report these indicators for our 2024 report
Local value creation and community engagement					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our social responsibility p. 90-93			
Company-specific: community engagement	CS1: Strategic initiatives in local communities CS2 : Financial or other support provided to the partnerships CS3: Number of people from vulnerable groups engaged in work training or projects promoting inclusion	Sustainability report p. 90-93			

Scope per KPI

Material topic	KPI	Europris Holding AS,					Franchises
		Europris AS, Europris Butikkdrift AS	Lune-hjem.no AS	Lekekassen Holding AS	Strikkemekka Holding AS		
Sustainable products and circular solutions	Annual increase in share of total chain sales from third-party certified products	V					V
Safe and good-quality products	Maintain a low complaint rate on durable goods	V					V
Climate resilience	Net zero emissions by 2050	V	V	V	V		V
Climate-friendly operations and logistics	Increase energy efficiency in stores in 2030 by more than 20 per cent from 2022	V					V
	Reach an overall recycling rate of 90 per cent by 2030	V		V	V		V
Local value creation and community engagement	Ensure a balanced split between men and women in leading positions	V	V	V	V		
	Be an attractive workplace	V					
Health and safety in the workplace	Annual decrease in sickness absence	V	V	V	V		
Human rights due diligence	All products sourced from risk areas will come from socially audited suppliers by end of 2030	V					V
Community engagement and local value creation	Be a responsible company which contributes positively to local communities	V					
	Give people the opportunity to be included in working life	V					V

Store openings 2023



Froland



Gresen



Dombås



Triaden (Lørenskog)



Hamar



CC Drammen



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