

Sustainability Due Diligence – Methodology

IDENTIFICATION

1. All Business Units / All Countries

We realize that all companies, no matter where they operate or what they do, are at risk of sustainability impacts, and intend to assess all our business units with more than 20 people employed. We assess one unit at the time starting with Head Quarters. These assessments serve as practical examples, when conducting additional operational level impact assessments and when engaging our business relationships.

2. All Human Rights, Environmental, and Economic Areas

We consider risks on all essential sustainability areas (48 human rights / 20 environmental / 16 anti-corruption/economic). Where we find 'no risks' of adverse impacts, we describe why we reached such conclusion.

3. Engagement with Impacted Stakeholders

We appreciate that solid stakeholder engagement forms part of the due diligence process. To ensure informed stakeholder engagement, we conduct the first assessments with limited interactions with stakeholders. The engagements become real and informed once we share our assessments with impacted stakeholders, asking for input to improve and for grievances, should impacts occur.

4. Likely Impacts, not all imaginable / All Impacts, not limited to severe

We focus our assessments on the more likely impacts, not all imaginable impacts. However, we do not limit the assessment to the identification of risks of 'severe' impacts, appreciating that the intention of UNGPs due diligence is to ensure that impacts do not escalate becoming severe.

5. First Assessments / Risks Only

For the first assessments in a business unit, we focus on potential adverse impacts only. Hereby, we give the business unit in question the ability to better involve themselves in the work preventing or mitigating adverse impacts

moving forward. During the subsequent annual re-assessments actual impacts are also included. It is our belief that the positive collaboration in becoming sustainable will be enhanced by not looking for flaws, but risks only. We must appreciate that many such risks were not necessarily managed previously.

6. Focus on 'Cause' or 'Contribute to' connection to Impacts

We focus assessments on where the unit may 'cause' or 'contribute to' adverse impacts. When the unit is merely 'linked to' adverse impacts; the assessments identify known severe impacts in the value chains only. Our assessments are expected to improve over time taking information from the systematized approach requiring responsible business conduct by business relationships. We appreciate, that a minimum requirement for us, as part of our due diligence according to the UNGPs/OECD, is to require from our business relationships, that they also meet the minimum standard for responsible business conduct, and to engage any business in our value chain should they cause or contribute to severe impacts.

7. Due Diligence in Value Chains

We have not previously applied expectations of responsible business conduct in alignment with the UNGPs/OECD to our business relationships. We expect that establishing such practice will enable us to better identify severe impacts, that we are merely 'linked to'.

INTEGRATION (to prevent and mitigate) / TRACKING EFFECTIVENESS

8. How to Address Identified Risks

Where we identify risks, we describe who is at risk or where the risks occur; what we do, or will do, to prevent or mitigate the risk; the indicators by which we measure effectiveness; who oversees managing the risks; and the additional resources that need to be allocated.

9. Applying Good Practice to Action

We briefly describe what is already done to prevent or mitigate the risks of impacts if anything. Based on known good practises additional actions are suggested to the local management when added actions are deemed necessary or commendable.

10. Where Actions are Mandated by Law

Where actions to prevent or mitigate adverse impacts are mandated by law, we mention such actions and do not merely refer to the law. We appreciate that our business relationships may have no knowledge of the governing laws, where we operate. In addition, we appreciate that 'due diligence' is distinct from legal compliance.

11. Resources

We estimate and describe additional resources to carry through the new, preventive, or mitigating actions only (workdays /expenditure).

12. Actions primarily directed at Governance System

We seek to direct our actions to improve or reform our existing governance system, where possible.

13. Measuring Effectiveness

We seek to use existing indicators, where available, and we seek to apply easily managed (SMART) indicators.

COMMUNICATION

14. Meeting the UNGPs/OECD Requirements to Communication

We regularly communicate our impact assessments to employees and other potentially impacted stakeholders asking for their input or ideas to better address impacts.

15. Using First Impact Assessments as Models

We use our impact assessments as a basis and model for enrolling additional business units, i.e., subsidiaries, in our Sustainability Due Diligence program, making their first operational-level impact assessments much more achievable and viable.

16. Meeting the UNGPs/OECD

Requirements to Official Reporting We communicate publicly on how we handle risks of severe impacts as required by the UNGPs/OECD. We will primarily use our annual CoP report for this purpose as well.

17. Using Regular Operational-Level Impact

Assessments in Business Relationships We use our impact assessments actively in our communication with business relationships. Firstly, we disclose our Policy Commitment, Code of Conduct for Business Relationships, and our latest Sustainability Impact Assessments, whenever our business relationships forward their requirements. We do encounter Codes of Conduct from customers that merely ask us to manage some labour rights. We hope they are satisfied to see that we manage risks in relation to such rights as well as other human rights from the International Bill of Human Rights, all environmental and all economic areas as required by the minimum standard. Secondly, we use our impact assessments to ensure that our business relationships can get inspired to conduct Sustainability Due Diligence in their operations. Hence, forwarding the latest impact assessments do not only demonstrate to our business relationships, that we meet our responsibility, but also serves that purpose of inspiring our business relationships, while demonstrating level of expectation that we find appropriate, when exchanging documentation of due diligence.

18. Public Disclosure of Regular Impact Assessments

Apart from the communication requirements mentioned above, companies are not required by the UNGPs/OECD to publicly share their operational level impact assessments. We have decided to share some of the information through our homepage and annual CoP report to the UN Global Compact.

If you have an interest in accessing our latest impact assessments please contact our Sustainability department at: sustainability@contourdesign.com