

AURORA

# DUE DILIGENCE ASSESSMENTS

Account of due diligence assessments for  
Aurora Eiendom

June 30th 2023

**AURORA EIENDOM AS**

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# INTRODUCTION

Aurora Eiendom AS and associated subsidiaries are covered by the Transparency Act, which came into force on 1 July 2022. The law requires for systematisation and documentation of the company's approach towards suppliers and business partners. In addition, a review of the business' internal matters affecting the aspects covered by the Transparency Act is required.

In particular, it is the company's actual and potential impact on human rights and decent working conditions that must be considered. The work that has been carried out leading up to the publication of this report has consisted of mapping and systematising relevant guidelines and routines that have already been established, in order to further adapt, develop and improve these towards a direct connection to the requirements of the Transparency Act. The main goal of the process is to minimise the company's actual and potential negative impact on human rights and decent working conditions.

With that aim, Aurora Eiendom has started a process of establishing, mapping, and handling its responsibility towards our suppliers and business partners. The process is designed according to the OECD's guidelines for due diligence assessments for responsible business. This report provides an insight into Aurora Eiendom's work with the due diligence assessments, and is designed according to the requirements of Section 5 a-c of the Transparency Act. The report gives a description of Aurora's organisation and operating area, routines for carrying out due diligence assessments in line with § 4 of the Act, relevant identified risks, and how identified risks have been handled or are planned to be handled.

At the time of publication, the work on the due diligence assessments is still in an early stage, with focus on overview and mapping and handling the most prominent risks. Further into the next reporting period, the work will become a continuous process integrated in our business operations, and subject to annual audits.

# ORGANISATION AND OPERATIONS

*In line with the Transparency Act § 5 a, we provide a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions.*

## Area of operations

Aurora Eiendom is a real estate company that invests, leases, and develops real estate, with shopping centers as its core business, in Norway. Aurora Eiendom has operational control over 8 shopping centres. Aurora has ownership in, and operational agreements with, Alti Forvaltning, which ensures the day-to-day operation of these 8 shopping centres. This means that Alti Forvaltning procures suppliers on behalf of the companies in the Aurora group. These suppliers are thus considered suppliers of the respective company, and not Alti Forvaltning, and are therefore covered by this report. Through its operations, Aurora buys in a number of goods and services related to property management, more specifically shopping center management.

## Organisation

Aurora Eiendom AS is a real estate company organised as a limited liability company listed on Euronext Growth, with business address Øravegen 4, 6650 Surnadal. Aurora Eiendom is the parent company of a group consisting of three subsidiaries: Nerstranda Holding AS, Aurora Kjøpesenter AS and Aurora Kjøpesenter II AS. Under these three subsidiaries, there are eight shopping centers: Alti Amanda, Alti Buskerud, Alti Farmandstredet, Alti Nordbyen, Alti Vinterbro, Arkaden Senter, Gulskogen Senter and Nerstranda Senter.

Aurora Eiendom also has indirect ownership in two other shopping centers: 25 % ownership in Maxi Storsenter and 10 % ownership in Jærhagen Shopping Center. In addition, Aurora Eiendom owns 50 % of the company Alti Forvaltning, which operates all properties in the Aurora group. A complete overview of the companies and the structure of the Aurora group may be found in the company's annual report published on [www.aurora.no](http://www.aurora.no).

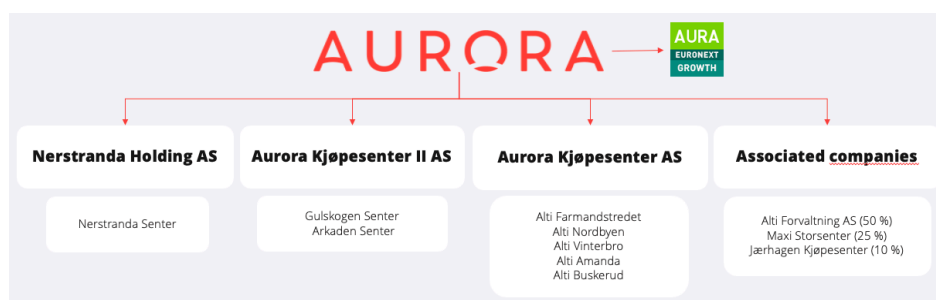


Figure 1: Simplified organisational map of Aurora Eiendom AS.

Furthermore, the following subsidiaries are themselves covered by the Transparency Act by § 2 of the Act:

- Aurora Kjøpesenter AS
- Aurora Kjøpesenter II AS
- Gulskogen Senter AS
- Farmandstredet Eiendom AS

In addition, the operating company Alti Forvaltning AS is covered by the Transparency Act. The subsidiaries under Aurora Eiendom, which are themselves covered by the Transparency Act, will be covered by this report. If an actual negative impact or risk linked directly to one of these subsidiaries is identified, it will be explicitly mentioned. Alti Forvaltning publishes its own statement on its website [alti.no/alti-forvaltning](http://alti.no/alti-forvaltning).

### **Areas of responsibility**

The board is the company's governing body, and has the responsibility for ensuring that the company complies with the requirements of the Transparency Act. Aurora Eiendom has no employees, and as a result of Aurora's association with Alti Forvaltning, it is the employees of Alti Forvaltning who are in charge of the practical implementation of the company's due diligence assessment and the account thereof. A group has been appointed with the main responsibility for the practical work with the Transparency Act. This group consists of the sustainability manager, HR manager and manager of operations in Alti Forvaltning, where the sustainability manager has the executive responsibility.

### **Board resolution and embedding of responsibility**

The routines and organisation of the work has been established by the board by processing the *Routine Document for the Transparency Act*, which describes how Aurora Eiendom shall comply with the obligations arising from the Transparency Act, and contribute to promoting the purpose of the Act. The routine document also contains an overall overview of how the due diligence assessments for the company are to be carried out, and how the company is to handle information requests in accordance with § 6 of the Transparency Act.

### **Routines for handling negative consequences**

It has been decided that Aurora Eiendom will carry out due diligence assessments based on OECD's guidelines for due diligence assessments for responsible business. The working group must map and assess negative impacts based on its own operations, supply chain and business relationships.

To that end, the working group will obtain a complete overview of the company's suppliers and business partners. Thereafter, a meeting shall be held at least once a year to assess where in the business' own operations and its supply chain the risk of violations of human and labor rights is greatest. Based on the risk assessment, the group must assess where it is most appropriate for internal resources to be used. After carrying out a risk classification of its own list of suppliers and determining priority areas, the working group must assess whether measures should be implemented to stop, prevent or reduce the risk of any negative impact. This can be done, for example, by sending out questionnaires to suppliers, where documentation is requested to document that the company's employees work under responsible working conditions, and that routines are in place to ensure correspondingly responsible conditions further down the supply chain.

If initial investigations or questionnaires give reason to suspect that the supplier/business partner does not respect basic human rights or has a high inherent risk in its own supply chain, it should be considered whether further measures should be taken. After measures have been implemented, the effect/results of these must be mapped. The board will follow the work with the due diligence assessments by making "follow-up of accountability in accordance with the Transparency Act" a matter in board meetings at least once a year.

# RESULTS OF THE DUE DILIGENCE ASSESSMENTS

*In line with the Transparency Act § 5 b, we provide information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence.*

## **Risk in Aurora Eiendom**

Aurora Eiendom has no employees, but is closely associated with the employees of Alti Forvaltning. Alti Forvaltning has approximately 160 employees and conducts its business exclusively in Norway. Alti Forvaltning is itself covered by the Transparency Act and accounts for its own due diligence assessments. As of 30 June 2023, Alti Forvaltning has not reported any risk of, or actual negative impact on human rights or decent working conditions in its own operations.

In addition to the explanation in connection with the Transparency Act, Aurora Eiendom reports on matters concerning the employees of Alti Forvaltning in our annual report, in the sustainability chapter. Information on H&S, employee interviews, absence rates and accidents at work, gender distribution and equal pay is covered. Overall, Aurora Eiendom does not identify any actual negative consequences or significant risk of negative consequences for human rights and decent working conditions caused by its own business or the business of Alti Forvaltning.

## **Area of operation and inherent risk**

Shopping center operations is a complex and broad business, which involves many different industries and business areas. The practical handling of day-to-day operations is done by Alti Forvaltning and is formalised through a written management agreement. This means that Alti Forvaltning procures suppliers on behalf of the companies in the Aurora group.

The list of suppliers contains many different companies across a wide range of industries. To have a direct contractual relationship with a very large number of suppliers within many different industries is to be considered a risk factor in itself, as it will be extensive work to follow up all suppliers with the methods and nuances that should be considered within the individual industry. This complexity in itself is therefore considered a risk factor.

***Overall risk factor 1: A large number of suppliers spread across a wide range of different industries.***

Furthermore, in Alti Forvaltning there are many different employees who are responsible for purchasing goods and services. The administration of Alti Forvaltning provides larger contracts with suppliers which are distributed to the different shopping centers. At each shopping center,

the local operations team is responsible for purchasing goods and services that are not procured through the administration. The level of knowledge, insight and the assessments of the individual employee can thus become a factor that potentially affects the risk imbedded in Aurora Eiendom's supply chain.

**Overall risk factor 2:** *A larger number of individuals are responsible for purchasing goods and services on behalf of Aurora Eiendom.*

### **Risk in the supply chain**

The designated group started the work towards the obligations laid down in § 4 b of the Transparency Act by obtaining an overview of all businesses associated with Aurora Eiendom. This was done by extracting invoices for the individual shopping center for the period January 2022 to April 2023. Collection of this information resulted in a list of about 750 different companies, as well as the total amount that the individual company had invoiced in the period.

For further assessments, the individual supplier list was limited to suppliers who had invoiced the individual company at least NOK 50,000 during the period. The individual lists were then forwarded to the local operations departments to obtain more information about the various suppliers and business partners, to form a better basis for the individual risk assessment. The information included:

- which industry the supplier belongs to;
- what service is provided;
- whether there is a written agreement between the company and the supplier;
- contact person for the supplier;
- whether the local operations team has reason to suspect a relevant risk in the supplier's own operations.

Based on information received about the individual supplier, an overall risk assessment of the overall supplier list was started based on the following factors:

- Size of turnover to/from Aurora.
- Industry and product category.
- Geographical location.
- Whether the supplier is covered by the Transparency Act.

The suppliers are continuously assessed according to the above-mentioned categories, and after the assessment they will be classified into different risk categories. Follow-up of the individual supplier is based on this classification. Through the overall risk analysis, before the publication of this report, one supplier has been identified with a particularly high risk of negative impact down the supply chain linked to the supplier's core business.



The work is still in an early phase, but so far no actual negative consequences have been identified for basic human rights and decent working conditions that Aurora Eiendom is directly linked to through our suppliers or business partners.

# MEASURES TO HANDLE RISK

*In line with the Transparency Act § 5 c, we provide information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.*

## **Measures to cease actual adverse impacts**

No actual negative impact on human rights and decent working conditions that Aurora Eiendom has caused or contributed to, or that is directly linked to the company's business activities or services through our supply chains or business partners has been identified so far. Therefore no measures have been taken in this regard.

## **Measures to mitigate overall risks**

By the company's due diligence assessments, the following overall risks were identified:

***Overall risk factor 1:*** *A large number of suppliers spread across a wide range of different industries.*

***Overall risk factor 2:*** *A larger number of individuals are responsible for purchasing goods and services on behalf of Aurora Eiendom.*

As a measure to reduce the risk associated with both of these factors, the designated group has started the process of preparing and updating relevant procedures and documents to better ensure a common understanding of what considerations employees in Alti Forvaltning must take when purchasing goods or services. This involves updating Alti Forvaltning's ethical guidelines, drawing up ethical guidelines for suppliers, procurement policy, and a document with relevant requirements for suppliers that must be attached to all purchase agreements. Going forward, the work will consist of finalising these documents, communicating the new procedures internally, and communicating the new supplier requirements externally to all existing and new suppliers. Since all purchases made on behalf of Aurora are carried out by employees of Alti Forvaltning, these measures will automatically affect all purchases in Aurora Eiendom.

Furthermore, the group has chosen to actively involve all local operating teams in the process of obtaining information about the company's suppliers. This choice has three aspects to it:

1. Effectively ensure correct information about the individual supplier.

2. Involve all employees with responsibility for purchases in the practical work with the Transparency Act, to give the individual an active relationship with the process, and at the same time bring awareness to the due diligence assessments part of day-to-day operations.
3. Open up for the employees who interact with the suppliers on a daily basis to report on conditions they may have identified which gives reason to suspect there might be a risk for negative impact at the supplier.

In advance of this involvement, an information letter was sent out to all employees with purchasing responsibilities at the properties regarding the Transparency Act, and Aurora Eiendom's work in that regard. In order to further ensure information and involvement of all employees, the Transparency Act and due diligence assessments were taken up as a separate topic during Alti Forvaltning's last two employee meetings during the spring of 2023.

### **Measures to mitigate risks in the supply chain**

The list of suppliers has been assessed based on overall factors as listed under *Risk in the supply chain*. Based on this first risk assessment, there will be a need to collect further information about the various suppliers' guidelines and implemented measures regarding the relevant aspects of the Transparency Act. In Aurora Eiendom, this will be solved by sending out questionnaires in order to be able to collect more relevant information about the individual supplier.

The questionnaire is being prepared and will be sent out continuously, prioritised according to the initial risk assessment. Many of Aurora Eiendom's suppliers are large companies that are themselves covered by the Transparency Act. For these suppliers, an assessment will initially be made of the supplier's own account of its due diligence assessments. Questionnaires and processing of the information received will be prioritised for smaller suppliers who themselves do not report in accordance with the Transparency Act, and who are also assessed to have a potential risk in their own business or supply chain.

According to the overall risk assessment, one supplier was assessed to have a particularly high risk in its supply chain through its core business. There was no suspicion of unacceptable conditions in the supplier's own operations. This supplier has been followed up with a meeting/interview where the supplier accounted for their work towards their subcontractors. The report appeared thorough, and relevant documentation was assessed as satisfactory. The designated group will continue to follow up the supplier and their work with the due diligence assessments.

# CONCLUSION

## Summary

Aurora Eiendom has by the designated group in Alti Forvaltning started assessments in line with the requirements of the Transparency Act. A complete supplier overview has been prepared, an overall risk assessment of a limited selection of suppliers has been started, and one supplier in particular has been followed up. In addition there has been carried out an assessment of the company's own business and overall risk factors based on how the company operates, and planned measures to reduce these risks.

In the future, the assessment of the suppliers will continue by assessing the individual supplier's account of their own due diligence assessments, and by sending out questionnaires for the collection of relevant information. When such information is available, the risk assessment will be updated according to the information received, and further measures will be implemented based on the new risk assessments.

Should it during the further assessments be identified that Aurora Eiendom has actually had a negative impact, directly or indirectly, on human rights and decent working conditions, the company will take appropriate measures to stop, prevent or limit the negative consequences.

## Further information

This account will be updated annually within the 30th of June, or in case of significant changes to the company's risk assessments.

Questions regarding this account or Aurora Eiendom's due diligence assessments may be directed by e-mail to [aapenhetsloven@alti.no](mailto:aapenhetsloven@alti.no).

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### Boards signature



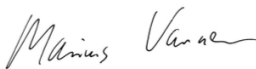
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Chairman of the Board



**Lars Løseth**  
Board member



**Johan Johannson**  
Board member



**Marius Varner**  
Board member



**Sigurd Stray**  
Board member



**Lars Ove Løseth**  
CEO

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