

HiFi KLUBBEN's BOARD STATEMENT ON THE TRANSPARENCY ACT 2025

To ensure companies are operating responsibly, respecting both human rights and safe working conditions as well as in respect to the environment The Norwegian Transparency Act requires companies to carry out due diligence activities in their own operations and their entire supply chain. At HiFi Klubben Group we operate in various countries, Denmark, Norway, Sweden, Germany, and The Netherlands. We are continuously working towards preventing and limiting violations of human rights as well as ensuring health and safety of workers in own operations as well as workers in the value chain. We are taking action to identify and address both potential and actual impacts to the workforce. Part of these actions is implementing appropriate policies, risk assessments and remediation in case of any violations.

In this report we are sharing our transparency on these activities and this information is available on our corporate website.

About us

HiFi Klubben is a Danish specialist audio distributor- and retailer, established in 1980 as a response to the HiFi industry's lack of focus on quality products and misleading selling advice to end consumers. The founder, Peter Lyngdorf, wanted to educate consumers within audio quality to make sure they experienced music like it was supposed to sound from the artist in the first place when the recording was made. That way customers could also avoid buying some of the poor-quality products the industry was trying to push to make short term profits.

HiFi Klubben deals directly with the brand owners on almost the entire line-up of products and does the importing into the EU and the re-distribution on the entire HiFi line-up of products. This is all done through a large warehouse facility in northern Denmark and hubs in Germany and Netherlands.

One of the differences between HiFi Klubben in the 1980s and today, is that the product line-up in HiFi Klubben is broader today. Products today include not only high-end audio, but also product groups like TVs, smaller/portable speakers in good quality and headphones – all making it into line-up only if they get approved by critical HiFi Klubben staff.

But one thing that will never change is the values the company is run by: quality, competence, and honest selling, to mention a few. HiFi Klubben is based on real human passion among staff, and at the end of the day this is what differentiates the company from others.

Proud Brand partnerships

HiFi Klubben carries a large selection of the most significant HiFi-, audio- and consumer electronics brands in the world. But the general focus is few brands with deep partnerships. This gives the advantage of getting to know the technology behind each brand, the brand story, and an advantage on volume in purchasing.

Own brands

Around 2002, HiFi Klubben started experimenting with its own brand, *Argon Audio*. Today, Argon Audio has developed into a well-known brand established into an independent entity called Nordic HiFi. The goal is to make real quality products, that customers love. With Argon Audio we have found a niche in for example active stereo speakers in nice designs, and the quality we can make today with own development can fully compete with larger brands.

Since then, the brands *Vestlyd* and accessory brand *Essentials* have also been established. But the ambition is to drive this development even further. Nordic Hi-Fi is focusing on products engineered in Denmark, with a Scandinavian design, with a sound quality that will surprise positively, and with focus on convenience in every aspect.

Employees

The far most important competition parameter of the Group is the technological knowledge, skills, and enthusiasm of our employees. Therefore, we continue to invest heavily in staff development at both employee and management. Good sound is for everyone, and we want our staff teams to reflect this diversity. The Group therefore employ solely based on professional qualifications and people's interest in good sound. The HiFi retail industry has traditionally been a male dominated workplace. Acknowledging that fact, we do actively pursue a more gender-balanced distribution of positions.

The Group works determinedly to comply with occupational health and safety legislation, working conditions, human rights, anti-corruption legislation, environmental requirements as well as climate aspects.

The basic values of the Group consist of being accountable, maintaining a high ethical standard and show respect for our business partners, customers, employees, and other stakeholders.

We are daily exposed to a significant number of people and business relationships. As part of running a retail company, we are aware of responsible business and the need for policies, guidelines and efforts are assessed continuously.

During the year 2022/23 a statutory OSH audit was performed and based on that, an action plan with several specific initiatives was prepared. Going forward we will keep doing what we do as of today in respect of hiring and developing people independently of social, mental or physical challenges.

Notification channel

The Group has an established whistleblower system which is operated by an external party, ensuring a completely anonymous and secure process for the whistleblower. The purpose of the whistleblower system is to help uncover negative consequences of misconduct or violations. The Group's policy on the whistleblower system encourages employees to report all serious violations, even if the employee may be unsure whether to report the misconduct.

The Group has appointed an administrator team to process the potential reported incidents. There is no overlap between the individuals on the administrator team and the management team. This is to ensure that employees feel safe, as their reported incidents are processed by an impartial party. The Group's whistleblower policy aims to encourage greater transparency and security for all employees and stakeholders.

Supply chain

Our value chain is long and complex. For a supplier to manufacture a HiFi product, raw materials are sourced and manufactured to components which then is manufactured to the final product. Numerous sub-suppliers located around the world are part of this supply chain making it long and complex. We focus on our direct suppliers, as we have an established partnership and have more potential influence on ensuring basic human rights and decent working conditions here. These suppliers constitute known brands in the HiFi industry as well as our manufacturing suppliers for own brands.

Carrying out the due diligence assessment, our focus has been to identify the potential areas in which a risk of human rights and worker's rights violations exist.

Our suppliers are an important part of the sustainability journey that we are on. We focus on deep partnerships contributing to fewer brands and suppliers. This means that 94% of the Group's revenue is from 20 different brands. These brands are the focus for the due diligence. The suppliers behind the brands are registered in Denmark, Sweden, The Netherlands, Germany, UK, USA, and Canada.

Risks

We have performed risk assessments on brand level, as our suppliers behind the brands operate in different parts of the world. The goal of the risk assessments was to identify any risks of human rights violations or poor working conditions. The scope of the risk assessment was the upstream operations in our value chain. Our upstream value chain covers our suppliers, where we purchase goods for resale, hence each supplier has their own long and complex value chain. We assessed that the risk of human rights violations and poor working conditions was greatest for workers in our upstream value chain.

As part of our due diligence assessment, we have carried out screenings on our top suppliers. Where it was not possible to carry out a screening, a survey has been completed to gather information on the upstream value chain of our suppliers. The screenings carried out and surveys completed cover brands which constitute a total of 94% of our Group revenue. This also includes our own brands *Argon Audio*, *Vestlyd*, *Radiant Acoustics* and *Essentials*. We do not own production sites, hence this part of our value chain for own brands is also provided by suppliers.

The following factors affect the risk of human rights and workers' rights violations in our upstream value chain.

1. Risk of child labor or forced labor.
There are known external cases of production of electronics being carried out by child labor or forced labor. This is an inherent risk for the electronics industry.
2. Working conditions on the production sites.
Many production sites for electronics are in the Far East countries where there are known examples of violations of human rights and workers' rights in factories in the industry historically.
3. Use of dangerous chemicals in production.
The use of chemicals without necessary precautions can be a health risk for the workers in the factory.

A report was issued in 2020 by Australian Strategic Policy Institute documenting that several factories in China were using forced labor, including factories producing electronical goods.

Those of our suppliers who have production in the named factories have all released statements and are committed to upholding rights of workers in their supply chains. We are following the situation and keep being alert to any indications to forced labor in our value chain in the future.

The HiFi Klubben Supplier Code of Conduct strictly forbid violations of human rights and workers right and the use of child or forced labor in any part of the value chain.

HiFi Klubben Supplier Code of Conduct is consistent with The United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, The Ten Principles of the UN Global Compact for responsible business conduct and United Nations Convention against Corruption. HiFi Klubben is committed to respecting the Universal Declaration of Human Rights and the ILO's (International Labor Organization) Declaration on Fundamental Principles and Rights at Work. This commitment is reflected in the HiFi Klubben Supplier Code of Conduct including its Human Rights Policy.

All product suppliers are subject to this Code of Conduct. We aim to obtain confirmation of commitment and compliance from all product suppliers to the latest version HiFi Klubben Supplier Code of Conduct. Our key focus for our product suppliers is to comply with the same ethical values as HiFi Klubben as part of our supplier dialogue.

We have not identified any non-conformity associated with neither of the identified risks in the reporting period.

Measures

The majority of the suppliers, making up 94% of group revenue, constitute the same brands as last year. We continued to work closely with alle these suppliers during the year and will do so also in the future. The due diligence assessment carried out last year has been reused for this year's statement, hence there were no major changes in suppliers and the identified risk remains appropriate. In the financial year 2024/2025 there have been no reported cases of human rights and workers' rights violations in our upstream value chain. Nor have we identified any violations.

We have continued to work within this field during the past year where we have performed a double materiality assessment, in accordance with the European Sustainability Reporting Standards (ESRS). This assessment covers the entire value chain for every entity in the group including HiFi Klubben Norway.

The outcome of this assessment highlighted the importance of both human rights and decent working conditions as well as environmental factors and business ethics. The assessment also demonstrated that HiFi Klubben have strong relationships with its suppliers. We will ensure that we convey our policies and initiate supplier dialogue when appropriate. We will maintain a close relationship with our suppliers, where we continue to work towards improving responsible sourcing within both resource use and the social aspects of Sustainability.

Approved by the board

Lars Tandrup
Chairman

Stig Nielsen
Board member

TRANSPARENCY REPORT

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
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