

● ●● Transparency Act due diligence report

2023

About the report

This statement for Pixii AS is prepared in accordance with § 5 of the "Act on Business Transparency and Work with Fundamental Human Rights and Decent Working Conditions", also known as the Norwegian Transparency Act. The Transparency Act came into force on July 1, 2022, and aims to promote respect for human rights and decent working conditions among businesses while ensuring public access to information. The law obliges larger Norwegian enterprises as well as larger foreign companies offering goods and services in Norway, to conduct due diligence assessments in accordance with the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#). This involves identifying, preventing, accounting for, and following up on how the business handles actual and potential negative impacts on human rights and decent working conditions in the business and supply chain.

The basis for this statement is information collected about Pixii, including our supply chain and business relations. The reporting period for this statement is January 1, 2023 – December 31, 2023.

Pixii welcomes the Transparency Act and share its ambition to safeguard fundamental human rights. The statement is published on the company's website. Questions and requests for further information can be directed to Julie Angelil through the contact form on our [website](#).

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Preface by CEO

Dear reader,

I am pleased to present Pixii's due diligence report for the 2023, aligning with the requirements set forth in the Norwegian Transparency Act. This legislation underscores our commitment to transparency, accountability, and ethical business practices, values that are fundamental to our operations at Pixii.

Throughout 2023, Pixii has continued to lead in the field of power conversion and energy storage, supporting our clients worldwide in their transition towards a sustainable future. At Pixii, we recognize our responsibility to uphold human rights and ensure ethical standards across our operations while doing so. This commitment is integral to our corporate philosophy and is reflected in our due diligence processes.

Our global partnerships and presence enable us to leverage diverse perspectives and innovate solutions that meet the evolving needs of the energy sector. By fostering a culture of transparency and integrity, we aim to build trust among our stakeholders and contribute positively to the communities where we operate.

Looking ahead, Pixii remains dedicated to advance the principles of the Norwegian Transparency Act. We will continue to uphold human rights, promote sustainable practices, and enhance transparency in all aspects of our business. Our journey towards a more electrified and sustainable future is guided by these principles, ensuring that Pixii remains at the forefront of innovation and ethical leadership.

Sincerely,

Kenneth Bodahl
CEO, Pixii

1. About Pixii

Pixii is a subsidiary of Eltek Holding and operates as a multinational corporation with a decentralized structure, allowing for efficient management and responsiveness to local market dynamics. Pixii's headquarter is located at Andøyfaret 15 in Kristiansand, and in 2023, we had a turnover of 711 MNOK (Pixii Group) and 114.5 FTEs at year-end. The headquarter in Norway handles strategic planning, governance, and overall coordination of activities across its global operations. Branches in Slovakia, Germany, and Australia focus on various aspects of the business, including manufacturing, sales, and customer support, ensuring a well-rounded approach to meeting diverse market needs.

Pixii's business model centers around innovative power conversion and energy storage solutions, which are pivotal in advancing the shift towards a more electrified and sustainable future. Our product offerings include advanced battery energy storage systems (BESS), uninterruptible power supply (UPS) systems, and power conversion technologies. These products are designed to enhance energy efficiency, reliability, and sustainability in various applications, from renewable energy integration to critical infrastructure support.

Pixii's business model is built on collaboration and innovation, working closely with partners across different geographies and sectors. Pixii sources key components from China and Vietnam, including NMC (Nickel Manganese Cobalt) and LFP (Lithium Iron Phosphate) batteries, and standard electronic devices. Essential raw materials such as copper, lithium, iron, phosphate, cobalt, steel, carbon, magnesium, nickel, lead, foam, aluminum, and plastics are procured from diverse geographical locations. This diversified supply chain strategy mitigates risks and ensures the consistent availability of critical inputs for our products.

Pixii operates in the market of renewable energy and power conversion solutions, which is witnessing rapid growth driven by the global transition towards sustainable energy sources. Our market presence extends across regions in Europe, Asia, and Australia, reflecting the increasing global demand for efficient and reliable energy storage and conversion technologies. By focusing on innovation and customer-centric solutions, we are well-positioned to capitalize on the expanding opportunities within the renewable energy sector and support the global shift towards a more sustainable energy landscape.

1.1 Our commitment

Pixii anchors its responsible business practices through a comprehensive framework of policies and processes designed to uphold integrity and ethical conduct across all operations. Our employees' integrity and performance is crucial for our success, and guided by our Code of Conduct and Ethics. This code emphasizes respect for human rights, labor rights, and environmental protection, and promotes sound business practices to prevent corruption.

To ensure that our suppliers align with these values, we have established a Supplier Code of Conduct based on the UN Global Compact's principles for sustainable development. Our commitment to sustainability is deeply integrated into our company strategy, addressing environmental, social, and economic considerations to meet present needs without compromising future generations.

Corporate social responsibility (CSR) is a core aspect of our operations, driving long-term benefits for our business and the global communities we operate in. We adhere to high standards of corporate governance, ensuring lawful and ethical conduct in all our affairs. Our CSR principles emphasize acting responsibly and respectfully, contributing to social and economic development, and taking the social, ethical, and environmental impacts of our products and services seriously.

Pixii's dedication to human rights, anti-corruption, and ethical trading further reinforces our responsible business practices. We respect the dignity, privacy, and rights of every individual, oppose all forms of discrimination and harassment, and comply with anti-corruption laws in all our activities. Our approach to ethical trading ensures customer information protection and promotes fair competition.

Investor relations at Pixii are focused on transparent communication about our progress and performance, providing timely and accurate financial information to build trust and confidence among our shareholders. By maintaining open and transparent communication, we aim to foster strong relationships with investors and stakeholders, supporting our strategic direction and growth.

In summary, Pixii's responsible business practices are deeply rooted in our commitment to ethical conduct, sustainability, and corporate social responsibility, creating a positive impact on our organization and the broader community. The most important policies are listed below:

Policies in Pixii:

- Code of Conduct and Ethics
- Supplier Code of Conduct
- Human Rights Policy
- Responsible Sourcing Policy
- Environmental Policy
- Conflict Minerals Policy
- HMS Policy
- Privacy Policy

1.2 Capacity building

Capacity building is crucial for respecting human rights and ensuring decent working conditions, as it equips our employees with the necessary knowledge and skills to address these issues effectively. This ensures that policies and procedures embedded in Pixii are translated into effective efforts in day-to-day operations.

In 2023, our parent company Eltek Holding initiated a process to empower its subsidiaries, including Pixii, to conduct thorough due diligence assessments. An important aspect of this process is to enhance knowledge and skills related to human rights due diligence and the Transparency Act. This approach not only strengthens our collective ability to meet regulatory requirements, such as the Norwegian Transparency Act, but also allows us to learn from other subsidiaries in Eltek Holding and adopt best practices, further strengthening our overall efforts.

1.3 Grievance mechanisms

Pixii has established a whistleblowing and grievance channel that allows all individuals associated with Pixii, such as employees, suppliers, stakeholders, to report various concerns. This includes issues such as breaches of laws, safety violations, misconduct (such as bullying or discrimination), financial irregularities, human rights violations (including modern slavery and forced labor), disputes with colleagues or management, and complaints about workplace policies and procedures.

Reports submitted through the secure online portal are managed by the individual responsible for legal and compliance matters at Pixii, ensuring confidentiality and professionalism throughout the process. For whistleblowing reports, anonymous submission is supported with options for secure communication to receive follow-up inquiries or updates. Grievance reports

require the reporter’s identity for effective resolution and involve thorough investigations, with resolutions communicated within 15 working days.

2 Due diligence in Pixii

We acknowledge that due diligence processes are dynamic and require continual refinement. Recognizing the evolving nature of business practices and regulations, we are committed to ongoing efforts to continuously enhance our due diligence procedures. This entails regular review and updating of protocols to address emerging challenges and ensure compliance with regulatory requirements and industry standards.

2.1 Methodology

We adopt a comprehensive approach to due diligence for responsible business conduct, guided by the OECD’s six-step framework (see Figure 2), and adhere to the expectations set out by our parent company Eltek Holding. This approach ensures that we systematically identify, prevent, and mitigate adverse impacts associated with our operations, products, and services.

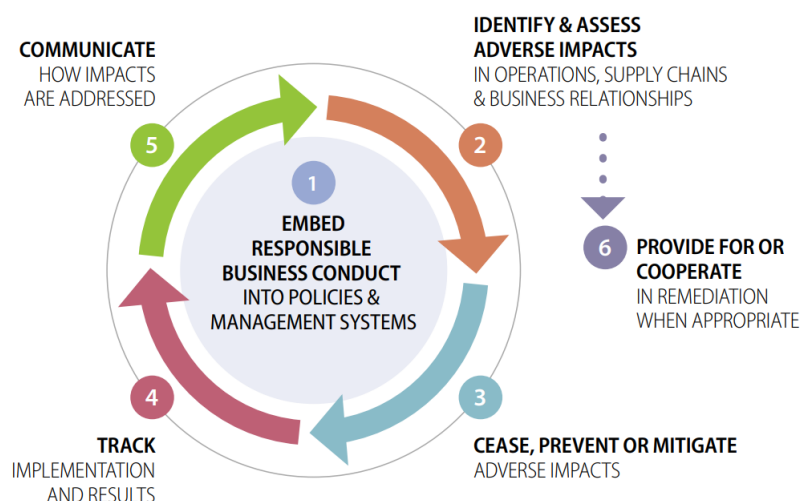


Figure 1 [OECD’s Due Diligence Guidance for Responsible Business Conduct](#)

1. Embed responsible business conduct into policies and management systems

To anchor responsible business practices in the organization, we ensure that human rights and decent working conditions are embedded into policies and management systems. This integration involves updating risk management frameworks, decision-making processes, and establishing robust monitoring and evaluation mechanisms.

2. Identify and assess adverse impacts in operations, supply chains & business relationships

To identify and assess potential and actual adverse impacts we need to gain a comprehensive understanding of the social, environmental, and economic context in which we operate. This involves analyzing the entire value chain, including own operations, supply chain, and business partners. By considering information from industries, geographies, products, and previous risk data, Pixii can identify areas with the highest risk for negative impacts on human rights and working conditions, as well as actual adverse impacts. This analysis is supported by information gathered in Pixii (such as risk assessments and supplier self-assessment questionnaires), consultations with human rights experts and third-party sources such as reports from human rights organizations.

3. Cease, prevent, or mitigate

Based on the identified risks, we prioritize actions to stop, prevent and mitigate adverse impacts. This includes implementing measures to address specific issues, engaging stakeholders for collaborative solutions, and working with suppliers and business partners to improve practices throughout the supply chain.

4. Track implementation and results

An effective due diligence process also involves tracking implementation and results through regular monitoring and evaluation. Further work on strengthening our due diligence processes will also focus on developing key performance indicators that can be used to measure progress. Progress is assessed minimum on a yearly basis, in preparation for the due diligence account in line with the requirements in the Norwegian Transparency Act. This tracking is crucial for understanding the impact of their efforts and making necessary adjustments.

5. Communicate how impacts are addressed

Transparency is a core principle of our due diligence process. We aim to communicate openly about our efforts to address adverse impacts, sharing information on key performance indicators, progress evaluations, and a yearly public report on due diligence activities and outcomes. This communication ensures accountability and builds trust with stakeholders. According to § 4 in the Transparency Act, everyone has the right, upon written request, to information from an enterprise about how it handles actual and potential negative impacts. We commit to answer such request within the timeframe given in § 4 in the Transparency Act.

6. Provide for or cooperate in remediation when appropriate.

Pixii is committed to providing remediation when appropriate. This involves addressing any adverse impacts that have occurred and working with affected stakeholders to find solutions, ensuring that those impacted receive the support and resolution they need.

To assess the severity of and prioritize efforts related to identified risks, we employ the approach in the UN Guiding Principles on Business and Human Rights (UNGP), which focuses on the "severity" of negative impact. Under the UNGP, severity is assessed based on their scale, scope, and remediability, where:

- **Scale** refers to how serious the impact is or could be.
- **Scope** refers to how widespread the impact is, or the number of people affected.
- **Remediability** refers to the ability to restore the affected parties to at least the same state as before, or to an equivalent state as before the impact occurred.

We also assess how Pixii is linked to potential and actual negative impacts. The Transparency Act §4 letter b describes three levels of linkage to harm:

- **Causing:** The company causes harm if there is a direct causal relationship between the company's activities, products, or services and the harm.
- **Contributing to:** The company contributes to harm when its activities, together with others, cause harm. This includes cases where the company facilitates or motivates others to cause harm, such as using forced overtime due to strict delivery deadlines.
- **Directly linked to:** This means the harm is connected to the company's products, services, or business operations through another party, such as a supplier or business partner.

While the steps set out in the methodology section provide a foundational framework common for Eltek Holding and its subsidiaries, we recognize the importance of flexibility and customization to accommodate the unique needs of Pixii. By embracing this approach, we ensure that our due diligence processes remain relevant, robust, and impactful.

2.1 Due diligence in 2023

In accordance with the Transparency Act, Pixii has integrated due diligence practices into the company's policies. This process involves incorporating responsible business conduct into the existing policies and procedures to ensure that all operations, products, and services are consistent with the principles of the Act.

In 2023, Pixii initiated an assessment to identify any actual or potential adverse effects on fundamental human rights and decent working conditions. The scope of the due diligence extended to evaluating impacts within their supply chain and business relationships. Pixii completed the initial series of evaluations by the end of 2023.

2.2 Actual and potential adverse impacts

To date, no actual adverse impacts have been identified. The lack of detection of such impact may be due to Pixii having limited access to information in tiers further back in their supply chains, that current data collection methods do not capture the true extent of adverse impact, or that the process had a limited scope during the initial stages of working with due diligence assessments. Pixii recognizes that due diligence is an ongoing process, and future work will center around strengthening transparency and accountability measures throughout all tiers of the supply chains.

Pixii's due diligence assessments did identify risk of adverse impacts. One of the most significant risks relates to our suppliers' sourcing of raw materials further back in the supply chain. With suppliers in diverse countries, including those with known issues regarding working conditions such as China, Indonesia, and Vietnam, Pixii faces risks related to the rights of workers in the value chain, including freedom of association, collective bargaining, privacy, fair wages, child and forced labor, and equal opportunities. These risks are particularly significant in the production of components and the extraction of raw materials like metals (potentially including conflict minerals), as these activities often occur in high-risk regions where law enforcement is inadequate. In China, workers involved in raw material extraction and component production face challenges such as low wages, hazardous conditions, restricted union rights, limited collective bargaining, negative impacts on livelihoods, discrimination, and excessive overtime. Community displacements is another potential risk.

Furthermore, employees may face significant health and safety risks, as improper training and handling of objects and equipment can lead to injuries and accidents. Similarly, users may also suffer negative impact if the product is handled improperly or used in unintended ways.

2.3 Implemented and planned measures

In accordance with the OECD Guidelines for Multinational Enterprises, and as part of our due diligence process, we implement measures to address potential and actual adverse impacts on fundamental human rights and decent working conditions. Current measures largely focus on developing risk assessments and anchoring policies and procedures in Pixii. Future work will focus on developing effective measures for the specific risks and adverse impacts identified through the due diligence processes.

Establishing a grievance mechanism

In 2023, started the work of implementing a robust Operational-Level Grievance Mechanism (OLGM) as part of their due diligence process to uphold human rights and ensure decent working conditions across their operations. This initiative aligns with international standards, including the OECD Guidelines for Multinational Enterprises, which advocate for enterprises to establish effective grievance mechanisms that facilitate remediation.

Expected results from implementing the OLGM include improved stakeholder trust and engagement, early detection and mitigation of potential adverse impacts, and enhanced transparency and accountability in Pixii's operations. By fostering a dialogue-based approach and ensuring the mechanism meets OECD criteria such as legitimacy, accessibility, and transparency, Pixii aims to create a safe environment where stakeholders can voice concerns without fear of retaliation.

Develop policies

In 2023, Pixii advanced its efforts to evaluate the need for, and develop policies in line with the recommendations of the OECD Guidelines. These policies empower us to further demonstrate our commitment to responsible business conduct and promote consistent adherence to ethical principles and responsible business practices across the organization. The policies, i.e. our Responsible Sourcing Policy and Human Rights Policy, also provide a structured approach to address identified risk in our own operations and supply chain.

Expected results of this initiative includes strengthened adherence to ethical standards across our supply chain, enhanced stakeholder trust through transparent and accountable business practices, and reduced risks associated with unethical conduct or non-compliance. By

embedding these policies into our operations, Pixii aims to foster a positive corporate culture that values respect, responsibility, and transparency.

Thorough pre and post assessment of key suppliers

By integrating both social and environmental criteria throughout our sourcing process, Pixii ensures ongoing compliance and evaluation of key suppliers against our established standards. This begins with our internal supplier's categorization, followed by specific requirements for supplier self-assessment and additional requests during audits.

Conduct audits of key suppliers

Pixii regularly conducts audits of key suppliers. This measure enhances our ability to identify risks, ensuring compliance with human rights and labor standards, and creating a feedback loop where adverse impacts are identified, corrected, and re-evaluated in subsequent audits. They also verify suppliers' adherence to Pixii's standards outlined in the Supplier Code of Conduct, promoting transparency and responsible sourcing practices. In 2023, Pixii conducted six audits of key suppliers.

3 Signatures

The board and CEO of Pixii are aware of the content of this statement, which provides a comprehensive description of the due diligence efforts in the company during the reporting period.

Signature from the CEO



Signature from the board

