



Responsible business conduct

1 Xledger

At Xledger, we empower ambitious companies to prosper. For over twenty years, we have pursued this vision by providing unified ERP software on a true cloud platform. Xledger serves 10,000+ customers across 60+ countries.

Xledger equips customers with relentless innovation and uncompromising customer service. We provide our customers with the market-leading automation, insight, and scalability needed to transform financial processes. Xledger's cloud-based accounting solution brings order and structure. We transform business management with our highly automated ERP solution.

We believe that our social responsibility is as global as our business. We actively support the least empowered. We minimize environmental impact.

2 The legal framework in Norway

The Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). In Norwegian: Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold (Åpenhetsloven).

The enterprises shall carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises. For the purposes of this Act, due diligence means to

- a) embed responsible business conduct into the enterprise's policies
- b) identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners
- c) implement suitable measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritizations and assessments pursuant to (b)
- d) track the implementation and results of measures pursuant to (c)
- e) communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (c) and (d)
- f) provide for or co-operate in remediation and compensation where this is required.

Due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

3 Responsible business

Responsible business conduct is fundamental to Xledger. This is an essential part of who we are and how we do business. We aim to be a positive influence in the society in which we operate.

We have implemented policies and measures to ensure that our supply chain operates responsibly in accordance with the OECD Guidelines for responsible business conduct so that fundamental human rights and basic labor rights are followed and to make sure that this is considered when choosing and approving new suppliers in the company/Group.

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

Building a healthy business environment is in the interest of all stakeholders and demands effort by all. Governments have a responsibility to protect internationally recognized fundamental rights and to improve the functioning of markets through good governance, fair regulations, and transparency. Businesses have a responsibility to adopt responsible business practices that take into account both the bottom line and the impact of their activities on society. Labor and civil society have to be involved proactively and constructively and have a key role to play in ensuring accountability.

The OECD Guidelines for Multinational Enterprises reflect the expectation from governments to businesses on how to act responsibly. They bring together all thematic areas of business responsibility, including human rights and labor rights, as well as information disclosure, environment, bribery, consumer interests, science and technology, competition, and taxation. This comprehensiveness is a unique feature of the Guidelines and makes it the only government-backed instrument covering all major sustainability risks.

4 Supplier groups

We have different type of suppliers in the business with different impact on our business and different risk profiles related to responsible business and adverse impact in their value chain.

We have divided suppliers in the following groups:

1. Group internal suppliers
2. Key suppliers in our value chain with global value chains
3. Key suppliers in our value chain with primarily local value chains
4. Suppliers used regularly with little relevance to our value chain.
5. International suppliers with little relevance to our value chain.
6. Random suppliers utilized from time to time but without any long-term agreements and with no impact on our value chain

5 Supplier policy – responsible business conduct

We have established a policy for supplier selection and for reviewing existing suppliers. It is a requirement that all our suppliers fulfil the requirement for responsible business conduct. To achieve this, we have created a due diligence process where we review the suppliers according to our requirements. The review process reflects the importance of the supplier in our supply chain and the anticipated risk level for the supplier groups described above.

The policy is created to ensure that our supply chain operates responsibly in accordance with the OECD Guidelines for responsible business conduct so that fundamental human rights and basic labor rights are followed and to make sure that this is considered when choosing and approving new suppliers in the company/Group.

We have a differentiated approach for the different supplier groups.

We have created a framework for qualifying new suppliers. We go through a screening process initially, assessing topics such as the supplier in general, countries of operation, supply chain, the inherent risk of adverse impact, and to what extent suppliers are required to document a due diligence process according to “Transparency Act” or have some form of voluntary sustainability certification as well as the supplier’s reputation in the public domain.

We have amended our procurement process to ensure that we operate according to this and to secure that prioritized and qualified suppliers are being used.

6 Supplier requirements and Supplier code of conduct

Xledger has set a standard for its own conduct and similarly expects our suppliers and business partners to conduct their business responsibly and in an ethical manner.

We expect our suppliers to act responsibly and adhere to an open international investment climate. Although many companies demonstrate a respect for high standards of business conduct, some may neglect the appropriate principles and standards of conduct in an attempt to gain undue competitive advantage. More and more enterprises are responding by committing to responsible business practices, promoting dialogue, and engaging with stakeholders. Addressing societal concerns while advancing enterprise interests can be mutually supportive.

We expect our suppliers and business partners to follow the general international principles described in The OECD Guidelines for Multinational Enterprises on how to act responsibly. They bring together all thematic areas of business responsibility, including human rights and labor rights, as well as information disclosure, environment, bribery, consumer interests, science and technology, competition, and taxation. This comprehensiveness is a unique feature of the Guidelines covering all major sustainability risks.

We have developed a Supplier code of conduct (SCC) based on the OECD guidelines where we describe our requirements for suppliers to Xledger. The SCC forms the basis for recruiting new suppliers and renewal of existing supplier agreements. The SCC expresses the standard we expect from our suppliers for responsible business conduct. The SCC will form the basis for our dialogue with current suppliers as well as the selection of future suppliers.

To report questionable behavior or a possible violation of the SCC, suppliers are encouraged to work with their primary Xledger contact in resolving their concern. If that is not possible or appropriate, please contact Xledger through any of the methods described at:
<http://www.xledger.com>.

Xledger will maintain confidentiality to the extent possible and will not tolerate any retribution or retaliation taken against any individual who has, in good faith, sought out advice or reported questionable behavior or a possible violation of the SCC.

7 Due diligence

The purpose of the due diligence process is to identify and assess adverse impacts in our operations and our supply chain. Based on that we can evaluate the necessary measures that need to be initiated to prevent, stop or reduce adverse impact.

In general, most suppliers in our value chain are local service suppliers with local value chains. We have based our approach on risk and significance and done a more detailed investigation where we have seen the greatest potential for adverse impact.

We have done a screening of the suppliers used by Xledger AS and Xledger Group AS. We have given a risk assessment for the suppliers being regularly used. We have prioritized the suppliers based on their proximity to our core processes/services and the potential risk of serious negative impact.

We conduct continuous assessments of our existing suppliers. Our continuous due diligence ensures supplier compliance with the “Transparency Act”, supporting our commitment to responsible business conduct. We regularly assess and update our practices to minimize risks of adverse impact in our supply chain

We have differentiated the approach for different supplier groups:

1. Group internal suppliers
2. Key suppliers in our value chain with global value chains
3. Key suppliers in our value chain with primarily local value chains
4. Suppliers used regularly with little relevance to our value chain
5. International suppliers with little relevance to our value chain
6. Random suppliers utilized from time to time but without any long-term agreements and with no impact on our value chain.

For some suppliers there was a due diligence process in place related to GDPR or data security prior to this due diligence process. We have included the responsible business requirements in these due diligence processes.

For group No 1 we haven't done a separate review but have access to the review the group entities have done in their own supply chain.

For group No 2 we conducted a detailed investigation and classified the supply chain risk based on the nature of the services and goods the business delivers and the size and complexity of their supply side. We collected information from the supplier directly to verify that they operate in a responsible manner in line with principles set out in our SCC - Supplier Code of Conduct. We reviewed self-assessment documents regarding their own supply chain, policy statements and supplier code of conduct as appropriate.

For group No 3 we conducted a screening and classified the supply chain risk based on the nature of the services and goods the business delivers and the size and complexity of their supply side. Service suppliers that deliver local services with primarily local resources are in general considered low risk and with limited adverse impact in case of issues.

For groups 4, 5 and 6 we have done a basic screening of existing suppliers and will present the requirements for responsible business conduct reflected in our SCC in our purchasing process and in the approval of new suppliers.

8 Impact assessment

The due diligence process has not revealed any suppliers with adverse impact in our supply chain or any indications of such.

The due diligence has confirmed that we have little risk in our supply chain. The main reason being that we have a limited number of suppliers that are involved in our core processes, and they are primarily local Norwegian suppliers with local supply chains.

9 Conclusions

Our supply chain consisting primarily of local providers of services delivered by local employees has low, inherent risk. However, we see a need for greater consciousness in the selection of suppliers going forward to ensure that this continues. Hence, we have amended our procurement process to ensure that responsible business conduct is a key consideration when selecting new suppliers or renewing agreements with existing ones.

We have not discovered any suppliers with adverse impact in their supply chain or any indications of such. So, there is no need to implement any specific measures to mitigate issues. The most important measure to prevent adverse impact going forward would be to make sure that the supplier qualification process is followed and review that it is adequate in assessing risk and the potential for adverse impact in the supplier's value chain.

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Board of Directors Xledger AS

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