

*SAS*

# SAS HUMAN RIGHTS STATEMENT 2022



# ACCOUNT ON DUE DILIGENCE

## INTRODUCTION

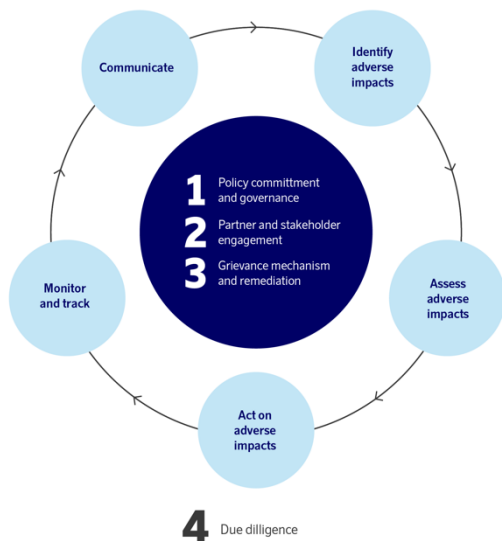
### **An introduction to human rights and decent working conditions in SAS**

At SAS, we are committed to ensure respect for human rights and decent working conditions and actively collaborate with United Nations Global Compact (UNGC) to uphold these principles. As a participant in UNGC, we make efforts to ensure the ten principles which cover areas such as human rights, labor standard, environmental stewardship, and anti-corruption. By embracing these principles, we want to demonstrate our dedication to promoting and safeguarding human rights in all aspects of our business.

In alignment with the Norwegian Transparency Act, which became effective from July 1, 2022, SAS is committed to promote respect for fundamental human rights and decent working conditions in connection with our operations and services and to ensure the general public access to information regarding how SAS address adverse impacts on fundamental human rights and decent working conditions. Efforts have been underway to ensure compliance with the new legal requirements and improve the implementation of human rights due diligence. This report is a description of how SAS manages human rights in its own operations and in the supply chain and how we will work with human rights going forward.

We have reviewed our policies, routines and guiding documents against the requirements of the Act and the OECD Guidelines for Responsible Business Conduct. The review has provided us with a deeper insight into the level of maturity of our routines and guiding documents and has led to the development of an action plan aimed at strengthening our approach to uphold respect for human rights in our own operations, throughout the supply chain and with business partners during FY2023. The action plan includes further integrating human rights and decent working conditions into policies and management systems, both in own operations but also with a particular focus on the routines to ensure respect for human rights in the supply chain. Additionally, SAS is establishing routines and procedures to identify and assess any adverse impact on human rights within our value chain as well as establish routines for taking measures to prevent and address negative effects. The figures below summarizes how we will aim to manage human rights going forward.

We acknowledge that we still have a long way to go in order to meet the requirements of the OECD guidelines as well as to manage risks of adverse human rights impacts, particularly related to our supply chain.



#### Governance and Leadership

- Review and update existing policies to ensure they incorporate human rights and decent working condition principles
- Communicate updated policies to all employees, suppliers, and business partners to ensure a shared understanding and commitment to human rights
- Conduct regular audits and assessments to ensure compliance with human rights standards

#### Stakeholder Engagement

- Engage with employees, suppliers, and business partners through regular training and awareness programs on human rights issues
- Establish grievance mechanisms to provide a platform for reporting and addressing human rights concerns. Ensure that these mechanisms are easily accessible, well-publicized, and guarantee protection against retaliation

#### Collaboration with Business Partners

- Engage in open and transparent dialogue with business partners to promote the integration of human rights throughout the supply chain
- Collaborate with business partners to develop joint initiatives aimed at advancing human rights and decent working conditions

#### Provide Training and Capacity Building

- Offer training programs to employees, suppliers, and business partners to raise awareness about human rights and decent working conditions
- Focus on building capacity and providing tools to effectively address and manage human rights issues

#### Monitoring and Reporting

- Establish key performance indicators (KPIs) to measure the effectiveness of the action plan
- Regularly collect and analyze data on human rights performance, ensuring confidentiality and anonymity where necessary
- Prepare comprehensive reports on the organization's human rights and decent working conditions efforts, sharing both successes and challenges

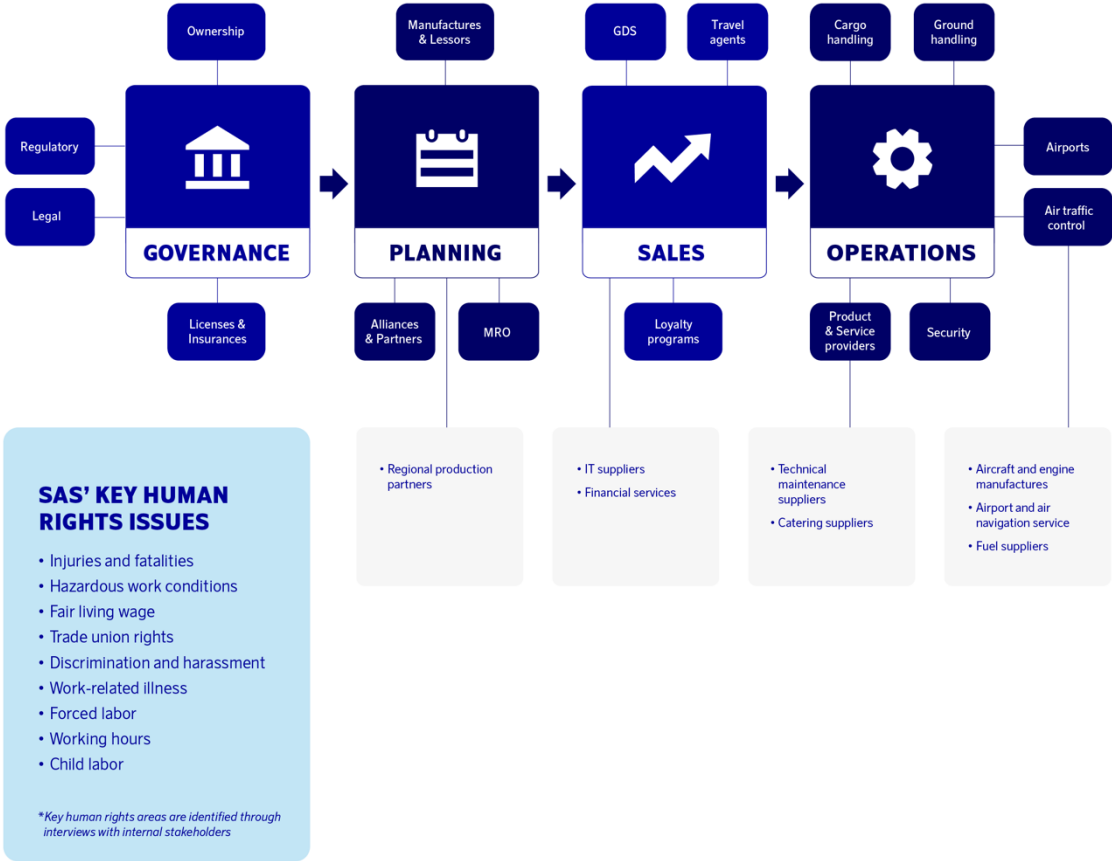
## SAS' ROUTINES AND GUIDELINES ON HUMAN RIGHTS

### How SAS operates and the risk of negative impact it may entail

SAS is Scandinavia's leading airline company headquartered in Sweden and operates over 124 destinations across Europe, Asia, and the United States. Each year, almost 30 million passengers travel with SAS to destinations in Europe, USA and Asia. Airline operations are SAS' primary activity and are conducted through SAS Scandinavia, SAS Connect, SAS Link and our production partners.

Given the nature of the airline industry operating worldwide and with a complex supply chain, SAS is at risk of being connected to human rights impacts in our own workforce, workers in the supply chain and communities affected by our business. Below we have depicted an overview of SAS's

supply chain and the potential negative impact on human rights risks, that could either be caused, contributed to, or directly linked to our operations.



The overarching responsibility for following up human rights matters for SAS’ own workforce is governed by the Board of Directors and top management. This includes setting goals and ambitions for SAS on how to respect human rights and ensure policies and routines are in place. The sustainability department within SAS has the responsibility to follow up on SAS’ human rights work in the daily operations. Group Management is ultimately responsible for the policies. The policies are reviewed annually, and activities are followed up within the organization and reported weekly, monthly, quarterly, or annually according to specific needs. Further information about how our business is structured through business areas, including details of the activities undertaken in the different departments, is found in the annual report for, available on SAS.no.

**Our organization**

In SAS, our practice and behaviors are led by our Code of Conduct governed by the Board of Directors, which is a result of SAS' involvement in the United Nations Global Compact (UNGC). SAS has been a member of UNGC since 2003 and is committed to the ten principles of UN Global Compact. SAS requires that all suppliers and subcontractors share SAS’ perception on human rights, including solid marked based employment terms and the right to organize in unions. We are committed in all our activities to protect and support human rights and to fight against corruption, discrimination, and all forms of forced labor. We believe that sustainable development means continuous improvements in all relevant areas of sustainability, including human rights and decent working conditions.

In addition to the principles of UNGC, SAS supports the principles outlined in the Universal Declaration of Human Rights and International Labor Organization (ILO) Declaration on Fundamental Principles at Work. We also expect our suppliers to uphold these principles.

### **Stakeholder engagement**

Engaging with stakeholders is key to provide input to SAS policies and routines to uncover potential or actual negative impact on human rights. We have a long tradition of dialogue and cooperation with many stakeholders and involvement in community-related issues. SAS prioritizes close collaboration with customers, authorities, suppliers, labor unions, employee representatives and airports to create conditions to promote respect for human rights and decent working conditions. SAS also engages in dialogue with parties that want knowledge, drive change or support SAS in different ways. We see stakeholder dialogue as an opportunity to initiate engagement with labor rights and to gain input to further develop our approach to human rights.

### **Industry collaboration**

SAS have a close collaboration and membership with the International Air Transport Association (IATA) as well as Star Alliance and together with its partner airlines offers a wide network worldwide. While IATA and Star Alliance have initiatives aimed at promoting human rights within the aviation industry, it is important to note that they primarily focus on broader principles and expectations rather than directly addressing specific systemic human rights issues. However, there are several human rights concerns that are relevant to the aviation industry, and efforts to address these issues can be connected to the requirements set by IATA, exemplified through:

***Cabin Crew Working Conditions:*** The working conditions of cabin crew members, including issues such as working hours, rest periods, and occupational health and safety, are important aspects related to human rights.

***Passenger Rights:*** While primarily focused on operational standards, IATA has also developed guidelines and initiatives related to passenger rights. Ensuring that passengers are treated with dignity, respect, and fairness is an important aspect of human rights in the aviation industry

### **Grievance mechanisms and duty to provide information**

Grievance, or complaint mechanisms are important tools to inform us of our impact on individuals and groups. There are clear rules and structures for reporting and addressing suspected violations through the management system or the SAS whistle-blower function. SAS has established procedures for reporting non-compliance. Reported breaches of law or a serious breach of our Code of Conduct can be reported to SAS General Counsel at [Code\\_of\\_Conduct@sas.se](mailto:Code_of_Conduct@sas.se).

There will be no discrimination or punishment against anyone for making a report in good faith of actual or suspected non-compliance. The Code of Conduct is being updated to incorporate the ten UNGP principles for grievance mechanisms, including routines for complaint mechanisms. Following the update in the Code of Conduct, employees will be expected to familiarize themselves with the latest content, including how to report incidents and violations of the Code. We are also

working on establishing a renewed independent and completely anonymous whistleblower channel. Reports will be treated confidentially and anonymously if requested. Critical concerns are communicated to the Board on case-by-case basis. The whistle-blower function was used on ten occasions in FY 2022. All cases have been reported to the Board and have been closed. SAS is committed to providing and collaborating in remediation efforts for persons negatively impacted by our operations, and we require our suppliers to do the same.

In accordance with the duty to provide information as stipulated in the Norwegian Transparency Act, Section 6, we have established an internal procedure to receive and respond to inquiries from the public regarding how we handle actual and potential negative consequences on human rights.

## **Policies implemented to ensure respect for decent working conditions and human rights**

### **Relevant policies and commitments in own operations:**

- SAS Code of conduct
- SAS Health and Work Environment policy
- Diversity and Harassment policy
- SAS Group People policy
- Sustainability policy\*

SAS has implemented several key policies to limit negative consequences on human rights in our own operations. The Code of Conduct ensures compliance with applicable laws and agreements, establishing ethical guidelines for our employees worldwide. SAS prioritizes health and safety through our dedicated policy, having a safety-first culture and we aim for continuous improvement. The Diversity and Harassment Policy promotes inclusivity, aiming to eliminate discrimination and harassment in the workplace. This policy underlines SAS' commitment to treating employees with respect and dignity, regardless of their age, sex, ethnicity, nationality, religion, sexual orientation, disability, political beliefs, or social status. Our Group People policy sets out criteria to fully adopt principles related to Human Rights. Lastly, our sustainability policy sets the standard for our focus on financial, environmental and social responsibility simultaneously.

We strive to ensure that these policies contribute to fostering a responsible business environment at SAS, promoting human and labor rights and a diverse and inclusive workforce.

### **Relevant policies and commitments in our supply chain:**

- Supplier Code of Conduct
- Purchasing policy
- General terms and conditions
- Internal Ecovadis review for SAS

The SAS Supplier Code of Conduct and the SAS Purchasing Policy cover all purchasing activities. The Supplier Code of Conduct is attached as an amendment in contractual terms. We expect our suppliers to familiarize themselves with the content and sign the agreement accordingly. Group Management is responsible for the Purchasing Policy, which is reviewed annually.

EcoVadis helps SAS manage our value chain both upstream and downstream, by sharing SAS' performance with stakeholders and we plan in the near future to also monitor the performance of SAS upstream value chain.

The strategic sourcing department is continuously working on internal competence for the department's employees. Employees are given training in policies and procedures to ensure they are understood and to enable them to advance in their employment. There is a training plan in place for 2023.

### **Routines to implement policies on responsible business conduct in SAS**

Training on Code of Conduct for SAS' own workforce is required and mandatory within 3 months after onboarding. This training must be completed, and from our tracking efforts conducted in 2021 the total workforce across all locations who received training on preventing discrimination and human rights violations was satisfactory and close to 100 percent. We strive to maintain this level of fulfilment for future years.

Training in prevention of harassment and discrimination is ensured through the onboarding process. There is mandatory training and familiarization on the harassment policy monitored through SAS' People Platform. All employees are instructed to use the People Platform actively. The platform gives an overview of internal training for employees and the frequency for updates on mandatory learning. The department of Human Resources is responsible for tracking the effectiveness of these measures and reminders are sent to all employees.

### **Procurement in SAS**

The sourcing function is a critical part of our organization. We have established routines for following up sustainability risks in our supply chain, with a particular focus on environmental risks. Our objective is to build on these routines to also follow up on human rights and decent working conditions for our suppliers. The sourcing function within our organization is divided into different spend categories. Based on spend data for FY22, 55 percent of SAS' spend is managed by the Sourcing department (internal SAS), 45 percent of spend is managed by different functions (e.g., Facility and Ground handling) and the Sourcing function has low visibility on how these spends are managed. Suppliers are registered in our spend tool system where we can follow up with the suppliers and address additional demands in the specific supplier selection process. We are in the beginning of the process of shaping social criteria including human rights and follow ups based on the same process as our environmental management system.

## **RISK OF NEGATIVE CONSEQUENCES FOR HUMAN AND LABOR RIGHTS**

We observe a set of key human rights risks that are most relevant to our operations and supply chain through a preliminary gap assessment. The assessment was done in consultation with internal and external stakeholders, considering the materiality impact assessments and other

relevant sources of information. In this report, our primary focus is to highlight risks and how we mitigate any potential negative effects on human rights in the supply chain, by building on the current routines and procedures in place in own operation.

SAS has observed the following human right areas as relevant for SAS, based on a review of the International Covenant for Civil and Political Rights and International Covenant for Socio-economic and Cultural Rights and the ILOs core conventions of fundamental principles and rights at work:

### Issues related to human rights and decent working conditions observed in our operations and supply chain

Issues	Where is the issue considered most relevant?	Associated services	Specification
<b>Occupational health and safety</b> ILO Convention 155, 187 and ILO Recommendation 164 Universal Declaration of Human Rights Article 23 and 24 International Covenant on Civil and Political Rights	Own workforce Own operations  Supply chain and procurement	Cabin crew, pilots, ground workers  Technical maintenance suppliers, IT suppliers, Consultants, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Injuries and fatalities</li> <li>Work-related illness</li> <li>Hazardous work conditions</li> </ul>
<b>Harassment and gender-based violence</b> ILO Convention 190 Universal Declaration of Human Rights Article 2 International Covenant on Economic, Social and Cultural Rights International Covenant on Civil and Political Rights	Own workforce Own operations  Supply chain	Cabin crew, pilots, ground workers  Product & Service providers, Consultants, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Discrimination and harassment</li> </ul>
<b>Discrimination</b> ILO Conventions 100,11, 183, 190 Convention on the Elimination of All forms of Discrimination against Women Universal Declaration of Human Rights Article 1, 2 and 23 International Covenant on Civil and Political Rights	Own workforce Own operations  Supply chain	Cabin crew, pilots, ground workers  Product & Service providers, Consultants, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Discrimination and harassment</li> </ul>
<b>Regular employment and wages</b> ILO Conventions 95, 131, 158, 175, 177 Universal Declaration of Human Rights Article 23 International Covenant on Civil and Political Rights	Own workforce Own operations	Cabin crew, pilots, ground workers, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Fair living wage</li> <li>Working hours</li> </ul>
<b>Forced labor</b> ILO Conventions 29, 105 Universal Declaration of Human Rights Article 4 International Covenant on Economic, Social and Cultural Rights	Own operations  Supply chain and procurement	Cabin crew, pilots, ground workers  Product & Service providers, Consultants, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Forced labor</li> <li>Free movement</li> </ul>
<b>Freedom of association and collective bargaining</b> ILO Conventions 87, 98, 135 and 154 Universal Declaration of Human Rights Article 20 and 23 International Covenant on Economic, Social and Cultural Rights International Covenant on Civil and Political Rights	Own operations  Supply chain	Cabin crew, pilots, ground workers  Product & Service providers, Consultants, workers employed in the extractive and manufacturing sectors	<ul style="list-style-type: none"> <li>Trade union rights</li> <li>Freedom of association</li> </ul>
<b>Child labor</b> ILO Conventions 182, 138 United Nations Convention on the Rights on the Child (UNCRC) International Covenant on Civil and Political Rights	Supply chain	Sourcing of goods and services especially in the manufacturing sectors	<ul style="list-style-type: none"> <li>Child labor</li> </ul>



# **OUR MEASURES TO MITIGATE NEGATIVE CONSEQUENCES ON HUMAN RIGHTS AND DECENT WORKING CONDITIONS**

The following part will provide key findings from our gap assessment, our observed key human rights areas, as well as our plans to strengthen routines and governing documents within our organization to close the gaps. As part of this, we will present our plan on how to continue our process with conducting risk assessment aligning with the OECD 6 step model for due diligence and step 2, identify and assess adverse impacts, and key actions according to step 3 and 4, to implement mitigating actions and track the result.

## **Own operations**

### **Occupational Health and Safety (Ground workers, Cabin crew, Pilots)**

Safe and secure ground handling activities are a vital part of SAS license to operate. Ground handling activities make it possible for our aircrafts to land and take-off on time and ensure that all your bags are securely checked and loaded to the aircraft.

Ground handling has the highest frequency of occupational accidents within SAS. Examples of occupational accidents include crushing, falling and in some cases involving vehicles in connection with baggage handling. The number of occupational accidents leading to absence in SAS was 6 in 2022. For more information see the annual report.

Measures to prevent occupational accidents for 2022:

- All departments in the various functional areas are required to conduct a risk assessment
- All departments must develop action plans to mitigate the health and safety risks
- Frequently safety inspections (minimum requirement is one per year)
- Mandatory health and safety training for new hires and specific roles and positions
- Sick leave and occupational injury statistics – all incidents should be reported and followed up

### **Decent working conditions (Cabin crew and Pilots)**

International competition in the industry increases the risk of poorer working conditions for our own workers. Working conditions in other countries may fall below the requirements and standards we expect in Scandinavia. This may include lower wages, longer and more demanding working hours, and inadequate safety measures. This is a concern for SAS, as we consider ourselves to be a leading player in international aviation when it comes to workers' rights and safety. Another risk is the potential for a "race to the bottom," where the use of cheaper foreign labor can contribute to undermining working conditions in our own company and the industry as a whole. This contradicts the Scandinavian model and our commitment to maintaining and promoting decent working conditions.

In May 2022, SAS conducted a psychosocial employee survey that revealed findings related to work-life balance and workload. The findings indicate significant aspects for consideration. The workload during working hours, including shift lengths and flight schedules, was reported high. Employee representatives raised concerns about the lack of flexibility and predictability in

scheduling. Additionally, there was a need for well-being breaks among crew and pilots. The system used for managing workload was highlighted as inefficient to handle additional requests.

Measures to improve working conditions of our employees:

- More capacity to manage roster and crew with two local employees
- Close collaboration with relevant planning departments to foster closer relationships and understanding of each other's roles to clarify expectations
- Regarding the system for handling additional requests, in dialogue with unions it was proposed allocating quotas to individuals to achieve a fairer distribution for everyone, contributing to a positive experience.
- Frequent meetings with working groups and labor representatives. Flight Safety Action Group (FSAG) for pilots has monthly meetings, while cabin meets quarterly, and the safety representatives for each area are invited to these meetings

### **Discrimination and harassment (Cabin crew)**

In recent years, there has been a much needed shift and development in terms of tolerance and inclusion. We are aware of cases related to discrimination and intolerance, and as many other companies we recognize that this journey takes time. The employee survey conducted in May 2022, revealed that a total of 15 percent of our employees experienced varying degree of harassment related to sexual orientation and gender identity within the past six months. Furthermore, a notable number of employees have witnessed instances of discrimination based on gender and age, with the highest occurrence among crew members, reaching 20 percent. We have had cases of intolerance, which have been handled according to our internal procedures, and we continue to work with this. This is also an issue that sometimes arise between newer hires and more senior personnel.

We have implemented the following measures to protect our employees from discrimination and harassment:

- Review internal complaint mechanisms
- Strengthen the role of the Air Purser as a leader on board
- Strengthen the roles of the Flight Captain and Air Purser. Clearly define what should be reported and how
- Organize a professional development day with an external expert to discuss bullying and harassment
- Increase communication for employees to foster a positive culture and ensure proper focus on the issue

### **Trade union rights (freedom of association and right to collective bargaining)**

In many countries, the right to form and join labor unions and bargain collectively is not fully realized, and these rights are restricted by law, or challenged by attitudes and practice. Freedom of association has been a long-standing tradition within SAS. A large share of SAS' employees are organized in labor unions, and we are counting 38 different unions within SAS. We have a long tradition for close communication between management and unions, however, there have been

challenging times this past year. In July 2022 we experienced a 15-day pilot strike, causing traffic disruptions and leading to canceled flights affecting more than 380 000 passengers.

Day-to-day collaboration with labor unions is mainly carried out on a national level with unions that have collective agreements with SAS. Collaborations take place within the framework of national laws and agreements affecting the unit concerned. SAS has conducted negotiations and discussions with all unions during FY 2022.

When there is conflict between national legislation and international standards, SAS emphasizes the highest standard. In our overall risk management, we have highlighted “Labor actions” and are planning to continue our efforts and strengthen the dialogue and relationship to increase consensus with the unions within the organization.

We have implemented the following measures to strengthen freedom of association and the right to collective bargaining:

- SAS promotes solid market-based employment terms and the right to organize in unions
- Employee representatives are involved at an early stage in processes regarding organizational change and bargaining agreements
- Supplementary collective agreements with unions
- Continue efforts to strengthen the dialogue and relationship to increase consensus with unions

### **Sub-contractors and supply chain**

Although we are a service company, the nature of our business entails that we are part of a complex supply chain network, which involves a number of industries and sectors that have a risk of potential negative impact on human rights.

The fuels that we use and the raw materials of which our planes are manufactured, can be associated with certain risks that are linked to the extractive industry. Human rights violations in these industries can be related to both the workers and the surrounding local communities. Similarly, the parts and components used in our planes and their interior naturally travel through a complex and global manufacturing network, where human and labor rights risks must be identified, assessed and mitigated. Human rights must be considered in all of our procurements activities; from the fuel we use, to the clothes we wear and the food we serve, and to the services associated with sales platforms and customer support.

SAS strives to collaborate with suppliers who share our values and adhere to international labor standards. SAS has close to 3.800 suppliers that provide products and services from all over the world. Most of our supplies are located in Europe, with a few exceptions in the United States and in Asia. The probability of violations of human rights increases when looking further into sector-specific risk and geographical risk when contracting suppliers for sourcing of these services and products. We acknowledge that there is a risk of negative impact on human rights among our suppliers and subcontractors.

### **Use of wet lease personnel**

Wet leasing is a type of lease agreement in which we, as an airline, lease both the aircraft and our crew from another company. While these agreements can provide benefits in terms of increased

capacity and flexibility, we are also mindful of the breaches of human rights and risk of poor work practices that may arise.

Wet lease arrangements create risks of potential negative impact on human rights:

- The right to safe and healthy work
- The right to decent working conditions (including excessive work hours, fatigue, poor safety, and lack of access to basic healthcare services)

To address these risks, SAS has taken several proactive steps to reduce the potential negative impacts on human rights and decent work.

Before entering into leasing agreements, we conduct a due diligence process of the contractor. This process involves assessing the foreign company's working conditions, wage levels, working hours, safety measures, and their approach to human rights and labor rights. Even after an agreement is made, we ensure regular follow-up and inspection of working conditions for our subcontractors. We also include specific commitments in our leasing contracts. These commitments ensure that subcontractors are bound to comply with certain standards, including minimum wages, maximum working hours, and health and safety standards.

SAS also actively engages with the company's numerous trade unions. The unions have the right to access information under Section 14-12b of the Working Environment Act when leasing employees from staffing agencies. When requested by employee representatives, the hirer shall document the agreed wages and working conditions between the leased employee and their employer, as specified in Section 14-12b (4) of the Act.

### **IT consultants in India (technology and IT)**

During FY2022, 136 consultants or contractors were hired, mainly in the IT field. Currently, we face inadequate information regarding the types of work and methodologies employed by these consultants, but steps are being taken to gather information for future analysis. As a contracted consultant in SAS, the employee is subject to the same ethical guidelines, The Code of Conduct, and the same required training on harassment and diversity. As the process of mapping the use of consultants in SAS is still an ongoing progress, we can only address risk for this area on a high level.

The main risks for human rights violations for consultants in SAS are:

- *Right to justice and good working conditions* (decent living wage, safe and healthy working conditions, rest, leisure and reasonable limitation of working hours)
- *The right to health* (mental health related to high work intensity and stress levels)
- *The right not to be subjected to discrimination and harassment*
- *Right to assembly and freedom of association*

Our priority is to continue the process of mapping how the use of consultants is distributed with regards to area of work, both in terms of category of work and geographical location. We believe the expected results of implementing these measures will give us a better insight into our consultant workforce and mitigate the risk of negative impacts on their well-being and ensure decent working conditions.

## Sourcing of goods

Our supply chain consists of a wide range of suppliers providing different categories of goods. This in turn leads to a complex supply chain with many suppliers, and sub-suppliers. SAS truly believes in conducting business in a responsible matter, and we acknowledge our responsibility to respect human rights across the value chain, starting from the stage of raw materials. All procurement activities must be carried out professionally, guided by ethical principles, integrity, and compliance with applicable laws and SAS policies.

The sourcing department within SAS is responsible for supporting the line organizations with handling supplier contracts and will aim to set requirements to include human rights criteria in line with the supplier Code of Conduct. We acknowledge that we still have a way to go with regards to embedding social criteria in the decision-making processes.

While we understand that complete control over all suppliers and sub-suppliers may not be feasible, we aim to adopt a risk-based approach to determine which suppliers undergo human rights due diligence (HRDD). Based on our assessments and resource availability, we have conducted two on-site visits to our textile supplier in Portugal responsible for manufacturing SAS uniforms. The main focus of the audit was to assess compliance with standards ISO 9001 and ISO 14001, related to quality management and environmental management, respectively. Additionally, the audit included a follow up on OHAS 18001 (Occupational health and safety). During the audit, we uncovered some serious findings related to blocking of emergency exits. We are actively addressing these concerns and ensuring that the necessary actions are taken to remedy the situation.

Some key measures to identify and address the risk of negative impact on human rights and decent work in our supply chain:

- Contract terms that include Code of Conduct and Supplier Code of Conduct
- Expectations to suppliers to align their values according to the criteria in UN global compact with regards to human rights
- Communication and dialogue with relevant stakeholders (labor unions) on identified risk, measures taken and actions to address them
- Follow up and monitor suppliers listed in the sanction list

After the Russian invasion of Ukraine, SAS decided to terminate contracts with suppliers that are included in the sanction list. An example of discontinuation of a purchase order resulted in exclusion of Marabou and Freia products from our onboard offerings due to their owner, Mondelez, being on Ukraine's boycott list. The decision was taken after an internal control of immediate suppliers, which was then presented to the General Management who made the final decision to remove the product offering.

In the future we see the benefits of conducting supplier qualification criteria in contract terms that include human rights and labor conditions. We are also looking into the possibility of screening and assessment of performance related to human rights and decent work for suppliers before initiation of cooperation.

## **Ground handling outside Scandinavia**

According to IATA, conservative estimates indicate that airlines outsource more than 50 percent of the ground handling that takes place at the world's airports. Speed, efficiency and accuracy are important in ground handling services to minimize turnaround time. Ground handling is one of the major risks for occupational accidents in own operations, and the same risk is observed in the supply chain, especially geographically located outside Scandinavia. Local airports are responsible for the communication of safety policy and principles of a just culture, establishment of standardization of safety related issues and the presence of 'visibility' of management to operational personnel. The main potential risks of human rights related factors include:

- Time pressure and excessive overtime
- Forced labor
- Stress and mental health
- Fatigue
- Communication on safety related issues

With regards to safety culture, SAS is advocating and participating in increased dialogue with ground service providers to increase and emphasize the propagation of the safety policy and principles by management to operational personnel. This includes elaboration of the principles of a just culture and communication of safety related issues. We expect that ground handling functions at local airports maintain a safety reporting system in line with IATA requirements. With regards to human factors, particular need of attention to emphasize awareness of the potential risks of human factors like time pressure, stress, and communication, and training on how to manage these factors.

## **Sas action plan to respect human rights and expected results for the FY 2023**

Looking back at our preliminary efforts on human rights, we have an opportunity to strengthen our actions. Our main priorities for the coming year will be to carry out human rights due diligence in line with the OECD guidelines for Responsible Business Conduct to close our identified gaps, strengthen our overview of the supply chain by screening our suppliers, and continue the work of our purchasing process.

Below you will find a list of our prioritized areas and related actions for FY2023. These areas will help us integrate due diligence processes within our organization and clearly assign responsibilities to structure the follow-up procedures on human rights due diligence throughout the year.

Key actions for SAS to implement during FY2023 in order to strengthen alignment with the requirements of the Transparency Act:

<b>1. OWN OPERATIONS</b>	<b>Goal</b> Embed respect for human rights and decent working conditions into policies, management systems and routines in own operations
<b>2. SUPPLY CHAIN</b>	<b>Goal</b> Identify and assess actual and potential adverse impacts on human rights associated with products and services

### **1. Embed respect for human rights and decent working conditions into policies, management systems and routines in own operations**

- Design an internal process for human rights due diligence in SAS that entails updating policies and routines to be in line with the requirements in the Transparency Act and the OECD guidelines
- SAS will carry out human rights due diligence in our own operations, supply chain and business partners, such as subcontractors, leasing of aircraft and personnel, ground services etc.
- SAS will implement routines within their procurement function to start setting clear expectations to their suppliers' due diligence process

### **2. Identify, assess and handle actual and potential adverse impacts on human rights associated with products and services**

- SAS will carry out human rights risk assessment in the supply chain and identify and prioritize risks based on the methodology outlined in the OECD Guidance
- Initiate dialogue with suppliers to ensure compliance with the supplier code of conduct and address human and labor rights-related topics
- Strengthen systems within the procurement function to include tracking of human rights risks within the supply chain over time. We aim to implement human rights risks into enterprise risk management systems and at the same level as our environmental considerations.
- Develop and implement a plan that seeks to cease, prevent, or mitigate actual or potential adverse impacts
- Start tracking the implementation and effectiveness of our due diligence activities

Stockholm, 30<sup>th</sup> of June 2023

Board of Directors, SAS Group

Carsten Dilling

Lars-Johan Jarnheimer

Nina Bjornstad

Michael Friisdahl

Henriette Hallberg Thygesen

Kay Kratky

Oscar Stege Unger

Kim John Christiansen

Jens Lippestad

Tommy Nilsson