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# CORPORATE SOCIAL RESPONSIBILITY REPORT

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Pursuant to section 3-3c of the Norwegian Accounting Act, the Group has prepared this report of the Group's Corporate Social Responsibility principles and practice.

## Guidelines

At the date of this report, Hiddn's business consists of research & development, commercialization and manufacturing of hardware-based encryption solutions, and the import, manufacture and sale of secure physical storage and filing systems. Hiddn is committed to be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

Hiddn's Board of Directors has implemented guidelines for Ethical and Corporate Social Responsibility. The purpose of these guidelines is to create a sound corporate culture and to preserve the integrity of Hiddn by helping employees to promote standards of good business practice. Hiddn's guidelines on Ethical and Social Responsibilities applies to all employees of the Group and to anyone who holds a position of trust in the Group, including members of the boards and consultants acting on behalf of the Group. The principles and standards provided therein aim to provide guidance to Hiddn's people for a common platform and to support Hiddn's vision, core values and principles. These guidelines are instrumental for Hiddn's approach to human rights, fair working environment and equal rights, health and safety, environment, business ethics and anti-corruption.

The Group regularly reviews the guidelines and will continue its ongoing efforts to educate the organization on the prevailing standards and principles. Hiddn's Ethical and Corporate Social Responsibility Guideline is publicly available on Hiddn's website.

## Human rights

Hiddn adheres to and conducts its business in line with fundamental international rules, including those described in international human rights conventions such as the UN Convention on Human Rights and the labour rights conventions of the International Labour Organization (ILO). The Group respects the right to freedom of association and opposes any form of child labour, forced labour or discrimination. Hiddn practices equal opportunities and rights, and encourage all business relations to follow the same principles. Any violations of basic human rights are unacceptable to the Group.

## Fair working environment

The Group has business contacts of different nationalities and cultures, and has built an international mindset for years. Employees are encouraged to treat each other and business contacts with respect and act according to local laws and regulations, as well as to pay attention to local values and norms for social conduct. The Group does not tolerate derogatory treatment of any employee. The Board of Directors and Management seeks to create a working environment that is pleasant, stimulating, safe and beneficial to all employees.

The Group's working environment complies with applicable rules and regulations and the Board of Directors has not found reason to implement any special measures in this respect. No employee has suffered work-related injuries resulting in sick leave and no accidents or incidents involving the operations or assets of the Group have occurred in 2017.

Going forward, Hiddn commits to actively continue its work for a safe and nurturing working environment in accordance with applicable rules and regulations.

## Equal rights

Hiddn has a personnel policy designed to prevent discrimination on the grounds of race, colour, gender, sexual orientation, age, disability, language, religion, legitimate political or other opinions, national or social origin, property, birth or other status.

All of the Group's facilities are equally well equipped for females and males. Traditionally, fewer women than men have graduated with degrees relevant to Hiddn's main course of business, and the candidates available for and appearing in recruiting situations have tended to be predominantly male.

Of the permanent employees at year end 2017, 3 are women. The parent company had five board members at year end, of which two are women. This balance is maintained after the Extraordinary General Meeting in February 2018. The Company complies with Norwegian legal requirements with respect to gender representation in the Board of Directors.

The Board of Directors will continue its efforts to ensure that the principle of equal treatment is carried out in accordance with the adopted policy. Both recruitment of new personnel and professional development for the Group's existing employees will be based on qualifications, achievements and equal opportunities.

### Health and safety

Health and safety is an indispensable component of all the Group's activities. All hazards and risks to health and safety must be avoided. Generally, Hiddn's business involves low safety risk in the day-to-day activities, without use of heavy machinery or equipment that can cause damage or injuries.

Production of Hiddn's products has been outsourced to specialized manufacturers. Hiddn is concerned for safety for employees in third-party factories, which is an integral part of the evaluation criteria that the Group apply ahead of being classified as a "Hiddn Certified vendor/partner". None of the processes in use by the Group's suppliers or manufacturers are known to be of particular hazard to staff. In accordance with Hiddn's current principles, the Group will take into consideration potential safety risks associated with production and/or manufacturing procedures when introducing new suppliers or manufacturers to the Group's operations.

### Environment

The Group's operations shall always be in accordance with applicable environmental legislation. Hiddn's guidelines on Social and Corporate Responsibility provide that the Group shall always strive for improvements that may reduce its environmental impact.

Hiddn does not own or operate manufacturing facilities. Manufacturing is done through third parties that comply with, amongst others, the ISO 14001 environmental standard. Consequently, there is little pollution associated with the Group's operations. Hiddn seeks to limit its resource consumption, prevent unnecessary environmental pollution, including optimizing transportation of goods, and manage waste in an environment friendly and resource efficient manner.

### Business ethics & anti-corruption

The Group's operations depend on the trust of contractual parties, authorities, shareholders, employees and the society in general. In order to gain trust, the Group is dependent upon professionalism, expertise and high ethical standards in all aspects of the Group's work. This applies to the way the Group operates and the conduct of everyone associated with the Group. All employees are expected to behave with care, integrity and professionalism and abstain from actions that may weaken confidence in the Group.

The Group's Ethical and Corporate Social Responsibility Guidelines contain guidelines on ethical behavior in business relations and are applicable to all employees in the Group. These guidelines clearly state that Hiddn has a zero-tolerance policy for any form of corruption or bribery, and encourages reporting of suspected misconduct.

The Group's guidelines explicitly govern conflict of interests, gifts and money laundering. No employee may receive benefits for themselves or for others from the Group's business contacts if such benefits are based on the employment relationship. Correspondingly, no one shall give such benefits to the Group's business contacts. Business courtesies of modest value, conforming to normal social customs and not intended for influence, are not considered bribes. All gifts with an estimated value of more than NOK 1,000 must be reported to the Group's CFO, who will assess whether the relevant gift can be received on a case-by-case basis. Hiddn has to-date not been accused of, or involved in, any cases pertaining to any form of corruption or bribery.

Hiddn encourages each employee to report on possible censurable incidents. Hiddn's employees have an obligation to report on criminal activity and on incidents that could endanger life or health.

Raising awareness of Hiddn's existing guidelines has been the Group's main action with regards to business ethics and anti-corruption, and the Group will continue such work going forward. Neither the Board of Directors nor management are aware of any breach of the Group's ethical code of conduct.