

Guidelines for Compliance with the Transparency Act by Kiesel Norge

1 Introduction

The Transparency Act came into force from the 01. Of July 2022. “The Act relating to enterprises’ transparency and work on fundamental human rights and decent working conditions”¹. The purpose of the act is for companies to promote decent work conditions and fundamental human rights, as well as give access to information on how the organization handles negative consequences connected to the adverse impacts.

The UNs Sustainability Development Goals is the directive and basis for a sustainable growth and govern responsibility. Kiesel Norway AS opposes every type of unreported or forced labor, and every breach on the fundamental human rights and decent working conditions, also applied to our supply chain.

Kiesel Norway AS (hereby Kiesel) work with these topics through our focus on improved HSE and procurement procedures. These guidelines are not exhaustive, and it is expected that each employees use their own judgement to discern the compliance with the Transparency Act, as well as compliance with our own Code of conduct, and the principles of responsible business conduct.

2 Statement of the act and legal obligations

The act, as described above, is build on international frameworks and the demand for a responsible business sector, as well as Norwegian traditions of openness and access to information. The Consumer Authority is the independent Administrative Authority that have the responsibility of implementing and follow up the Transparency Act.

2.2 Implementing Due Diligence

The Transparency Act encompasses larger businesses, as defined by § 3 letter a), and imposes these businesses a duty to perform a due diligence compromising or their supplier chain and business partners, in accordance with the OECD’s guidelines for multinational companies.

The basis for the due diligence is a risk-based approach, which includes identifying risks and start where there is highest probability of impact.

¹ <https://www.forbrukertilsynet.no/vi-jobber-med/apenhetsloven/the-transparency-act>

The basis for the organization’s obligations is the principle of proportionality. In other words, the analysis which is performed and the information that is given, should be in proportion with the impact, company’s size, risk etc. The affected businesses also have a duty to publish a yearly report with an account of the Transparency Act.

A **due diligence** is to include the business supplier chain (and their subcontractors), plus other business partners that deliver goods and services directly to Kiesel.

The six steps in a due diligence are shown in Figure 1.

2.2.1 Examples of relevant risks

Examples of relevant risks that can occur and should be stopped, limited and prevented after the Transparency Act are:

Child labor, discrimination, right of minorities, sexual harassment and violence, forced labor, health and safety hazard (for example injuries caused by working conditions). As well as breach on the worker’s right to unionize and collective bargaining, non- compliance with minimum wage regulations, and use of hazardous chemicals.

3. Due Diligence

Step	Activity
1. Anchor responsibility and implement policies	<p>The responsibility to implement guidelines and adequate measures sits with the business’ board of directors. The administrative director of the business has the responsibility to follow up the actions daily. The board and the leader group have the responsibility to implement the Transparency Act. To adhere to the act Kiesel will review relevant internal and external documents and systems, after the routines have been implemented in corporate governance.</p> <p>The embedment consists of reviewing outdated information and revise documents like supplier declarations, Code of conduct, procurement policies, risk management etc.</p>

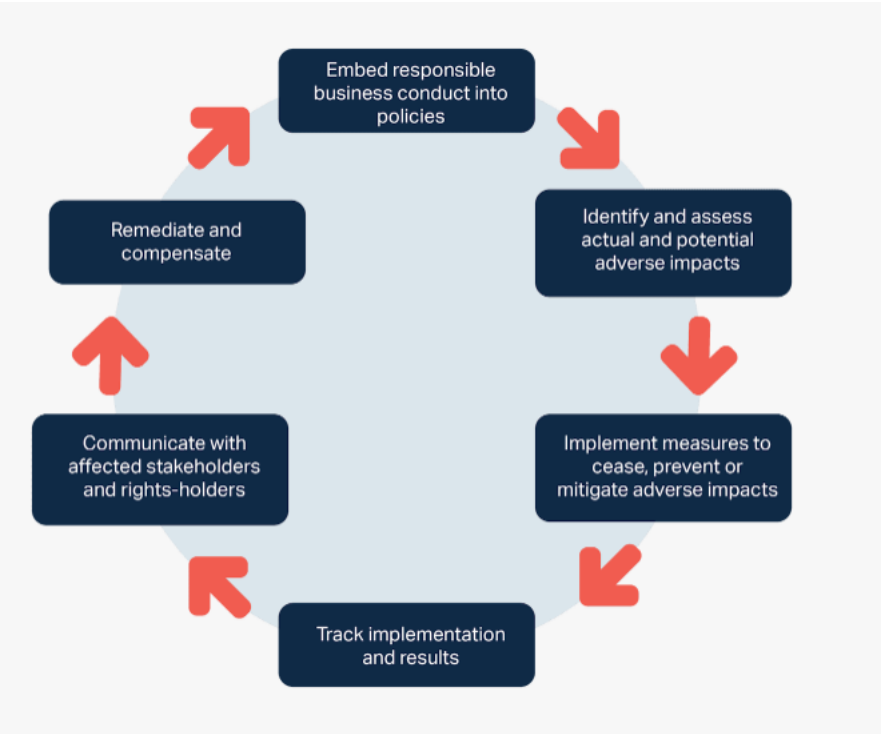


Figure 1 Due Diligence

2. Identify and assess actual and potential adverse impacts	<p>Our assessment of the supplier chain comprises of the following steps:</p> <ol style="list-style-type: none"> 1. Select suppliers based on company size, geography and type. 2. Have a continuous dialog with employees that have close contact with the suppliers, to identify high risk factors. The due diligence and following classifications will be regularly updated with changes, so that new suppliers will be included. 3. We will gather information/ send a detailed survey, including questions regarding fundamental work- and human rights, social and ethical guidelines. At first the survey will be sent to high- risk suppliers. We will consider performing background check of medium big businesses and high- risk suppliers, in accordance with procurement procedures, with the following measures and supplier dialog afterwards.
3. Implement measures to cease, prevent, or mitigate adverse impact	<p>The measures that are implemented will be bases on the due diligence assessment from the previous steps.</p> <ul style="list-style-type: none"> • When a new vendor contract is negotiated, the new suppliers are to sign a supplier declaration to ensure fundamental rights for the employees, as well as environmental, ethical and social policies. <p>In the assessment, cross check the following principles:</p> <ul style="list-style-type: none"> • Valid liability insurance • Collective agreement • Contract of employment and employment terms • Remuneration and working conditions in accordance with collective agreements • Code of conduct from suppliers, that specifies how the company work with business ethics and labor practices. • Supplier dialog through frequent meeting, inspections and revisions. <p>The subcontractors of our suppliers should also be checked, with the same methodology.</p>
4. Track implementations and results	<p>For high-risk suppliers, who have an especially high- risk of breach of fundamental human rights, the enterprise is to follow up the identified risk and track the outcomes of the actions that has been implemented. In addition, the need to implement further actions should be considered / evaluated.</p> <p>Kiesel AS shall make sure that the information about the high- risk suppliers will be shared with the relevant employees in the company. In case of a breach on the fundamental human rights, Kiesel AS should consider discussing the matter with local authorities or communities, and relevant voluntary organizations.</p>

	<p>Violations are to be registered in the non-conformance system, and the procedure for non-conformance is to be followed.</p> <p>The analysis of supplier risks is a part of the total risk management activities of the organization.</p>
5. Communicate with affected stakeholders and right holders	<p>The report regarding the due diligence and the Transparency Act, will be published on the company's website yearly before the 30. Of June. In our report we will give information on where the report is published, and the report shall contain:</p> <ul style="list-style-type: none"> • A general description on the organization of the company and the area of operation, plus guidelines and routines to handle negative impact, or adverse impacts on human rights or working conditions that might happen. • Information about potential and actual negative consequences that had been discovered through the due diligence assessment. • Inform about plans and measures that have been taken to action, to limit negative impact, or to stop potential harm that has been discovered. Also include results or anticipated results from the implemented measures.
6. Remediate and compensate	<p>If deviations are reported, we start our procedures for non-conformance and the report is handled in accordance with internal guidelines.</p> <p>A last and final consequence from results in the due diligence, is to end the supplier agreement.</p>

3.2 Information requests

With the compliance of the Transparency Act, Kiesel AS might receive information requests. Therefore, it is essential that the information given by Kiesel AS is adequate, and that the quality is assured following the procedure below (3.3).

After the Transparency Act § 6, any person can ask Kiesel AS how they handle actual and potential negative impacts after § 4 (the due diligence assessment). This includes general information, and information about a particular product that has been marketed or sold by the company.

The following request for information can be denied, following the § 6:

- The request does not give adequate information or is not comprehensible
- The request is unreasonable
- The information is regarding personal affairs
- The information is regarding technical devices, or is about business know-how, or other trade secrets, that gives a competitive advantage by knowing.

The right to information about actual adverse impact on fundamental human rights, are an exception to the limitations in the paragraph above.

Request can also be denied if they conflict with the following Norwegian laws:

The Supply Regulations

The Power Preparedness Regulations

The Data Protection Act

The Security Act

The information request should be treated in accordance with the demands in § 7 in the Transparency Act.

The information shall be provided in writing and shall be sufficient and understandable.

Kiesel AS shall provide the information within reasonable time, and at the latest, three weeks after the request was received. Only if the request is disproportionately inconvenient, can the due date be extended to two months. Kiesel AS should then, within three weeks of the receiving the request, inform on the reason for the extension, and when the reply can be expected.

If Kiesel AS denies an information request, the company will inform of the legal basis for the denial, plus the right and the deadline of three weeks to request a more detailed justification for the refusal. For more information or guidance, contact The Consumer Authority who is the supervisory and advisory body of the Transparency Act.

3.3 Internal procedures connected to information requests

Kiesel AS is responsible for handling external request after the Act § 6. All requests are to be documented in writing. Step one is to consider if the request is valid after § 6, or if it must be denied. If the request is refused based on § 6 part 2 or 4, a draft of a response must be written.

The draft (either as a reply to the request or a refusal), is to be sent to the Administrative Director, who will approve the final version. In cases which can lead to legal risk and/or reputational risk, with potential breach of human rights or work conditions in the company's supply chain, the Administrative Director is to consult the Board of Directors, before the reply is sent to the external part.