

RESPECT FOR FUNDAMENTEL HUMAN RIGHTS AND DECENT WORKING CONDITIONS

Statement of our due diligence assessments according
to the Norwegian Transparency Act



Steen-Hansen



OUR STATEMENT AND COMMUNICATION

This statement summarizes the assessments and measures that Steen-Hansen has carried out to avoid negative consequences for human rights and decent working conditions in our supply chain and in our own operations for 2022.

We support the intention of the UN Guiding Principles on Business and Human Rights (UNGP) and the Transparency Act that increased attention to the challenges and the responsibility of the business sector is an absolutely necessary starting point.

The company's annual statement is our most important tool for communicating externally about the due diligence assessments and the results of these. We also respond to inquiries about the due diligence assessments according to the information obligation in the Norwegian Transparency Act.

Steen-Hansen is covered by the transparency law due to the company's sales revenue and balance sheet total.

The statement is approved by the board and the CEO and is made publicly available on the company's website.

For questions about this statement and our approach to fundamental human rights and decent working conditions, contact post@steen-hansen.no

THE TRANSPARENCY ACT

The Transparency Act which entered into force in Norway on 1 July 2022, aims to promote respect for basic human rights and decent working conditions in its own business and the supply chain, and that the business ensures transparency about this to the public.

Source: <https://lovdata.no/dokument/NL/lov/2021-06-18-99?q=%C3%A5penhetsloven>



ABOUT THE COMPANY

Steen-Hansen AS is a global leading manufacturer of antifouling and coating products for aquaculture, with sales and deliveries to most countries with industrial fish farming. The company produces specialized paint systems for industry, textile protection, passive fire protection, and surface treatment with a particular focus on sustainable products.

The company is located in new, modern factory premises at Hylkjeftaten in Bergen municipality, Norway, and we have a subsidiary located in Puerto Montt, Chile. In total, we are 30 employees who ensure development, production, sales, and service services to our industrial customers and partners.

Our business is certified according to ISO 9001 (quality) and ISO 14001 (environment) which are part of the company's management system Resept. To further contribute to sustainable development, the company has developed our own NetCare quality and environmental program, which ensures the safe use of our products.



FOCUS ON SUSTAINABILITY

In 2022, Steen-Hansen introduced its newly developed product portfolio for the aquaculture industry. After several years of focused R&D work and documentation for a sustainable product portfolio, the company is the first to introduce copper-free antifouling products to the aquaculture industry. In addition, Steen-Hansen became the first company in Europe with BPR-approved antifouling products. The EU's BPR scheme is to ensure that these products are safe for the user, the fish, and the environment.

In March, the company moved into our new and state-of-the-art factory, the largest investment in the company's history, which allowed Steen-Hansen to increase its capacity by more than 200% and significantly improve our sustainability achievement; the company's energy consumption has been reduced by more than 50% this first year. All consumption water from the cleaning process is filtered, evaporated, and reused, and our process plant is designed as a closed unit to ensure against environmental emissions.

“Steen-Hansen offers preventive solutions against fouling in fish farming, with products based on biodegradable components to prevent microplastics and heavy metals from entering the marine environment. Choosing preventive measures to limit fouling can help the aquaculture industry reduce the risk of fish health problems.”



THE COMPANY'S SUPPLIERS

Steen-Hansen generally has a trusting, long-term, and orderly business relationship with our suppliers of input factors such as raw materials and chemicals for our products.

Mapping, risk and due diligence assessments are included in our approval of suppliers, at the same time we do continuously monitor and assess our input factors in relation to properties, substitution, sustainability, price and availability. Our priority is to uncover whether there are products or suppliers that may be associated with a particularly high risk, which will be a continuously ongoing process.

Our supply chain consists of approximately 30 manufacturers and agents of input factors for our production and our paint products. All of the company's suppliers are located in Europe. At the same time, raw materials and input factors are global resources, and the job of mapping and assessing risk in supply chains can therefore be complicated since the path from raw material to finished product often goes through several stages.

We are aware of our responsibility while also recognizing that the challenges in global supply chains cannot be solved by individual companies alone. This requires long-term work by all involved parties, and we will contribute through our own operations and where we can influence through our suppliers and partners.

HOW WE WORK TO ENSURE RESPECT FOR HUMAN RIGHTS AND DECENT WORKING CONDITIONS

To ensure a systematic approach in line with best practice (as pointed out by the Norwegian Transparency Act), we base ourselves on the UNGP (UN Guiding Principles) and the OECD standard for due diligence assessments (see Figure 1) for responsible business conduct.

The six steps of the due diligence standard that we have incorporated into our routines are described below.

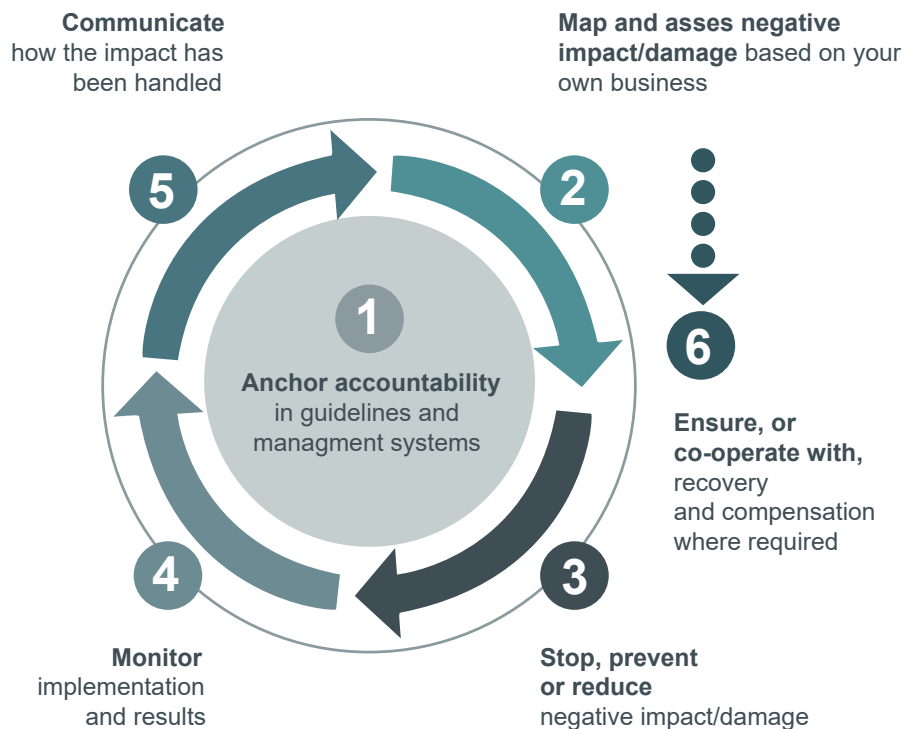


Fig. 1: OECD's model for due diligence assessments

We will ensure that our products do not contain input factors from suppliers that violate basic standards for human rights and decent working conditions.

We consider it especially important to identify possible risk areas related to the raw material and production stages, which apply generally to industrial production in several countries in Asia:

- Forced labor
- Child labor
- Lack of freedom of association and collective agreements
- Discrimination (gender, ethnicity, and social status)
- Health and safety in the workplace, including exposure to hazardous chemicals and substances
- Wage and working hours conditions

EMBED RESPONSIBILITY IN OUR POLICES AND MANAGEMENT SYSTEMS



Aspects related to human rights and decent working conditions are anchored in our policies and ethical guidelines and are part of the company's management system and ISO certification. Work on the Norwegian Transparency Act is anchored in Steen-Hansen's board and management and is part of the company's sustainability work.

Guidelines and procedures for risk and due diligence assessments in connection with the Transparency Act are incorporated into our management system, which is the basis for the company's certification in Quality (ISO 9001) and Environment (ISO 14001). The management system is owned by the company's CEO, and the operational responsibility is assigned to the CTO.

The board of Steen-Hansen shall be informed annually about the work and results achieved from the management system, as well as deal with the rest of the compliance work in the company.

Resept, the company's management system, includes our goals, guidelines, and our compliance with sustainability areas such as climate and environment, human rights, working conditions and HSE, business ethics, as well as matters related to the quality of our products and services. We work with the management system based on the principle of continuous improvement of the company's systems and routines, and in connection with the work of integrating requirements and compliance according to the transparency law, we have carried out the following:

- Prepared ethical guidelines for suppliers
- Revised our internal ethical guidelines
- Revised procedures related to procurement and prepared guidelines and procedures for due diligence assessments.

The company's ethical guidelines are based on the UN Declaration of Human Rights, the UN's global goals for sustainable development and ILO's core conventions on rights in working life.



Resept

THE COMPANY'S MANAGEMENT SYSTEM



ENVIRONMENTAL



SOCIAL



GOVERNANCE



QUALITY



OUR RISK AND DUE DILIGENCE ASSESSMENTS FOR 2022

MAPPING AND ASSESSMENT OF RISK AND IMPACT

Steen-Hansen has conducted risk and due diligence assessments with the aim of identifying and uncovering risks of human rights violations and decent working conditions in our supply chain and in our own operations. The work has been done in accordance with our guidelines and procedures.

Risk and due diligence assessments in our supply chain have been based on:

- Industry / type of supplier
- Products / services
- Geographical

Our assessments of our own operations are based on:

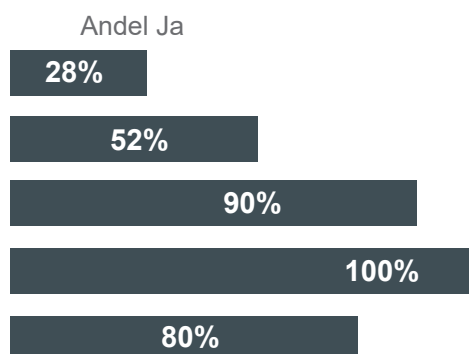
- Compliance with applicable regulations
- Own guidelines / management system
- Feedback from our employees

We have mapped our suppliers with a focus on commercial and ethical risk factors. In line with our guidelines for due diligence assessments, 27 suppliers have been further followed up with questionnaires and collection of documentation. A majority of our suppliers are large, reputable manufacturers that are certified according to relevant ISO standards and have policies and assessments of sustainability published on their websites.

We have deliberately chosen to focus mainly on the first stage in this assessment, although the likelihood of violations is greater further out in the supply chain. Our goal has been to establish a good mapping, communication, and understanding of the purpose and compliance with the Transparency Act internally and among our suppliers. The mapping has generally been well received in our supply chain, despite relatively few countries having similar legislation to date. Through the responses and documentation we have received, we have assessed approximately 97% of our purchases of input factors such as raw materials and transport services in 2022. At the same time, we have achieved a much better basis for further follow-up of our supply chain.

In the mapping, we have obtained information from suppliers, for example, about whether they:

- is itself covered by the Transparency Act or equivalent
- have carried out their own due diligence assessments
- has its own policy for basic human rights
- can document the place of production
- sets requirements for its own suppliers regarding risk management related to forced labour, child labour, freedom of association, decent pay, health and safety, and anti-discrimination



We also require documentation to assess whether the information from suppliers on these areas is credible.

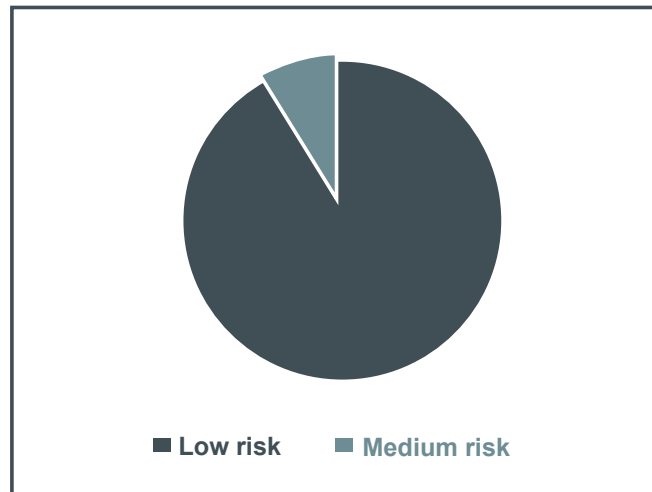
RESULTS

Our mappings and collection of information from suppliers have not revealed specific information about violations related to the production of the goods we purchase and sell on to our customers.

Our mapping and assessment indicate that the company makes approximately 92% of our purchases of input factors from suppliers with a low risk of human rights violations.

The rest of our purchases are made from suppliers who may have a medium risk of violations, assessed on the basis that there are multiple stages or that the country of origin of the raw material may have a higher risk.

We assess that none of our suppliers have a high risk of human rights violations, but it cannot be ruled out that there is a higher risk in the raw material stages for materials originating in, for example, India and China.



Mapping and monitoring of internal conditions have not revealed any violations of human rights or decent working conditions in our own operations.

The working environment is monitored through a series of activities that are part of the company's internal control work. The company's implementation and documentation for compliance with applicable regulations, such as the Working Environment Act, the Equality Act, and the Transparency Act, are included in our ISO 9001 certification.



STOPPING, PREVENTING OR REDUCING NEGATIVE IMPACT

To actively work to stop and prevent negative impacts on human rights and working conditions, guidelines and commitments between Steen-Hansen and our suppliers and partners are important preventive measures. Our ethical guidelines and our ethical guidelines for suppliers cover the areas covered by the Transparency Act. These are anchored in the company and made available on our websites. The company's ethical guidelines for suppliers must be confirmed by the supplier.

Our assessment is that we can initially influence the supply chain through dialogue and measures based on the results of this dialogue. In cases where our risk assessment has revealed a lack of documentation, guidelines, or awareness of human rights and decent working conditions, we contact the supplier to initiate a dialogue on this.

We require suppliers to inform us if they themselves receive information about violations of international standards or serious risks among their subcontractors so that necessary measures can be taken.

MONITORING, FOLLOW-UP, AND REMEDIATION

In our work to monitor matters related to the Transparency Act and its purpose, we have established a clear responsibility for follow-up in our management system. Suppliers who may have medium risk, or lack documentation that we have requested, will be followed up with dialogue in accordance with the company's guidelines.

If we receive information suggesting that there have been or are violations of human rights and standards for decent work in the production of goods that we purchase, we will follow up with the relevant suppliers and enter into dialogue to investigate further and demand that necessary measures be taken for remediation.

MEASURES AND PLANS

In 2022, the Transparency Act was incorporated into our internal control and management system. Our policies and guidelines were revised and anchored in the company's board and management to ensure the company is clear on requirements and expectations for our suppliers and partners. In addition to developing routines in our management system, these were important preparatory measures for conducting systematic risk and due diligence assessments in our supply chain.

Our own working environment is monitored and mapped through a series of activities such as safety rounds, working environment surveys, employee interviews, health checks, and risk assessments. This is part of our internal control and certification according to ISO 9001.

The work will continue in accordance with our routines and will be subject to annual evaluation, as well as being included in the certification of our management system according to ISO 9001.

