

## The Transparency Act

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Gyldig fra: 13.03.2024  
Revisjonsfrist: 13.03.2027

Revisjon: 1.1  
ID: 5755

## Purpose

The Transparency Act shall promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services by ensuring the public access to information on how the company works to prevent negative consequences within social sustainability. This document describes the manifestation and Ferdes routines for the work according to the requirements of The Transparency Act. These routines ensures that Ferde and Ferde's businesspartners work in accordance with national and international laws and conventions.

## Commitment and manifestation

Ferdes commitment and manifestation is set out in Ferde's ethical framework, which has been approved by the board and the management in Ferde.

## Due Dilligence Assesment

The goal of the due dilligence assesment is to uncover conditions that potensially and actually can negatively affect social sustainability. Assesments are carried out on the basis of the OECD's guidelines for due dilligence assesments.

The assesment are made through identifying Ferde's significant suppliers, ie suppliers with a total spend of more than NOK 500,000 over the past four years. The list of suppliers is reviewed annually according to the following procedure:



1. A list of all suppliers are collected from the accounting system and sorted according to overall spend the last four years
2. Substantial suppliers are identified (overall spend > NOK 500,000). Companies with an no longer active contract are excluded from the list and further assesments.
3. Investigation of parent company, acquisitions, location of headquarters and in which contries the company has operations and offices.
4. Suppliers that have headquarters or operations in countries with increased risk are identified on the basis of Transparency International's [Corruption Perception Index](#). Countries that score below 70 points are considered to have an increased risk of corruption, and human rights violations. The lower the score in the index, the higher the risk.
5. Suppliers with high risk products are identifies on the basis of The Norwegian Agency for Public and Financial Management's (DFØ) list of high risk products.
6. Based on previous investigations, further investigations are made to identify ownership structure and company structure. Furtermore, sanction lists are checked and whether owners or top management have been convicted of relevant crimes.
7. Ferde's influence is assessed together with experience and knowledge of each supplier and industry.

The risk level of each supplier is assessed based on these investigations, ie the potential risk of negative impact on social sustainability: environment, corruption/money laundering, violation of worker's rights and human rights. Furthermore, an integrity due diligence assessment is performed on the suppliers that are considered to have medium or high potential risk. In the Integrity Due Diligence assessment, the suppliers are contacted with a request about what policies, routines and practices the supplier has in place for areas where Ferde has identified a potential risk.

Based on feedback, the assessment of actual risk is made in accordance with Ferde's internal routines for risk management. In the assessment of risk, the following questions are considered on the basis of the documentation obtained:

- Which conditions that The Transparency Act regulates may potentially be affected?
- What is the probability of a breach on the conditions regulated by The Transparency Act?
- How serious are the negative consequences?
- How are the consequences related to Ferde's activities?

## Dealing with negative consequences

Ferde works preventively to minimize and remedy the problems through active and structured work with both business practices, suppliers and actions plans. We do this by active follow-up and by making demands on our suppliers.

## Continuous follow-up

We have a risk-based approach to follow-up of suppliers, and follow up the action plan where a risk of breach of the conditions regulated by the Transparency Act has been identified. We work continuously with requirements and follow-up through:

- Review and follow-up of risk associated suppliers according to the following routine:
  - Low risk: no follow-up regarded necessary
  - Medium risk: annual review of risk to detect potential changes in risk levels
  - High risk: closely monitoring until reduced risk
- Requiring/demanding compliance with our Code of Conduct from existing suppliers
- Requiring/demanding compliance with and contracting our Code of Conduct for new procurements
- Risk assessment of new suppliers

We follow up through dialogue with our suppliers. We request regular status updates and final reports on specific matters/cases we have raised with the supplier. We will consider to end the collaboration/terminate the contract if the supplier does not take remedial measures or changes business practices accordingly.