

# GUIDANCE ON THE TRANSPARENCY ACT (NW: ÅPENHETSLOVEN)

DEAS Asset Management

15 December 2022

## 1. SCOPE OF THE GUIDANCE

The act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the "[Transparency Act](#)" or the "**Act**") (Nw: *Åpenhetsloven*) entered into force on 1 July 2022. The Transparency Act applies to DEAS Asset Management's ("**DEAS**") Norwegian entities and funds managed by DEAS in Norway. This policy applies to the following entities DEAS Asset Management Holding Norway AS, DEAS Asset Management Norway AS and DEAS Fund Management AS as well as the property funds DEAS Eiendomsfond Norge I AS and DEAS Norway Balanced Property Fund AS.

This Guidance (the "**Guidance**") is prepared to provide guidance and instructions on DEAS' compliance and commitment to the Transparency Act. The Guidance do not purport to be all-inclusive, and employees that are involved in processes directly or indirectly linked to the requirements of the Transparency Act are encouraged to use their own sound judgement.

## 2. THE TRANSPARENCY ACT – SUMMARY

### Purpose:

- The purpose of the Act is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services.
- The Act ensures the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

### Scope:

- The Act applies to larger enterprises that are resident in Norway and that offer goods and services in or outside Norway (or foreign enterprises that offer goods and services in Norway, and that are tax liable to Norway), either:
  - 1) Public limited companies (Nw: ASA), listed companies and other entities liable for accounting, or
  - 2) companies that meet minimum two out of three thresholds at the balance day: (i) MNOK 70 in sales revenues, (ii) Equity of MNOK 35, (iii) An average of 50 employees through the accounting year.

**Requirements:**

- Conduct due diligence of suppliers and other business partners in accordance with [UN's Guiding Principles for Business and Human Rights](#) and the [OECD Procedure for Multinational Enterprises](#).
- Publish statements on human rights due diligence processes. The Act requires the company to inform where the statement can be accessed in the annual reports. The statement is first time to be published by 30 June 2023.
- Duty to respond to requests for information in relation to how company addresses actual and potential adverse impacts on fundamental human rights and decent working conditions

**3. DUE DILLIGENCE REQUIREMENTS UNDER THE ACT**

Compliance with the Act Section 4 in terms of due diligence commitments means to:

*a) Embed responsible business conduct into the Company's policies*

DEAS Board of Directors sets the overall “tone from the top” and has the overall responsibility to ensure that the company has in place adequate measures in relation to responsible business conduct. The Board Instruction on Code of Conduct describes the high-level principles applicable to everyone in the DEAS organisation.

*b) Identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward (or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners)*

Risk assessment of suppliers and other business partners is a key requisite under the Transparency Act. All current and future suppliers are considered and ranked on a three-level scale; low, medium, or high risk. In the high-risk category are those that operate in an industry where there are known issues with employment conditions, hiring practices etc. or they are known to have a value chain where such issues may occur. In the medium risk category are those entities where there may be issues in the value chain that require further investigation. Others are in the low-risk category.

The general assessment following the initial review, is that the risk of human rights and decent working conditions violations in DEAS’ supply chain is low. There are certain categories of suppliers that require more attention, particularly in property management and management of projects on the properties in the funds.

*c) Implement suitable measures to cease, prevent or mitigate adverse impacts based on the Company's prioritizations and assessments pursuant to (b)*

The Act requires implementation of risk-based measures. The following preventive and mitigating measures are implemented or under implementation:

- I. Background checks of high-risk suppliers with subsequent follow-up actions and dialogue.

- II. Supplier contracts with high or medium risk suppliers that contain adequate compliance clauses or appendixes, including inter alia the company's expectations to working conditions and compliance program of the supplier, duty to inform the company of breaches, the company's right to conduct audits and the company's right to suspend or terminate the agreement in the event of supplier's breach of agreement.
- III. Periodic reviews of long-term suppliers.

*d) Track the implementation and results of measures pursuant to (c)*

For high-risk suppliers that entail an inherent risk of violating human rights, DEAS is to closely monitor any identified concerns and track the outcome of the implemented measures above, and on an on-going basis assess the need to adopt additional measures.

*e) Communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (c) and (d)*

When concerns in relation to human rights or labour conditions are raised by or on behalf of affected stakeholders, a company is advised to prepare to communicate on how the company addresses these concerns. It is advisable that a company has a contingency plan in place to adequately manage such potential incidents.

*f) Provide for or cooperate in remediation and compensation where this is required*

If a company identifies that it has caused or contributed to actual adverse impacts, it is a requirement under the Act that it address such impacts by providing for remediation.

#### **4. PUBLISHING STATEMENTS REGARDING DUE DILIGENCE**

Section 5 of the Act requires DEAS to publish a statement concerning the due diligence processes pursuant to Section 4. The statement shall according to the Act at least include:

- a) a general description of the company's structure, area of operations, procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions.
- b) information regarding actual adverse impacts and significant risks of adverse impacts that the company has identified through its due diligence.
- c) information regarding measures the company has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.

The statement shall be made easily accessible on the company's website and may form part of DEAS's account on social responsibility pursuant to section 3-3 (c) of the Accounting Act. The statement shall be updated and published no later than 30 June each year and otherwise in case of significant changes to DEAS' risk assessments. The statement is first time to be published by 30 June 2023.

The Senior Compliance Manager shall prepare a draft of the statement before it is reviewed and discussed by the CEO and the Board of Directors.

## 5. INFORMATION REQUESTS

Any person has upon written request the right to information from DEAS on how the company addresses actual and potential adverse impacts pursuant to Section 4 of the Act (due diligence processes).

A request for information may be denied pursuant to Section 6, second paragraph, by a company if:

- The request does not provide a sufficient basis for identifying what the request concerns
- the request is clearly unreasonable
- the requested information concerns data relating to an individual's personal affairs
- the requested information concerns data regarding technical devices and procedures or other operational and business matters which for competitive reasons it is important to keep secret in the interests of the person or entity whom the information concerns

The right to information regarding actual adverse impacts on fundamental human rights with which a company is familiar, applies irrespective of the limitations in the above paragraph.

DEAS shall provide information within a reasonable time and no later than three weeks after the request for information is received. If the amount or type of information requested makes it "*disproportionately burdensome*" to respond to the request for information within three weeks, the information shall be provided within two months after the request is received. The company shall no later than three weeks after the request for information is received, inform the person requesting information of the extension of the extended time limit, the reasons for the extension, and when the information can be expected.

If DEAS denies a request for information, DEAS shall inform about the legal basis for the denial, the right and time limit for demanding a more detailed justification for the denial and that the Consumer Authority (Nw: *Forbrukertilsynet*) is the supervisory and guidance body. Any person whose request for information is denied by DEAS may within three weeks from the denial was received, demand a more detailed justification for the denial.

The Senior Compliance Manager is responsible for responding to all information requests.