

The Transparency Act

In accordance with the Transparency Act that entered into force on 1 July 2022, Norwegian Property has taken measures to prevent and mitigate any actual, or the risk of, adverse impacts on human rights or decent working conditions in the group's operations, supply chain and other business relationships. Measures have been taken to cease, prevent and mitigate any such adverse impacts. This includes mapping the company's supply chain, establishing ethical guidelines for suppliers and updating the purchasing routines as well as supplier contracts and routines for whistleblowing. Responsibility for follow-up is delegated across relevant departments within the group, and all the measures have been approved by both the executive management and the board; thus, accountability is embedded as per the OECD guidelines.

As a property group with all its activities in Norway, Norwegian Property does not face the greatest human rights challenges in its everyday operations. However, the suppliers it uses could be subject to challenges, in part related to social dumping. In the construction industry, the latter could be associated with economic migrants whose wages and employment conditions are significantly worse than for national workers. The greatest opportunities for Norwegian Property to promote and respect human rights and help prevent human rights abuses accordingly can be found in being a responsible purchaser of goods and services. Through its ethical guidelines and by acting as a responsible purchaser, the group seeks to ensure that suppliers apply key principles which accord with those of Norwegian Property.

ANNUAL PROCESSES

ACCOUNTABILITY WITH THE BOARD:

The board has adopted an annual plan to follow up on the activity and reporting obligation that follows from the Transparency Act. The annual plan includes tasks such as risk assessment of the supply chain, the proposal of measures to reduce risk and evaluation of measures. The board will receive reports annually on the results of the activities and risk assessments. The CEO places the responsibility to follow up on tasks relating to the Transparency Act within the organisation.

GUIDELINES AND INTERNAL COMMUNICATION:

Ethical guidelines and CSR guidelines are reviewed and updated by the board on an annual basis. Ethical guideline for suppliers was established in 2022 and purchasing routines, supplier contracts and routines for whistleblowing were updated. All employees are informed through an all-hands meeting and an annual web-based review of the ethical guidelines is distributed to all employees to sign.

SYSTEMS FOR HANDLING THE OBLIGATION TO PROVIDE INFORMATION:

An e-mail address published on the company website is set up as a channel to receive enquiries on information regarding the Transparency act. Such enquiries will be distributed to the sustainability department. The sustainability department has the overall responsibility to keep an overview of the routines, instructions and guidelines and can collect the necessary statistics or information required from the relevant departments to conduct a reply. A reply must be given within three weeks.

MAPPING THE SUPPLY CHAIN:

To map the supply chain, a list consisting of suppliers that have invoiced Norwegian Property for the past two years is compiled. The suppliers are then divided into industry categories, the amount and the number of times they have invoiced the group in order to get an overview of the main suppliers and outline where the company has substantial buying power.

RISK ANALYSIS:

A due diligence assessment of the group's supply chain is done by compiling knowledge of the industries Norwegian Property buys its goods or services. The company contacts various unions related to the industries, Amnesty International, the Norwegian Labour Inspection Authority and other relevant organisations to map which industries have the greatest risk of violation of human rights and decent working conditions. This forms the basis for priorities and gives an understanding of how the company can cease, prevent or mitigate any such risks.

The conclusion of the risk assessment was that, since Norwegian Property operates in Norway, the company is most likely not exposed to a very high risk of violations of human rights or decent working conditions. However, some of the suppliers have employees with low education and often with foreign origins and, therefore they are not very familiar with Norwegian working conditions. There are also examples of social dumping in the construction industry. Norwegian Property has, therefore, focused on measures for suppliers within these industries.

MEASURES:

A law firm was engaged in conducting the company's ethical guidelines for suppliers and supplier contracts to ensure all the relevant legislation was in place and substantial enough to guarantee the right to act if any occurrence of violations of human rights or decent working conditions is uncovered. In addition, buying routines now include requirements that all relevant suppliers are members of StartBANK – a community developed by The Norwegian Construction Industry Association (BNL) to meet the increase in legislation and risk management needs of construction and facility management clients in Norway. The Sustainability department in collaboration with the finance, KFDV and development departments reviewed the purchasing routines and divided responsibility to follow up to ensure that memberships are in place. KFDV is responsible for requesting memberships when ordering goods or services, and the finance and sustainability departments are responsible for annual check-ups of suppliers who have invoiced the company. By the end of Q1 2023, a total of 141 suppliers have committed to the company's ethical guidelines for suppliers and a total of 296 suppliers are a member of StartBANK.

EVALUATION:

The relevant KPIs for measuring risks will be any possible incidents and the number of times the company may be given notice of breaches or violations of human rights and decent working conditions. The board in collaboration with the management group must consider how to resolve or possibly provide compensation if such risks have occurred. If necessary, the company will seek advice from advisers such as auditors or lawyers. The company will conduct annual due diligence assessments mapping the supply chain. An overview of the risks will be obtained through articles in the media, and input from organisations, authorities, and other relevant sources. In addition, Norwegian Property will assess best practices for the property industry and how other large companies work to comply with The Transparency Act.

No breach of human rights or decent working conditions within Norwegian Property or its supply chain was found in 2022.