

Allnex Norway AS - Account for due diligence assessments

Introduction

Allnex Norway AS is covered by the Norwegian Act on enterprises' transparency and work with fundamental human rights and decent working conditions (Transparency Act)

The Transparency Act requires businesses to conduct a due diligence process in accordance with the OECD Due Diligence Guidance For Responsible Business Conduct. The process consists of 6 measures

- a) embed responsible business conduct into the enterprise's policies
- 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
- c) implement suitable measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritizations and assessments pursuant to (b)
- d) track the implementation and results of measures pursuant to (c)
- e) communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (c) and (d)
- f) provide for or co-operate in remediation and compensation where this is required.

The act specifies:

“Due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.”

In line with the purpose of promoting greater transparency about risks to human rights and decent working condition, covered businesses are required to publish an account for due diligence. This must at least contain the following.

- a) a general description of the enterprise's structure, area of operations, guidelines and 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 enterprise has identified through its due diligence
- c) information regarding measures the enterprise 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.

<https://lovdata.no/dokument/NLE/lov/2021-06-18-99>

This document has been prepared to fulfill Allnex Norway AS's obligation account for our due diligence process. The document will be updated and published annually by June 30th. It will also be updated in the event of significant changes in the business risk assessments.

Reporting Entity

Allnex Norway AS is a Norwegian limited liability company. Its parent company, Allnex Belgium, is managing and overseeing the global operation of Allnex Group. Allnex Norway AS is part of Allnex group (“Allnex Group”) a global company. Allnex Norway AS and other Allnex companies in the Allnex Group’s global structure operate under the same policies.

Allnex Norway AS is committed to doing business ethically and responsibly and is striving to consciously improve its implementation of the Transparency Act with the ultimate objective of preventing violation of human rights and decent working conditions.

Allnex Norway AS employs 79 employees (YE 2022) and operates in Lillestrøm, Norway.

Allnex Group is the leading Industrial Coatings Resins company globally. Our key technologies and segments are:

	LIQUID RESINS & ADDITIVES	PERFORMANCE RESINS		
		Radiation Curable Resins	Powder Coating Resins	Crosslinkers
Key Technologies	<ul style="list-style-type: none"> Waterborne Solventborne Additives Urethane Specialties Composites/Gelcoats 	<ul style="list-style-type: none"> Specialty Acrylated Resins Specialty Oligomers Water-based UV-curable Resins Glass Lamination Acrylics 	<ul style="list-style-type: none"> Polyester Resins <i>Hybrid, standard durable, super durable</i> UV Powder Resins Acrylics Additives 	<ul style="list-style-type: none"> Amino Crosslinkers Phenolic Crosslinkers Technical Phenolic Resins Acid Catalysts
Key Segments	<ul style="list-style-type: none"> Auto OEM and Refinish Industrial Metal Industrial Wood Marine & Protective Decorative Auto and Industrial Plastics 	<ul style="list-style-type: none"> Inks & Overprint Varnishes Industrial Wood Industrial Metal Electronics Plastic 	<ul style="list-style-type: none"> Architectural Extrusions Domestic Appliances ACE General Metal 	<ul style="list-style-type: none"> Metal Packaging Coil Automotive OEM Tires & Rubber Products Industrial Metal Industrial Wood

The majority of Allnex Norway AS operations are in the Crosslinkers division. We operate one manufacturing site located in Lillestrøm, Norway.

Our guidelines and routines for managing risks related to human rights and decent working conditions

Allnex Norway AS is committed to working with its suppliers and business partners to assess and address risk for violation of human rights and decent work conditions in its operation and supply chain.

Allnex Norway AS works for equality and against discrimination on the grounds of gender, pregnancy, parental leave or adoption, care tasks, ethnicity, religion, outlook on life, disability, sexual orientation, gender identity and gender expression and combinations of these principles. This is also enshrined in the company's Global Code of Conduct. The Code of Conduct contains general guidelines for ethical behavior, fair competition, secure working conditions and employees' rights, as well as external business relations. The document is

available on the company's website. All employees are trained on the Code of Conduct on an annual basis.

Allnex Group operates a comprehensive global corporate compliance program in order to guide its decision-making and to promote ethical, legally compliant and socially responsible business conduct. Amongst others, the policies set out below, contribute to Allnex Norway AS's (an indeed the Allnex Group's) commitment to respect of human rights and address violation of human rights.

The policies can be found at <https://allnex.com/en/info-hub/compliance>

The Supplier Code of Conduct is incorporated into Allnex Norway AS's general terms of purchase and in respective purchase agreements for existing suppliers. The Supplier Code of Conduct explicitly mentions: Suppliers must treat & employ its workers with respect for Human Rights, including the United Nations Universal Declaration of Human Rights , the Fundamental International Labor Organization (ILO) Conventions as well as complying with local regulatory requirements in connection with human trafficking and slavery. Moreover, Allnex Norway AS reserve the right to terminate any agreement with any supplier that cannot demonstrate compliance with the Supplier Code of Conduct.

Our procurement policies and procedures embed Corporate Social Responsibility (CSR) consideration into various steps of Allnex Group purchasing process, the dedicated team of procurement professional works to ensure responsible partnerships with suppliers.

Allnex encourages everyone to report in good faith any known or suspected violation of our Code of Conduct. If you see something that you think is not right, please speak up.

Information about how to report/contact the company regarding compliance, is available at the homepage at www.allnex.com. Allnex can be contacted directly by using the "contact us" link where you can choose from several types of enquiries or the hotline to report compliance violations can be used [Allnex Compliance | Laws, Regulations And Code Of Conduct - allnex](#). The allegations are sent to our Head of Compliance, who in consultation with the Allnex Compliance Committee, decides on the type of investigation to be conducted.

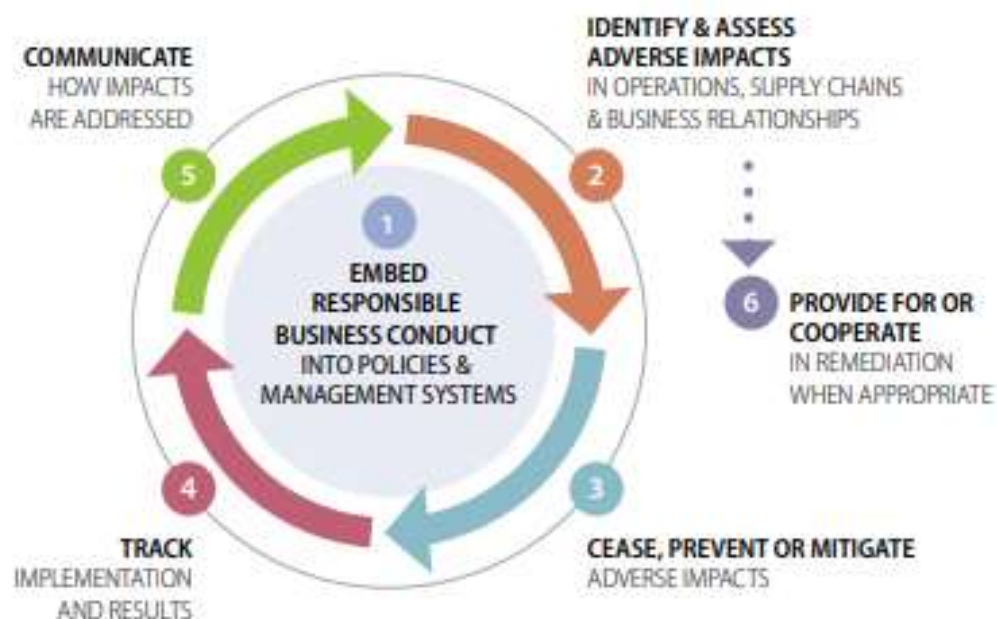
Implementation

Allnex Norway AS implement its duties on fundamental human rights in accordance with OECD Due Diligence Guidance for Responsible Business Conduct as listed in the Transparency Act. This implies:

- The accountability lies with the company's management and board
- The commitment and related policy are anchored in the company's management and routines
- The procurement department is aware of our obligations and its role in contributing to the implementation

- We organize trainings for our procurement department on CSR in the supply chain
- We carry out due diligence assessments for our supply chain and require the same from our suppliers
- We establish routines for regular due diligence assessments and reporting in line with the Transparency Act
- The responsibility for carrying out the due diligence assessments lies with Allnex procurement organization
- We follow up information on negative consequences and significant risks for employees and other affected by our operations.
- Our policies on basic human rights and decent working conditions are reviewed annually

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES



Negative consequences and significant risks uncovered through our due diligence assessments – and our measures to limit risk

Allnex Norway AS produces amino resins which are used in the Coatings industry in Europe, Asia and America. At the end of 2022 the company had 79 employees and a continuous 6 shift system. Allnex Norway AS places high demands on the health, environment and safety of its employees, and must always, as a minimum, comply with applicable laws and regulations.

In 2022, the company has worked on risk assessment of the company's existing vendors/suppliers. The following risk criteria are used in the due diligence assessment:

industry, geographical location and the supplier's commitment. Out of approx. 300 vendors, 76% are located in Norway, 22,7% rest of Europe and 1,3 % are located in Asia.

In connection with our due diligence process, we have assessed risks for both our own business and our supply chain. We have not uncovered any actual negative consequences when undertaking our risk assessments for 2022 and the beginning 2023.

Significant risk-areas in our own operations, and measures to limit risk

Allnex Norway AS produces chemicals and are obliged to follow the regulations on control of major accident hazards involving dangerous substances. We are audited on this on a regular basis. Allnex Norway AS strives to comply with all Norwegian regulations regarding employment and safe working environment. Based on the above, Allnex finds that our main risk of negative impacts on individual's lives, safety, health, well-being and dignity in our business are potential injuries in connection with production, maintenance and warehousing.

All risks on site are identified through our Overall Risk Analysis, which is updated when needed, or at least every 5th year. This analysis is also the basis of 'the Safety Report' required by the Norwegian Directorate for Civil Protection (DSB), the 'Explosion Protection Document' required by the Norwegian Labour Inspection Authority and 'the Environmental Risk Analysis' required by the Norwegian Environment Agency. All reports were updated in 2022.

In 2007 we started out with evaluating 17 different risks and gradually we have extended the list. Today 55 risks are on our list;

- None are classified as combination probable & critical worse (eg. In 'red area').
- 9 are in category less likely but critical (eg. In 'yellow area')
- The rest are classified as acceptable risks (in 'green area').

An external risk consultant has provided input to the report, input was provided by allnex personnel including employee's participation.

We produce, store, and handle flammable liquids on site. Our most critical risk is fire.

Of the 9 'yellow risks' 5 concern the risk for fire in the production area, at drumming stations and in workshops.

Consequently, our main focus is on mitigating the risk of ignition and prioritize actions that will reduce risk for escalation and domino effects if ignition should occur.

This is systematically done through improvement projects, process monitoring, continuous focus on improving of our procedures and awareness training, all to ensure and maintain our safe working conditions.

3 of the 'yellow risk' are directly related to personnel injury risk, and categorized as fall from height and confined space entry. Personnel chemical exposure is classified with

acceptable risk provided proper equipment is used, which means that for some operation respiratory protection is required. Strict routines follow these activities.

We work continuously and systematically work to prevent any injury to occur, through risk assessment and equipment improvements, combined with awareness training, communication, employee participation, routines, and work instructions. We have trained first aid personnel on site, fire brigade and smoke divers at every shift as part of our emergency response team. The team train regularly to ensure they know the correct response required.

Reporting accidents, incidents and near misses through our internal reporting system actively help us to improve our performance and preparation.

Personal protective equipment (PPE) is important when working in our environment. It is required to use PPE in according to our PPE matrix which all must confirm they have read and understood annually. The minimum requirement for outside and in production area is a safety helmet, face shield or tight safety goggles, safety shoes, protective clothing that covers arms and legs and a hearing protection in noisy zones.

What we do is described in more details in our HSE manual. Deviations and near-misses are registered and followed up. We place high demands on health, environment and safety for our employees, and as a minimum, we comply with applicable laws and regulations.

Significant risk areas in the supply chain

Allnex Group depends on its supply chain to obtain thousands of different raw materials from a large number of suppliers. The strategic importance of procurement is therefore also a lever to drive social and environmental improvement across our supply chain. This growing focus on CSR translates in many ways into our procurement practices.

Allnex Norway AS strictly implements Allnex Groups sustainable strategy, and ensures that our terms and Supplier Code of Conduct is clearly communicated to our suppliers to ensure responsibility throughout our supply chain. Through these standardized and mandatory documents and procedures, we make sure that expectations and terms are clearly communicated and understood by our suppliers in order for them to conduct their business in compliance with applicable laws, regulations, industry standards and high sustainability standards. In addition, the prevention of violation of fundamental human rights are clearly communicated and understood by our suppliers.

Allnex strive to establish positive long-term relationships with our suppliers and to foster a culture of true transparency, effective communication and continuous improvement in our procurement practices. In 2022 Allnex Group further developed our Supplier Engagement Process to gain comprehensive insight into the commercial, environmental and social impacts of our key suppliers. The program is based on 3 pillars:



In 2023 Allnex Group will further develop its pre-risk assessment, before starting business with a new supplier. This pre-assessment will include criteria such as “Environmental Footprint”, “Community Relations”, “Employee relations” and “Corporate Governance”, that we started to obtain via the EcoVadis platform and its network of companies that are connected to it. Next to this, we will require new suppliers to sign our Code of Conduct, or share an equivalent of their own instead and we will make this mandatory when setting up a vendor in our ERP system.

In 2022 Allnex- Group evaluated the last 40 suppliers that were created in that year with the RepRisk platform. At this moment we are not aware of any significant risks associated with these newly created vendors.

The evaluation of suppliers includes corporate environmental, social and governmental drivers that impact the final scoring. We make use of self-assessment questionnaires, certificates (eg ISO, Ecovadis), the existence of a CoC and/or sustainability report, as well as external sources of risk assessment via the RepRisk platform or ratings from auditors, internal sustainability programs, etc. The weight of such social and environmental criteria will continue to grow in importance in our supplier evaluation process and the final rank of suppliers supports us to create transparency amongst suppliers so we can take action in a focused way for those suppliers with higher risk scores.

Allnex Norway AS has in 2022 carried out a risk assessments of our suppliers (approx. 40 raw material/packing suppliers, 50 logistic suppliers and approx. 215 other vendors).The vendors have been categorized and risk assessed based on the criteria’s below:

- Industry
- Geographical Location
- Individual Engagement

The industry risk assessments is based on SASB Materiality methodology, <https://materiality.sasb.org/>. Based on this the industry with highest risk regarding “employee health & safety” and “human rights & community relations” for Allnex Norway AS is chemicals and purchasing category raw material. Based on location, our vendors located in Asia pacific region has high overall country CSR Risk. Based on the criteria’s mentioned above, Allnex Norway AS has identified that our main risk is related to raw-material purchases and that particular purchases from suppliers located in the Asia pacific region. Allnex Norways AS has requested 5 suppliers to complete our self-assessment e-

questionnaire. Our main supplier located in Lillestrøm and is providing utilities, raw-material and other services and 4 raw material suppliers of melamine (chemical raw material) from Asia. 4 out of 5 suppliers have completed our self-assessments e-questionnaire. The supplier that has not replied, has not had any deliveries to Allnex Norway since September 2022. In case the supplier has new deliveries to Allnex Norway we will re-evaluate the need for a questionnaire.

Our main supplier that is located at Lillestrøm in Norway, and is providing utilities, raw-material and other services, and the supplier is within the scope of the Transparency Act. They also have an overall Ecovadis score 63/100 that is within 87th percentile in its industry. Ecovadis scores the following categories, Environment, Labor & Human rights, ethics, sustainable procurement.

At the end of 2022, allnex joined the chemical industry initiatives *Together for Sustainability* (TfS). At that point in time, TfS consisted of 40 member companies representing a procurement spend of around €300 billion. As a TfS member, allnex committed itself to make continuous sustainability improvements within their own organization and within their suppliers operations.

A main focus in the concept of TfS is the development and implementation of a global supplier engagement process to assess and improve sustainability practices within the supply chains of chemical companies. By developing a standardized approach and simplifying supplier audits and evaluations, both TfS members and suppliers can save time and money. The principle of TfS is “an audit for one is an audit for all”. Suppliers only have to complete an assessment process once and the results are made available to all TfS members. TfS works with Ecovadis as partner for the online-assessments. In 2022, 379 audits and 8385 online assessments have been conducted by the TfS members.

For Allnex Groups existing supplier portfolio a risk assessment of our key vendors is conducted. Our target is to have 80% of our key vendors go through a risk assessment by 2025.

Depending on the results, the suppliers are assigned to different sustainability risk classes that lead to several actions being taken. Examples of actions are the filling out of self-assessment questionnaires, participating in an allnex-led or TfS-led audit or a complete stop of business. The results of the assessment and audits will be shared with respective suppliers and Corrective Action Plans (CAP) will be created.

The risk assessment will be further developed and the scope will be adjusted to cover larger part of our vendors. Monitoring and measuring the vendors will increase their awareness and by increased awareness the risk of violation of human rights is expected to be reduced.

This account for due diligence assessments was approved on the date shown on the below electronic signatures by

The board of Allnex Norway AS



Duncan Taylor (May 26, 2023 12:40 GMT+2)

Duncan Taylor
Chairman



Cordell Watson
Board member



Roger Søråsdekk
Board member