

# Transparency Act



**HEAD**  
ENERGY

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# Transparency Act

Statement on Transparency Act Assessments, according to Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)

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

## Description of the Company

Statement on Transparency Act Assessments, according to Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions.

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## Ownership

All shares in all units are held by employees.

## Accountability

The Board of Directors defines Head Energy's participation and accountability in terms of transparency and adherence to the Transparency Act. The HSEQ manager leads the company's Management group in handling local guidelines and procedures in compliance with Section 5(a) of the Transparency Act. If any issues are discovered that may have actual or potential consequences for fundamental human rights and decent working conditions, the procurement responsible, with the assistance of the HSEQ manager, will immediately engage in dialogue with the supplier, either through their procurement system or, if applicable, a corporate executive. This is done in compliance with Sections 4(c/d/e/f) Transparency Act. Head Energy is also certified according to ISO 45001 (health & safety), ISO 9001 (quality), ISO 14001 (environmental) and

## Due Diligence Assessment

The 2022 review stated that no specific negative human rights impacts had been discovered at Head Energy. It was concluded that further study of the supply chain was required in order to uncover possibly negative impacts on human rights. This effort is ongoing, and particular risk-reduction measures developed include incorporating criteria and assessment forms for suppliers that covers fundamental human rights and decent working conditions. These initiatives, in addition to our ongoing quality control efforts, are designed to raise awareness throughout the supply chain.

Furthermore, it was defined a need of further assessments to determine a realistic scope of the supply chain, specifically regarding how far down the supplier value chain it is realistic to conduct due diligence assessments.

## Internal assessment

The majority of Head Energy's deliveries are related to service provision (engineering services), where our employees primarily work under Nordic labour conditions and contracts (where fundamental human rights are well protected), our potential negative impacts on human rights are considered limited. Head Energy performs "pulse surveys", using Winningtemp, a Swedish AI and science-based employee engagement platform. Our working environment is considered very good. From the 3rd. quarter of 2023, our largest offices, Bergen, Stavanger, Oslo and Esbjerg, will all have new and modern offices, contributing to a good and safe working environment. There have been no cases of serious injuries or accidents in 2022.

## External assessment

Head Energy AS is the holding and management company of the Head Energy group. Head Energy defines requirements to the operations of its subsidiaries within Engineering, Technology, Services and Consulting, and provides services related to; administration, marketing, accounting, HSEQ, strategy, sales and so forth, for its subsidiaries to focus on its core operational processes. Adherence to our Ethical Framework applies to all personnel acting on behalf of Head Energy in all divisions and subsidiaries, including all employees, board members and subcontractors / suppliers.

In our General Terms and Conditions for purchase, our supplier commits itself to conduct its business activities in a fair, honest, responsible, ethical, and lawful manner and in strict adherence to all applicable laws and regulations governing the ethical and legal conduct of business organizations. Our Ethical Framework (CoC) is an integral part of our contracts.

Head Energy's Ethical framework is based on internationally recognized standards such as the Universal Declaration (UN) Guiding Principles on Business and Human Rights (UNGPR) the UN Global Compact, UN's conventions on children's rights, and ILO conventions. Additionally, it adheres to the OECD Guidelines for Multinational Enterprises.

The Ethical framework includes, among other things, requirements for:

- Ethical trade, Compliance with local laws in the operating country, Zero tolerance for corruption and bribery, Zero tolerance for child labour (in accordance with ILO conventions 138 and 182). It also includes requirements for worker safety, good health, working environment, and workers fundamental rights, including requirements for wages, benefits, working hours, rest periods, and more.

Head Energy adheres to and support the UN Sustainability Goals, hereunder a dedicated focus to continuous improvement on; clean energy solutions, gender equality, education, industry innovation, reduce inequalities, support sustainable management of water, sustainable cities and communities, responsible production, education and transparency.

For surveying both on ESG and Transparency Act, we use the software and support from CEMAsys Nordic AS. The aim is to confirm human right adherence in our supply chain. Our suppliers are divided in to three main sections,

- Services or consultancy.
- Delivery of goods (for the large part; pipes/ structural steel and so forth).
- Other suppliers.

The first section is quite organised, typically banks, institutions, insurance, auditor, or other service or consultancy provider. The second section, delivery of goods, is divided into purchases over and under 100' NOK, focusing on purchases over 100' NOK. "One-time" or "one-off" suppliers are being dedicated less focus than recurring suppliers. The third section is suppliers not covered by section 1 or 2.

As of June 2023, 95% of the relevant suppliers confirms adherence to work on fundamental human rights and decent working conditions. Either through confirmation of our terms and conditions, through confirmation based on our supplier's questionnaire (according to our vendor selection process), through the Transparency Act survey, or as part of our manually assessment. This covers approximately 90% of head Energy's procurement of goods in terms of value.

## Risk determination

### EU/EEA

In terms of risk assessing EU/EEA, it is assumed that raw materials and materials from countries within this area, are governed by national regulations that comply with the guidelines of the law. Therefore, it is assumed that human rights are safeguarded by adhering to the national rules, and no further investigation has been conducted.

### Non- EU/EEA

It has been identified some minor procurement from suppliers in Asia, typically online purchases of electronic parts from China (less than 0,01% of our purchases). For these purchases we have not been able to establish confirmation of adherence to either our ESG nor Transparency Act.

## Conclusion

No actual or potential negative consequences have been identified in the assessment conducted in June 2023. Neither within our company or at our suppliers/ subcontractors.

The assessment has identified some areas that should be monitored and re assessed in time:

- The majority of supplier to Head Energy are local service providers. These suppliers are considered "low risk", and we see no need for additional follow up in terms of the Transparency Act at this time.
- "One-time / one-off" purchases, where transparency and work on fundamental human rights and decent working conditions are not possible or are difficult to confirm, should be limited if possible.
- In terms of products, our large purchases are products mainly purchased from EU/EEA suppliers, hence they are also governed by EU legislation, that lower the potential risk in terms of Human right breach.
- Suppliers, often recognised as "large international corporations", that we have not been able to receive adequate response from in our survey, and that often only deliver according to their own terms and condition, have been manually processed and assessed. This kind of suppliers typically report their own findings and measures through their own websites, or they are approved in Joint Qualification Supplier database(s), also covering human rights. There have been no negative findings in these assessments.
- The survey uncovered that some suppliers do not have adequate systems or measures to secure fundamental human rights and decent working conditions. However, these suppliers are mainly local (and often small) suppliers, that are already governed by Norwegian law.

## Measures going forward

Head Energy has concluded on 3 measures going forward.

1. Increase the focus on the supply-chain of our suppliers, also within the EU/EEA, to further understand the whole value chain, and to determine a realistic extent of the supply chain, in other words, how far down the supplier value chain it is realistic to conduct due diligence assessments.
2. In situation where the supplier is not capable to establish confirmation of adherence to our ethical framework or other confirmation of adherence to fundamental human rights and decent working conditions, Head Energy will, whenever feasible, avoid purchase from this supplier, and seek to find alternative suppliers that confirm adherence.
3. Although, our suppliers confirm adherence of our Ethical framework (CoC), covering fundamental human rights and decent working conditions, through confirmation by a purchase order and through our terms and conditions, we will establish a separate CoC (ethical framework today) that will need to be signed. This measure will also create additional focus and on fundamental human rights and decent working conditions.

For additional information or inquiries regarding Human rights and transparency, please use the contact form on our webpage.

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