

Norwegian Transparency act

Organisation of Clemens Kraft operation, rules and regulations

Clemens Kraft Group is a leading small scale hydro power producer in Norway and has since 2006 developed, constructed and operated small scale hydro power plants. The portfolio consists of 52 power plants in operation including five power plants in owned associated companies. Clemens Kraftverk (the Group) is a sub-group within the Clemens Kraft Group, holding all power plant related asset, but do not have any employees. The management and administration in Clemens Kraft Group is employed in Clemens Kraft AS, a sister company of Clemens Kraftverk AS.

The two owners, Opplysningsvesenets fond (Ovf) hold 50.1% and CPV/CAP (Pension fund of Coop Group Switzerland) hold 49.9% of the shares. Clemens Kraft has all production in Norway and power produced is sold at Nord pool power exchange.

Clemens Kraft is working towards respect for fundamental human rights and decent working conditions in connections to the construction and operation of power plants and also administration connected to the portfolio of power plants.

The corporate governance in Clemens Kraft follows sound business principles with a focus on ethical guidelines and sustainability. In these governance areas the company leans on guidelines and principles in Ovf.

The Norwegian Transparency Act entered into force on 1 July 2022 and Clemens Kraft has conducted a due diligence assessment of own employees, contractors and other relevant stakeholders to Clemens Kraft.

Clemens Kraft has not yet targeted any formal cooperation with small scale hydro power producers connected to the Transparency Act, but plan to invite the small scale hydro power society to discuss development of targets and standards relevant to the sector.

Human rights impact assessment

Clemens Kraft undertakes and integrates human rights in the operation of the powerplants and will integrate the requirements also in construction projects when new projects are starting up. All powerplants in operation, including all legal entities/SPVs, will be part of the same framework.

A due diligence assessment took place in the first quarter of 2023 with the approach of 1) mapping human rights, identify value chain and define the topics, 2) identify potential areas to be influenced and 3) Results and prioritization of areas to be further investigated.

The mapping of fundamental human rights and decent working conditions are identified into the following topics:

- Health and security
- Work conditions
- Social dumping
- Discrimination and harassment
- Burdon on the local community
- Components and raw materials
- Components related to transportation

When giving priority to the different topics, the severity and probability measures will be emphasized.

Severity is based on *scale*, how many people could be impacted, *scope*, as potential severity and *recovery* like possible compensation or recovery.

Probability is measured based on geographical risk or industry risk. The identified risks are in general not identified as significant or unacceptable, however the potential of risks related to negative consequences are increasing when new projects start construction.

Improvement initiatives and focus areas

In Clemens Kraft today with construction projects in the planning phase only, the assessment has been focusing on the power plants in operation and the work connected to the administration. Actions will be taken towards subcontractors in the maintenance contracts to confirm the working conditions for their employees and during procurement of components and other relevant material. Clemens Kraft is not aware of any breach today. Results of actions taken are expected to improve the working condition of contractors and agreements will be followed up more closely. Clemens Kraft will establish self-declaration forms to commit the contractors and sub-contractors.

Reported issues related to the transparency act will be systemized and rules how the issues and actions taken from the reporting issues will be communicated clearly. An evaluation of the quality of the system will be followed up as an action point. The dialogue with stakeholders as landowners and local communities is improving and further followed up closely.

<i>Health and security</i>	Focus area will be related to contractors and implementation of action plans, improvements, routines for follow up and communication. The risk is expected to be reduces and in line with Clemens Kraft expectations.
<i>Working conditions</i>	Focus area will be related to contractors and implementation of action plans, improvements, routines for follow up and communication to relevant parties. The risk of having non-acceptable working conditions for contractors expected to be reduced.
<i>Social dumping</i>	Revised assessment will be done when hiring people and contractors for new projects
<i>Discrimination and harassment</i>	Risk assessed as low and will be followed closely to evaluate increased probability and implement actions to mitigate risk
<i>Burdon on the local community</i>	Focus area is to continue implement action plans , routines and increase communication with landowners and other local communities.
<i>Components and raw materials</i>	Implement routines and guidelines to reduce risk when using contractors and requirement to procurement of raw materials
<i>Transportation</i>	Implement routines and guidelines to reduce risk when using contractors and sub-contractors .

During the assessment of human rights and decent working conditions, the addressed focus areas will be duly communicated, and training will be evaluated to ensure implementation of the Transparency Act in the organization. All governing documents will be updated and made available to relevant stakeholders to the Group.

Board of Directors of Clemens Kraft Holding AS, Clemens Kraft AS and Clemens Kraftverk AS

25 June 2023

(signed electronically)

Ole-Wilhelm Meyer
Chairman

(signed electronically)

Harald Kurt Siewert
Deputy Chairman

(signed electronically)

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Director

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