

Transparency Act 2023

Klaveness structure and operations

This report has been developed to comply with the legal requirements as stated in the Norwegian Transparency Act of June 2021. The reporting requirements apply to certain subsidiaries of Rederiaksjeselskapet Torvald Klaveness (“RASTK”). RASTK and its subsidiaries are together referred to as “Klaveness”. As all companies within Klaveness are covered by common policies, governance, compliance programme, risk mapping and due diligence, a shared Transparency Act statement is published. The Transparency Act statement has been signed by the Boards and managing directors of those subsidiaries within the scope of the Transparency Act.

Klaveness has offices in Oslo (Norway), Singapore, Manila (the Philippines) and Dubai (UAE). The company is involved in the following main business areas:

- Combination carriers — Through its stock listed 53.76% owned subsidiary, Klaveness Combination Carriers ASA (“KCC”), Klaveness indirectly owns and operates vessels involved in the transportation of clean petroleum products, chemicals, and dry bulk commodities. As a publicly listed company, KCC has published its own compliance report. Please visit KCC’s web pages (<https://www.combinationcarriers.com>) for further information and full report.
- Ship management — Providing technical and commercial ship management services as well as project services with KCC as the main customer. The business area, organized under the legal entity Klaveness Ship Management AS (“KSM”), also involves employment of crew sailing on KCC vessels. The crew are nationals from the Philippines, South Africa, Poland, Romania, and the Czech Republic.
- Dry bulk commercial vessel operations and pool management — Delivering freight and management services to cargo- and vessel owners through Klaveness Dry Bulk AS (“KDB”) and subsidiaries.
- Digital logistics solutions for ocean freight by Klaveness Digital AS — Using the latest advances in machine learning and artificial intelligence.
- Klaveness AS provides shared services to all Klaveness companies including administration, finance, legal, IT and HR through offices in Oslo and Manila.

For further details regarding the operations of Klaveness, please refer to the published consolidated financial statements and Board of Directors report for 2022 (<https://www.klaveness.com/about-us#financials>).

Policies, governance, and training

As stated in the Klaveness Code of Conduct (“CoC”) available on the company web site:

- Klaveness supports and respects the protection of internationally proclaimed human rights as set out in the fundamental principles of the Universal Declaration

of Human Rights and the core international human rights treaties. Klaveness strives to avoid causing or contributing to adverse human rights impacts through our business activities and address such impacts if and when they occur.

- Klaveness supports and respects internationally recognized labour rights as set out in the fundamental ILO conventions, including the freedom of association and the right to Collective Bargaining Agreements within national laws and regulations, and we support i) the elimination of all forms of forced and compulsory labour; ii) the effective abolition of child labour; and iii) the elimination of discrimination in respect of employment and occupation.

We expect those who do business with us (our “Counterparties”) to implement the principles described in our Counterparty Code of Conduct (“CCoC”) in their businesses or have at least equivalent standards adopted and conduct their business in accordance therewith. The CCoC is also available on the Klaveness web site. Klaveness includes a clause referring to Klaveness’ expectations with a reference to its CCoC in contracts where this is relevant.

The Code of Conduct and the Counterparty Code of Conduct have been approved by the Board of Directors and were updated in 2022. Other Compliance Program policies and guidelines were also updated during 2022 and mandatory online training and dilemma training for all Klaveness employees were conducted during the year.

Risk mapping and due diligence

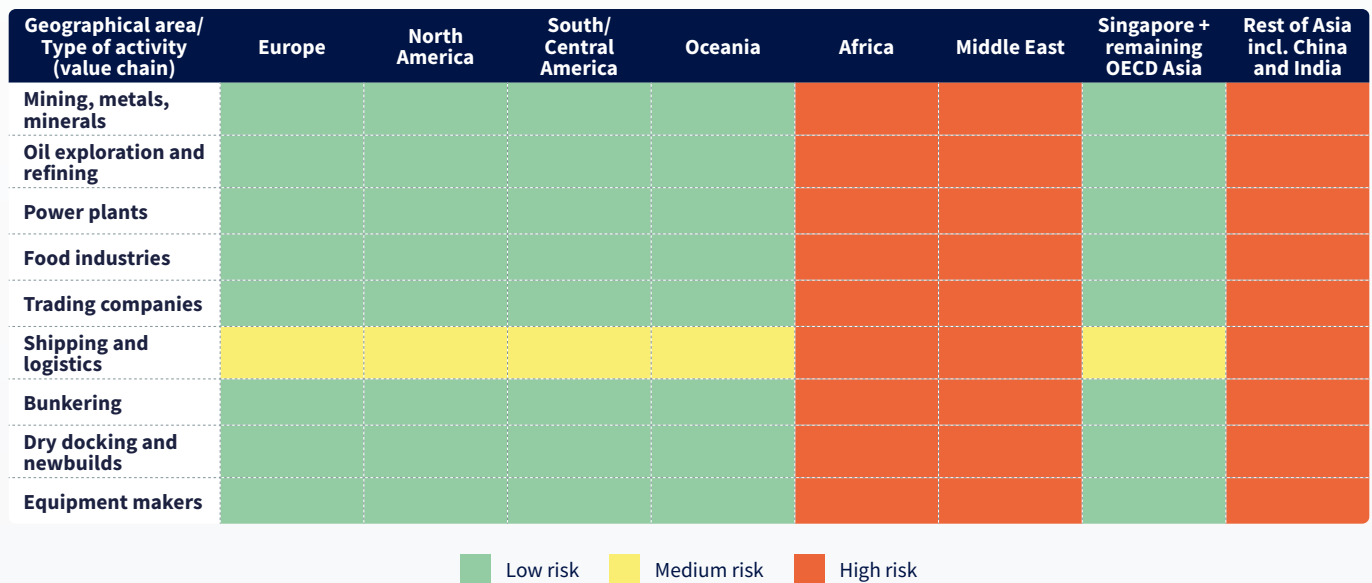
Klaveness’ Know Your Counterparties Procedures (“KYC Procedures”) include sanctions checks, business ethics checks and credit rating of all counterparties, the latter being subject to the existence of credit risk. Counterparties are assessed before any contracts are entered into, and the assessments are renewed annually, at minimum. Klaveness will also take measures to independently investigate the risk of non-compliance with the CCoC by our counterparties.

Prior to the implementation of the Transparency Act in 2022, a heatmap identifying high-risk areas for human rights violations and substandard working conditions based on geographical areas and activities/value chains was implemented. The heatmap was established based on workshops involving employees in the Klaveness organization covering a wide range of business functions such as bunkering, technical management, procurement, operations, chartering, legal, finance, and risk management. The map will be evaluated on an annual basis. Based on the heatmap, additional due diligence checks are performed whenever high degrees of risk are involved. Our KYC questionnaire used when assessing counterparties was also expanded, requiring information about counterparties’, customers, suppliers, and sub-contractors.

Special concerns related to specific counterparties and/or their value chains uncovered through the risk mapping and due diligence, are considered by a Business Ethics Committee (“BEC”). The BEC recommends measures based on the severity of their findings, such as abstaining from entering new business, starting a dialogue with the

relevant counterparties, or establishing other preventive or mitigating measures. The CEO of Rederiaksjeselskapet Torvald Klaveness, who is a member of the BEC, utilizes the advice from the BEC and takes the final decision on the matter, or refers the matter to the Board of Directors.

Human rights and working conditions risk map



Main risks and risk management

Based on the heatmap, Klaveness’ assessment of main risks and risk management in 2022 has focused on vessel operations and ship management as well as KYC procedures towards our commercial counterparties.

Klaveness did not detect human rights violations or substandard working conditions in our own operations in 2022. Safety is priority number one for Klaveness. Lost Time Injury Frequency (“LTIF”) for the fleet’s crew in 2022 was 0.3, within the target of <0.5. In addition to safety, securing good crew salaries, as well as health and wellbeing, are priority areas for Klaveness. Klaveness furthermore pays particular attention to working conditions and ESG track records of yards eligible for delivering dry docking services and newbuilding contracts. Based on issues identified through the KYC Procedures and measures recommended by the BEC, 15 potential counterparties were excluded in 2022 due to business ethics concerns ranging from Russian/Belarusian affinity to environmental issues, beaching of vessels (non-Hong Kong Convention compliance), and activities in occupied areas. Klaveness reached out to a double-digit number of counterparties regarding potential environmental or human rights violations, or with an ambition to impact their policies, e.g., related to ship recycling, with some positive feedback.

During 2023, Klaveness will focus on improving the due diligence procedures for high-risk areas with focus on shipyards and procedures to prevent, cease, or mitigate human rights violations and substandard working conditions.

Whistleblowing mechanism

Klaveness promotes a culture of openness and transparency and encourages whistleblowing regarding blameworthy activities or circumstances within its business. Employees and others who have reason to believe that there are blameworthy activities or circumstances within Klaveness’ business have the right to and are encouraged to whistleblow; and the whistleblower shall be protected against retaliation because of such whistleblowing.

Klaveness has an external whistleblowing channel available on the Klaveness website for both employees, crew, and external parties. The receiver of whistleblowing from employees and external parties is the Chief Compliance Officer (“CCO”) in Klaveness. The receiver of whistleblowing from crew is the designated person ashore (“DPA”) in KSM. The CCO periodically reports to the Klaveness Board of Directors about notifications related to Klaveness regardless of where the whistleblowing originates.