

Transparency Act 2024

KCC 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 requirement applies to Klaveness Combination Carriers ASA (“KCC”), KCC Shipowning AS (“KCCS”), KCC Chartering AS (“KCCC”) and KCC Bass AS (“KCCB”) as the companies are resident in Norway and each has consolidated total assets of more than NOK 35 million, combined with consolidated revenue of more than NOK 70 million. KCCS, KCCC and KCCB are owned 100% by the holding company, KCC, together defined as the “KCC Group”.

The KCC Group has offices in Oslo, Norway, and Singapore and in addition purchases services from subsidiaries of Rederiaksjeselskapet Torvald Klaveness located in the Philippines and Dubai. The crew are from the Philippines, South Africa, Poland, Romania, and The Czech Republic and are employed on contracts with the ship manager, Klaveness Ship Management AS (“KSM”). Even though not directly employed by the KCC Group, the crew is considered to be part of KCC’s own operations, and hence not a part of the value chain, for Transparency Act assessment purposes.

The KCC Group owns and operates 16 combination carriers that are employed globally, currently with main trading areas in the Far East, Middle East, Australia, India, and South- and North America. Drydocking of vessels every 2-3 years are mainly performed in China and KCCS ordered three vessels from Chinese yard in 2023, to be delivered in 2026. Cargo transported are caustic soda solution, alumina, and bauxite to the alumina industry (31%), clean petroleum products and coal (35%), iron ore (16%), agricultural products (7%) and other (12%)¹. KCC is part of the value chains in industries such as energy, food, and mining, metals, and minerals, whereof risk related to violation of human rights and decent working conditions are present.

1) 2023 figures. Other cargoes include naphtha and condensate to the petrochemical industry.

Policies, governance and training

As stated in KCC’s Code of Conduct available on KCC’s web site and applicable for all companies in the KCC Group:

- KCC 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. KCC strives to avoid causing or contributing to adverse human rights impacts through our business activities and address such impacts if and when they occur.
- KCC 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; iii) the elimination of discrimination in respect of employment and occupation.

Risk mapping and due diligence

KCC’s Know Your Counterparties Procedures (“KYC Procedures”) applicable for all companies in the KCC Group include sanctions checks, business ethics checks and credit rating of all 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 established. Based on the heatmap, additional due diligence checks are performed whenever high risks are involved. The due diligence questionnaire used when assessing counterparties was as well expanded requiring information about counterparties’ suppliers and sub-contractors. Special concerns related to specific counterparties and/or their value chains uncovered through the risk mapping and due diligence, are assessed by a Business Ethics Committee (“BEC”). The BEC recommends measures based on the severity of the findings, such as abstaining from entering new business, start a dialogue with the relevant counterparties or establish other preventive or mitigating measures.

The heatmap was established based on several workshops involving employees in KCC and the wider Torvald Klaveness system 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 a regular basis, next time in 2024.

Human rights and working conditions risk map



Main risks and risk management

The KCC Group did not detect severe human rights violations or substandard working conditions in our own operations in 2023. Crew safety is priority number one for the KCC Group and the ship manager, KSM, and in 2023 the fleet experienced no major or medium injuries². In addition to safety, securing decent crew salaries and securing crew health and wellbeing are priority areas for the KCC Group. Terms and conditions in the crew’s Contract of Employment (“CoE”) are regulated by the Collective Bargaining Agreements (“CBA”) between the

Norwegian Shipowners’ Association (“NSA”) and the International Transport Workers’ Federation entities (“ITF”) in the respective countries and are as well covered by a special agreement with the ITF in Norway on behalf of beforementioned ITF entities. KSM is in addition Maritime Labor Convention (“MLC”) certified adding further beneficial conditions for seafarers onboard and their rights as employees. KSM has as well its own beneficial conditions for seafarers giving them additional benefits related to financial matters, competence development and wellbeing for sailors and their families.

2) 2023 figures. Other cargoes include naphtha and condensate to the petrochemical industry.

Based on issues identified through the KYC Procedures and measures recommended by the BEC, four new potential counterparties (applicable for the KCC Group and/or other Klaveness companies) were excluded in 2023 due to business ethics concerns related to human rights and working conditions. This was down from 15 in 2022. Several counterparties excluded in 2022, e.g., due to Klaveness’ policy on Russia, remain untradable on same grounds and more ship owners now commit to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships resulting in fewer companies being excluded from Klaveness business on this ground.

As stated in last year’s Transparency Act report, the KCC Group focused in 2023 on due diligence of shipyards and procedures to prevent, cease, or mitigate human rights violations and substandard working conditions related to the relevant yards.

Prior to signing the newbuilding contracts for the construction of three CABU newbuilds with a shipyard in China, KCC performed a due diligence in co-operation with an external advisor. The scope for the external advisor was to identify and assess whether entering into a business relationship with the shipyard: (i) exposed KCC to risk of violating applicable laws and international standards of ethical conduct, including related to human rights, anti-corruption, anti-money laundering and sanctions laws, and (ii) entailed actual or potential adverse impacts on fundamental human rights and decent working conditions with a particular emphasis on KCC’s obligations pursuant to the Norwegian Transparency Act. The investigations included, among other things, assessing information from the following key sources: (i) the shipyard through questionnaires and document requests, (ii) local/on the ground resources in China through a sub-contracted intelligence/investigation company and their local partner, and (iii) KCC/KSM internal sources having first-hand experience with the shipyard. The external advisor and their sub-contractor, in conducting the due diligence, inter alia followed principles of the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct, as referenced

by the Norwegian legislator in the Transparency Act and its preparatory works. The due diligence did not uncover any findings preventing KCC from entering into the shipbuilding contracts. However, certain monitoring and action points will be addressed through follow-up by the site team once present at the yard. KCC as well engaged an external advisor to carry out assessments as per the Transparency Act of two dry docking shipyards during 2023. KCC together with KSM defined the due diligence scope and had several follow-up discussions with the external provider. While the report did not uncover any findings preventing KCC from using the yards’ services, some action points have/will be followed up when KCC/KSM have people present at the yards.

In 2024, the KCC Group will together with Klaveness focus on updating the heat map and special efforts will be made to assess risks associated with loading and discharging activities as well as continue the work initiated in 2023 related to shipyards.

Whistleblowing mechanism

The KCC Group 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 the KCC Group’s business have the right to and are encouraged to whistleblow and the whistleblower shall be protected against retaliation because of such whistleblowing.

The KCC Group has an external whistleblowing channel available on the KCC website for both employees, crew and external parties. The receiver of whistleblowing from employees and external parties is the Chief Compliance Officer (“CCO”) in Torvald Klaveness. The receiver of whistleblowing from crew is the designated person ashore (“DPA”) in Klaveness Ship Management AS. The CCO notifies the KCC Audit Committee about whistleblowing notifications related to KCC independent of where the whistleblowing is coming from.

Oslo, 7 March 2024

Ernst Meyer Chair of the Board	Magne Øvreås Board Member	Brita Eilertsen Board Member
Winifred Johansen Board Member	Gøran Andreassen Board Member	Engebret Dahm CEO

