

Transparency Act Report 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”). The crew base is stable with a retention rate of 99% for 2024. Crew are classed as non-employees in the category S1 Own Workforce in line with the Corporate Sustainability Reporting Directive and in this Transparency Act Report.

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 a Chinese yard in 2023, to be delivered in 2026. KCC’s maintenance and operation of vessels as well as investments in the construction of vessels include products and services from industries and geographies with an inherent risk to workers’ rights. The inherent risks within KCC’s value chain could relate to working conditions and work-related rights or lack of health and safety systems and procedures resulting in accidents or incidents that result in injuries, ill health, or death.

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 addresses 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.

The KCC Group expects those who do business with us (our “Counterparties”) to implement the principles described in the Counterparty Code of Conduct (“CoCC”) in their businesses or have at least equivalent standards adopted and to conduct their business in accordance therewith. The CCoC is as well available on KCC’s web site. KCC includes a clause referring to KCC’s expectations with a reference to its CCoC in contracts when relevant.

The Code of Conduct and the Counterparty Code of Conduct have been approved by the Board of Directors. The Code of Conduct was updated latest in January 2025 with minor changes due to the sale of Klaveness Ship Management AS from Rederiaksjeselskapet Torvald Klavenes (majority shareholder of KCC), while the CCoC was updated latest in 2022. Compliance Program policies and guidelines are re-evaluated regularly or when new relevant regulations are implemented. There were no updates to compliance documents relevant for the Transparency Act in 2024.

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. The KYC Procedures seek to independently identify the risk that current and potential counterparties are not compliant with the CCoC. 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. The heatmap was evaluated and updated in 2024. Based on the heatmap, additional due diligence checks are performed whenever high risks are involved. The KYC 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.

Human rights and working conditions risk map

Low risk Medium risk High risk

Geographical area/ Type of activity/value chain	Europe	North America	South/ Central America	Oceania	Africa	Middle East	Singapore+ OECD Asia (Japan, South Korea)	Rest of Asia incl. China and India
Mining ,metals, minerals incl. alumina	Medium risk	Medium risk	Medium risk	Medium risk	High risk	High risk	Medium risk	High risk
Oil exploration and refining	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Power plants	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Food industries	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Trading companies	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Shipping and logistics (ship owners, ship management, operators etc.)	Medium risk	Medium risk	Medium risk	Medium risk	High risk	High risk	Medium risk	High risk
Ports and Agents (e.g., tug boats and stevedores)	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Bunkering (incl. barges)	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Dry docking and newbuilds (yards)	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk
Equipment makers	Low risk	Low risk	Medium risk	Low risk	High risk	High risk	Low risk	High risk

Main risks and risk management

The KCC Group did not detect severe human rights violations or substandard working conditions in our own operations in 2024. Crew safety is priority number one for the KCC Group and the ship manager, KSM, and in 2024 the fleet experienced no major or medium injuries¹. 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.

KCC has through the work with the Double Materiality Assessment (DMA) as part of the Corporate Sustainability Reporting Directive (CSRD) defined the following categories of workers in the value chain as being at an elevated risk level for exposure to negative impacts related to health and safety and other work-related rights:

- Workers at newbuilding-, maintenance- and recycling yards. KCC has ordered three vessels for construction in China and dry-docks several vessels for maintenance, repair and upgrading every year, mainly in China. Some of the human rights risks in the ship building industry in general are related to health and safety standards and procedures and tight timeframes that might detriment labor standards. The industry often employs temporary workers as part of the work force, which increases the risks of labor rights violations and exploitation and makes it harder to monitor workers' rights. Recruitment fees are also known to be used in the industry, resulting in increased risk of forced labor

- Visitors on board the vessels and workers in port or in relation to port- and bunkering activities. The vessels are operated globally, with main discharge and loading areas currently being Far East, Middle East, Australia, India, South America and the US. Main bunkering areas are Fujairah, US Gulf, Argentina/Brazil, Singapore and China. KCC requires all direct counterparties to accept our Counterparty Code of Conduct or to have equally strict polices including requirements to their suppliers. KCC's customers and bunkers suppliers are mainly large international companies with equally or stricter standards and we have not experienced any accidents or discovered any reprehensible conditions in relation to our activities over the last years. However, it is likely that human rights risks related to health and safety and general labor standards are inherent in these activities in some areas where KCC operates. Further information is needed in order to better understand potentially relevant risks in this part of the value chain.
- Workers of outsourced services such as supervision, project management and ship management services (performed mainly by KSM). The workers are mainly employed in KSM, a company incorporated in Norway and owned by Rederiaksjeselskapet Torvald Klaveness in 2024. KSM as well hires consultants for specific projects, when in lack of the necessary competence or due to shortness of resources. Consultants hired directly by KSM/KCC are hired based on Norwegian regulations. If consultants are hired through manning agencies or structures in other countries, it is a requirement that the manning agency accepts KCC's Counterparty Code of Conduct.
- Workers extracting and refining raw materials for vessel construction and maintenance (mainly steel) and vessel operation (mainly bunkers). The steel is sourced by the yard and bunkers are sourced by the bunkering company. KCC has less detailed knowledge of the working conditions and human rights for second-, third-tier etc supplier workers. Globalized and fragmented raw material supply chains present challenges to monitoring and risk awareness. Lack of transparency and visibility in these supply chains make it difficult to identify and track responsibility related to human rights and working conditions. The lack of transparency is an indicator that this part of the value chain could represent a high-risk area when it comes to human and labor rights.

Based on issues identified through the KYC Procedures, 26 potential counterparties were excluded from business with the KCC Group and/or other Klaveness companies during 2024. About half of the cases related to lack of transparency in ownership information, while the second largest group (approx. 38%) were excluded due to sanctions and/or affiliation with Russia. No new counterparties were excluded on grounds of business ethics concerns related to human rights and working conditions in 2024, compared with four in 2023 and 15 in 2022. However, several companies having been excluded previously retain the status, pending improved ESG performance.

In 2024, all port agents were screened without material finding and in 2025, the KCC Group will together with Klaveness work to better understand risks related to human and worker rights in relation to port- and bunkering activities and the potential for KCC to impact and or mitigate potential risks. Due diligence did not uncover any findings preventing KCC from entering into the shipbuilding contracts in 2023. However, certain monitoring and action points will be addressed by the site team and internal resources or external consultants in co-operation with KCC in 2025 and until delivery of the vessels in 2026.

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.

KCC Shipowning AS, KCC Chartering AS and KCC Bass AS
Oslo, 3 March 2025

¹) Major injuries = Fatality or permanent disability preventing return to work, medium injuries = Medical treatment and repatriation, will return to work.