



FRANZEF OSS MINERALS

REPORT PURSUANT TO THE NORWEGIAN TRANSPARENCY ACT

Franzefoss Minerals AS

Verdalskalk AS

NorFraKalk AS

27 June 2024

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1. FRANZEFOSS MINERALS – 2023 REPORT PURSUANT TO THE NORWEGIAN TRANSPARENCY ACT

1.1. Introduction

Each year, Franzefoss Minerals must carry out due diligence assessments in accordance with the Norwegian Transparency Act and publish an account of its findings.

The purpose of the Norwegian Transparency Act is to promote enterprises' respect for fundamental human rights and decent working conditions.

This report also covers the subsidiary Verdalskalk AS and the affiliate NorFraKalk AS.

1.2. Contact information

Enquiries about this report can be addressed to:

Franzefoss Minerals AS
Group CEO Hanne Markussen Eek
apenhetsloven@kalk.no

1.3. Duty of disclosure

Franzefoss Minerals' head office is located at Olav Ingstads vei 5, 1309 Rud, Norway, and the company is domiciled in Norway.

Franzefoss Minerals is a family-owned company and has a duty of disclosure¹ pursuant to the criteria set out in the Norwegian Transparency Act.

2. FRANZEFOSS MINERALS' OPERATIONS

2.1. Organisation and area of operation

Franzefoss Minerals is a 100 per cent family-owned company that owns 55 per cent of the shares in Verdalskalk and 50 per cent of the shares in NorFraKalk.

Franzefoss Minerals manufactures and sells products based on limestone and dolomite from its own resources, those of its subsidiaries and from partners within Norway and internationally. In addition, the company provides transport services and application solutions relating to its products.

All the group's companies make use of a shared staff function and quality management system.

All reporting companies are certified in accordance with ISO 9001 and ISO 14001.

2.2. Internal guidelines

Franzefoss Minerals has internal guidelines that direct how we work on human rights and decent working conditions. These guidelines cover our work to comply with the requirements of the Norwegian Transparency Act.

¹ See Sections 2 and 3 of the Norwegian Transparency Act.

The guidelines are supported and adopted by the Board of Directors. They are communicated to all employees and are made available in our quality management system (TQM). We will continue to provide regular information about the Norwegian Transparency Act and our related guidelines.

The guidelines describe how due diligence assessments are carried out and measures are assessed. They also contain information about our whistleblowing channels, the purpose of which is to help uncover any negative consequences for fundamental human rights and decent working conditions connected with the company’s activities, and establish how such information is to be followed up.

2.3. Objective and progress

2.3.1. Overall description of goals and progress

We continuously perform risk assessments on our activities and business connections.² We also work continuously to implement measures aimed at meeting the group’s goals and objectives. See Sections 3 and 4 of this report for guidance on the work performed in the reporting year.

2.3.2. Achievement of goals from previous report

Last year’s report outlined the goals we set for ongoing work in this area.

Goal	Achievement
We will further develop our due diligence assessment based on the experience we gain.	We have reflected on the due diligence assessments completed and the responses received from the business connections that have been subject to further investigation. However, we have not yet drawn any conclusions as to changes we must make to improve our current setup. This work will therefore continue in the next reporting year.
We will enhance internal expertise in the area of sustainability and responsible procurement.	The new reporting requirements have generally been resource intensive. Internal expertise regarding the Norwegian Transparency Act and what it involves has increased during the reporting year. However, new procedures concerning responsible procurement have not yet been introduced. Work on this topic will therefore also continue in the next reporting year.

2.3.3. Goals for the coming year

We have set ourselves additional tangible goals for the future.

Goal	Status
We will further develop our due diligence assessment based on the experience we gain. We will focus particularly on the questions that should be asked of	Ongoing

² “Suppliers” and “business partners” are defined terms in the Norwegian Transparency Act, see Section 3(1)(d) and (e). The term “business connections” is used as a collective term for these two groups.

Goal	Status
business connections requiring further investigation and on the interpretation and classification of their responses.	
We will enhance internal expertise in the area of sustainability and responsible procurement.	Ongoing
We will establish guidelines and tools for monitoring and assessing agencies that arrange sea transport from global suppliers.	Not started

3. DUE DILIGENCE ASSESSMENT

3.1. Overall focus of the due diligence assessment – methodology

Franzefoss Minerals regularly assesses the risk that its commercial activities and business relationships may be having a negative impact on fundamental human rights and decent working conditions.² We continuously monitor incidents of human rights abuse and failure to provide decent working conditions in connection with our activities..

We use a digital platform developed by Ignite Procurement AS to monitor such violations. This platform simplifies the implementation of due diligence assessments in line with the requirements of the Norwegian Transparency Act. The platform has provided us with a systematised overview of first-tier suppliers, business partners and other known subcontractors. Based on this overview, the platform has been used to make initial assessments of the risk of negative impact on fundamental human rights and decent working conditions. The steps of this assessment are as follows:

1. Data on our largest suppliers is obtained from our ERP system. An overview is created of our first-tier suppliers and business partners (based on a turnover of NOK 200,000 or more).
2. Other known business partners and subcontractors that we want to examine more closely are manually entered into the platform. The platform is used to keep our list of first-tier suppliers continuously updated.
3. Supplier information is added to the platform by means of third-party collaboration with ENIN and Infobel.
4. As part of the risk assessment process, we use the platform to send out customised questionnaires to specific business connections in order to obtain further information. We use the platform to request documentation and certifications from first-tier suppliers, business partners and other known subcontractors.
5. Based on any findings from point 4, we consider what steps should be taken to investigate possible negative consequences for fundamental human rights and decent working conditions. We then implement measures in those areas where the degree of severity³ and probability of harm are greatest and where we have the highest possibility of influencing a positive development. The prioritisation is based on our association with and

³ The degree of severity is determined by the scale of the risk (the degree of severity of the negative consequence/impact), scope (the number of people affected by the negative consequence) and the possibility of remedial action (any limitations in the possibility of restoring individual persons/groups to a situation similar to the one that existed prior to the occurrence of the harm).

responsibility for the risk, and must be commensurate with the size, nature and context of the business activities.

6. We involve stakeholders, suppliers and business partners in the implementation of measures.

The platform's analysis tool (interactive Dashboard) makes it possible to prepare analyses of the supply chain based on supplier data, the result of the risk classification and information obtained from the supply chain. Section 3.3 below includes the following information generated by the platform's analysis tool:

- Number of first-tier suppliers and business partners
- The country or geographical area where each of our suppliers is located

The due diligence assessment relating to our activities and business relationships will be based on relevant conditions such as the following:

- Franzefoss Minerals' operational context
- Franzefoss Minerals' business model
- Position in the supply chain
- Type of product or service

3.2. Supply chain⁴ and business partners

Franzefoss Minerals had commercial relationships with 197 first-tier suppliers/business partners during the reporting year. A breakdown of our suppliers by geographical location and sector (NACE code) is presented in Table 1.

Table 1: Breakdown of the company's suppliers by country and sector

Sector	NO	SE	DK	FI	DE	UK	TOTAL
Land transport	36	1		1			38
Agency activities	24		2				26
Agriculture	22						22
Specialised construction	21						21
Warehousing services	10			1			11
Mining and quarrying	7	1		1			9
IT services	7	1					8
Financing and insurance	7						7
Mineral production	5	1					6
Technical consultancy	5		1				6
Repair of machinery	5						5

⁴ "Supply chain" means any party in the chain of suppliers and subcontractors that supplies or produces goods, services or other input factors included in an enterprise's delivery of services or production of goods from the raw material stage to the finished product, see Section 3(d) of the Norwegian Transparency Act. With reference to the proportionality limitation in the Norwegian Transparency Act, see Section 4(2), the review will be limited to first-tier suppliers and specific subcontractors.

Sector	NO	SE	DK	FI	DE	UK	TOTAL
Manufacture of machinery		1	1		1		3
Supply of electricity	3						3
Manufacture of metal products	2		1				3
Forestry	2						2
Repair of vehicles	2						2
Real estate	2						2
Other business support	2						2
Sea transport	1					1	2
Waste recovery	2						2
Property management	2						2
Legal services	2						2
Publishing activities	2						2
Air transport	1						1
Residential construction	1						1
Remediation services	1						1
Telecoms	1						1
Manufacture of food products	1						1
Education	1						1
Leasing	1						1
Public administration	1						1
Chemicals industry	1						1
Organisations	1						1
Plastics industry	1						1
TOTAL	182	5	5	3	1	1	197

3.3. Due diligence assessments of Franzefoss Minerals' products and services

Franzefoss Minerals' activities primarily relate to the extraction of raw materials, logistics and the further processing and sale of limestone and dolomite. The products come from the company's own resources, those of its subsidiaries and from partners within Norway and internationally. In addition, Franzefoss Minerals provides application solutions relating to the products.

The products are sold for various purposes and applications within agriculture, water and sewage treatment, building and construction, and a range of industrial processes, both domestically and abroad.

Franzefoss Minerals has a central laboratory that performs production and end-product tests for all the companies in the group.

3.3.1. Extraction of raw materials and further processing

The extraction of raw materials and further processing are primarily performed by our own employees. Some sites employ subcontractors for operations relating to drilling, blasting and servicing. Input factors procured from suppliers include:

- Electricity
- Diesel, oil and lubricants
- Explosives
- Mechanical equipment, engines etc.
- Rolling equipment, wheel loaders, dump trucks, excavators etc.
- Crushers, screeners, conveyor belts etc.

The risk of poor working conditions and human rights abuses at suppliers related to these activities is considered to be low to medium. Such risk primarily relates to the safety of employees, as the work processes often involve close contact with heavy machinery and equipment.

3.3.2. Logistics and sales

The extraction of raw materials and further processing are primarily performed by our own employees. Some sites employ subcontractors for operations relating to drilling, blasting and servicing. Logistics services include:

- Land transport by road
- Sea transport
- Lime spreading services

The risk of poor working conditions and human rights abuses at suppliers related to these activities is considered to be low to medium. Such risk primarily relates to the safety of employees, as the work processes often involve close contact with heavy machinery and equipment.

We have obtained information in connection with due diligence assessments on our suppliers.

To date, we have not discovered any poor working conditions or human rights abuses.

3.4. Results of the due diligence assessment

A risk profile of the company's suppliers has been prepared in accordance with the classification rules for country (geographic risk) and industry (sector risk), which together provide a social risk. The suppliers are assessed as having a high, medium or low risk of negatively impacting fundamental human rights and decent working conditions.

Table 2 breaks down our suppliers by their predefined geographic risk. One company is classified as having high risk.

Table 2: Breakdown of suppliers by geographic risk

	UK	Norway	Denmark	Sweden	Finland	Germany
Number of suppliers	1	182	5	5	3	1

Table 3 breaks down our suppliers by their predefined sector risk. The reason why certain sectors appear in multiple risk classes is that different sub-groups of the sectors shown here have differing risk profiles. A total of 45 companies (23 per cent) are classed as having a high risk profile, and 97 companies (49 per cent) with a medium risk profile. As we have determined that the predefined initial risk is not necessarily accurate, it has been necessary for us to assess each company individually.

Table 3: Breakdown of suppliers by sector risk

	High	Medium	Low
Specialised construction	17	4	
Mining and quarrying	9		
Agency activities	5		21
Agriculture	4	18	
Supply of electricity	2		1
Waste recovery	2		
Forestry	2		
Residential construction	1		
Chemicals industry	1		
Remediation services	1		
Plastics industry	1		
Land transport		38	
Warehousing services		11	
Mineral production		6	
Repair of machinery		5	
Manufacture of machinery		3	
Manufacture of metal products		3	
Property management		2	
Real estate		2	
Sea transport		2	
Other business support		1	1
Manufacture of food products		1	
Telecoms		1	
IT services			8
Financing and insurance			7
Technical consultancy			6
Publishing activities			2
Legal services			2
Repair of vehicles			2
Air transport			1
Public administration			1

Organisations			1
Education			1
Leasing			1
Total	45	97	55

In addition to the predefined geographic and sector risk, we have also made our own assessments of individual suppliers, as well as of sectors and geographical areas.

Following an assessment of the total risk picture of the 197 suppliers, we identified 61 companies that we wished to investigate further. These were all sent digital questionnaires that we had created. We received 31 responses (51 per cent) (see Table 4).

Table 4: Scope of suppliers for further follow-up

	Number of suppliers	Further investigations	Responses
High	45	30	18
Medium	97	27	12
Low	55	4	1
TOTAL	197	61	31

The provisional result of the due diligence assessments shows that, during the reporting year, the risk of human rights abuses or failure to provide decent working conditions in the first tier of our supply chain was low.

Further down the supply chain, the risk of human rights abuses or failure to provide decent working conditions is deemed to be medium. This is primarily due to risks relating to sea transport. We will pay further attention to this in the coming reporting year, and will establish tools for more in-depth follow-up.

4. MEASURES TO STOP, PREVENT OR LIMIT NEGATIVE CONSEQUENCES

Apart from the company’s monitoring activities, no specific measures were implemented vis-à-vis suppliers in the reporting year.

At a more overall level, Franzefoss Minerals supported various charitable organisations throughout the year by means of both regular donations and extra support during acute humanitarian crises.

During 2023, the company supported Save the Children and the Church City Mission.

We will work continuously to monitor any measures taken, their implementation and their results. Ultimate responsibility for monitoring the implementation and results of any measures taken lies with the CFO of Franzefoss Minerals.

On the basis of these measures, we have created an action plan for restoration work, which we keep updated. The action plan follows the format outlined in section 3.

5. COMMUNICATION WITH AFFECTED STAKEHOLDERS AND RIGHTS HOLDERS

To date, we have not discovered any violations of human rights or failure to provide decent working conditions in the reporting year, nor have we discovered any material risk thereof.

6. RESTORATION AND COMPENSATION

Franzefoss Minerals has not discovered any cases requiring restoration in the reporting year.

Rud, 27 June 2024



Hanne Markussen Eek

Group CEO



Gunnar Markussen

Board Chair