



KYSTRUTEN

Human Rights and Transparency Act

Report 2022

1 ABOUT THE TRANSPARENCY ACT

The new Norwegian Transparency Act entered into force on 1 July 2022. According to the Transparency Act, larger enterprises are required to carry out due diligence of fundamental human rights and decent working conditions. The Transparency Act is based on the UN's Guiding Principles on Business and Human Rights (UNGPs) and the OECD's guidelines for multinational companies.

2 ABOUT HAVILA KYSTRUTEN

Havila Kystruten is a Norwegian coastal cruise company that sails the classic coastal voyage between Bergen and Kirkenes with the Norwegian coast's most environmentally friendly ships. Our company only operates in Norway but has suppliers from several European countries. Havila Kystruten is part of the Havila Group, which dates back to the 1950s. It all started when our founder Per Sævik bought his first fishing boat in his teens, and from fishing and herring fishing, Havila Group is now operating in shipping technology, offshore, transport and tourism. We are headquartered in the small coastal town of Fosnavåg on the west coast of Norway. Havila Kystruten is a privately owned company listed on Euronext Growth (ticker: HKY).

3 GUIDELINES AND ROUTINES

Business ethics derive from transparency, objectivity, reliability, honesty, and prudence. These are all values that Havila Kystruten adheres to. Our company's operations depend on the ability to maintain high ethical standards, and to create trust-based relationships with stakeholders. We believe that the full respect of human rights is the best context to develop our operations, and that our commitment to ethical business conduct results from our values more than from our legal obligations; we understand that implementing ethical principles adds value and competitiveness to the organisation.

We are committed to develop an organisational culture which implements a ethical standard that is supported by internationally recognised human rights and seek to avoid complicity in human rights abuses. Havila Kystruten is committed to meeting our responsibility to respect human rights as defined by:

- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The Norwegian Transparency Act

Additionally, several guidelines and routines have been created for handling actual and potential negative consequences for basic human rights and decent working conditions.

3.1 Code of Conduct & Human Rights Policy

Havila Kystruten has newly implemented a Code of Conduct which will clearly communicate our ethical guidelines, including a policy on human rights which has been approved by the board. All employees are expected to familiarise themselves with, understand and comply with the principles laid out in our Code of Conduct. The company will arrange for ethical training for all employees based on the contents of the Code of Conduct. The current human rights policy is also available on our website.

3.2 Supplier Code of Conduct

The company has developed a Supplier Code of Conduct which will set clear expectations for all suppliers and business partners regarding ethical conduct. The Code of Conduct for suppliers and business partners, together with Havila Kystruten's procedures for conducting due diligence, is established to limit any risk of working with business partners that does not respect human rights and decent working conditions in connection with the production of goods and the provision of services.

3.3 Whistleblowing policy

The company has developed internal procedures for reporting irregularities, and all conditions that give rise to ethical issues should be reported to an employee's closest line manager or the safety representative. Havila Kystruten has also established a whistleblowing channel available on the company's website for anonymous reporting.

3.4 Process to remediate negative impacts

In addition to working together towards a sustainable future, the sustainability programme has the intention to reduce risks associated with disruption to supply, damage to reputation, inconsistency in the quality of products and services, and loss of market share and reduction of share price and profits. The way we work systematically towards this is:

1. Ensure accountability in policies and management systems
2. Monitor and assess negative impact/risk based in the enterprise itself, supply chains and business partners
3. Stop, prevent, or reduce negative impact/risks
4. Supervise implementation and results
5. Communicate with direct parties concerned and rights holders on how the impact is handled

3.5 Policy for handling requests about the Transparency Act

In accordance with the requirements of the Transparency Act, everyone has the right to receive information about how Havila Kystruten prevents and handles potential negative consequences and impacts on human rights and decent working conditions. A process has been created to secure a consistent internal handling of requests relating to the Transparency Act. Havila Kystruten's CEO has the overall responsibility to deal with all incoming requests and will, in collaboration with other relevant functions, handle the request in accordance with the established routines.

3.6 Responsibility of the board and management regarding human rights

Together with Havila Kystruten's management, the Board of Directors are also responsible for decision making and supervision of the company's impact on the economy, environment and people, conducting due diligence and evaluating the efficiency of implemented actions. This is done in Board meetings, and when approving the contents of the annual sustainability- and human rights report.

4 RISK ASSESSMENT

Havila Kystruten regularly carry out human rights' due diligence of all suppliers. In the due diligence process, we focus on identifying, assessing, preventing, and reporting potential and actual negative impacts to human rights in our supply chain. The following risk areas have so far been detected and are being assessed and followed-up on a regular basis:

- Terms of employment
- Wages and workhours
- Health and safety
- Privacy
- Pollution
- Use of toxic or hazardous chemicals
- Gender-based discrimination
- Sexual harassment

COMPANY STRUCTURE L1 (SPEND)	HUMAN RIGHTS RISK L1	GROUP SPEND	SHARE OF SPEND COMPANY 2022	GROUP # SUPPLIERS	SHARE OF SUPPLIERS COMPANY 2022
Havila Kystruten Operations AS	Low	422M	84.8%	361	65.1%
	Medium	55.9M	11.2%	86	14.7%
	Not classified	7.07M	1.42%	72	13.2%
	High	8.66M	1.74%	18	3.31%

5 PERFORMANCE

The company has not detected and has not received any reports about possible human rights violations or other ethical breaches in the reporting period.

KPI	2022
Percentage of suppliers that were screened using social criteria	98.6%
Number of suppliers assessed for social impacts	465
Number of suppliers identified as having significant actual or potential negative social impacts	0%
Percentage of suppliers identified as having significant actual or potential negative social impacts with which improvements were agreed upon as a result of assessment	0%
Percentage of suppliers identified as having significant actual or potential negative social impacts with which relationships were terminated as a result of assessment	0%

6 GOING FORWARD

The company will strengthen its due diligence process in 2023 by taking the following steps:

1. The ESG team will define a 1st layer risk assessment for suppliers: A traffic light system for relevant suppliers by country (following the Human Rights Index) and industry sector risk (own assessment) will be established.
2. The ESG team will develop a list of actual and potential human rights risks among our suppliers and define a pass/ no pass scoring system based on this list.
3. Under our Supplier Sustainability Programme, all suppliers will receive an ESG questionnaire. Our target is to cover 80% of the company's previous financial year spending.
4. No immediate actions are required among suppliers with a low human rights risk score.
5. Suppliers with a medium human rights risk score will be required to reply to our ESG questionnaire and sign the Supplier Code of Conduct.
6. Suppliers with a high human rights risk score will be required to reply our ESG questionnaire and sign the Supplier Code of Conduct. In addition, the company will need to conduct a more detailed human rights risk assessment before we can continue doing business with said supplier.

Additionally, the following goals and targets have been set:

- Further implement our Supplier Code of Conduct
- Implement our Supplier ESG Questionnaire
- Identify and assess human rights risks in our supply chain
- Further develop the Supplier Sustainability Programme
- Obtain ISO 9001:2015 (quality) certification