

Due Diligence Report for Dynea AS

The Norwegian Transparency Act

Period of reporting: 01.01.2023 - 31.12.2023

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Preface

Dynea is committed to follow the Norwegian Transparency Act regulations and to work towards a more sustainable world following UN Sustainable Development Goals. We strive to maintain high ethical and moral standards in everything we do. The relationship to our suppliers is an important part of our business and we want to ensure that we operate the supply chain in a responsible way. This document is describing how we evaluate, and how we work with this.

- *Tarje Braaten, CEO & Managing Director*



1. Background

This document describes Dynea's process for due diligence assessments in accordance with the Norwegian Transparency Act. The Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) is a Norwegian law that entered into force 1. July 2022. The law requires a range of larger enterprises to work to avoid and address adverse impacts on people and society. In addition, enterprises must be transparent about their work with the general public and provide information to anyone who requests it. According to paragraph 4, companies are required to perform due diligence assessments in line with the OECD Guidelines for Multinational Enterprises¹.

Business structure

Dynea AS is a Norwegian limited liability company, with revenue of 1 696.7 MNOK and 227 employees in 2023. The company is owned by Eltek Holding AS, which is a private investment company based in Norway. Dynea's main production site is located in Lillestrøm in Norway, and with additional production sites in Hungary and Denmark. Dynea's organisational structure per 1. July 2024 is presented in *Figure 1*.

Dynea is certified according to ISO 9001: *Quality management*, ISO 14001: *Environmental management*, and ISO 50001: *Energy management*.

Dynea Organisation

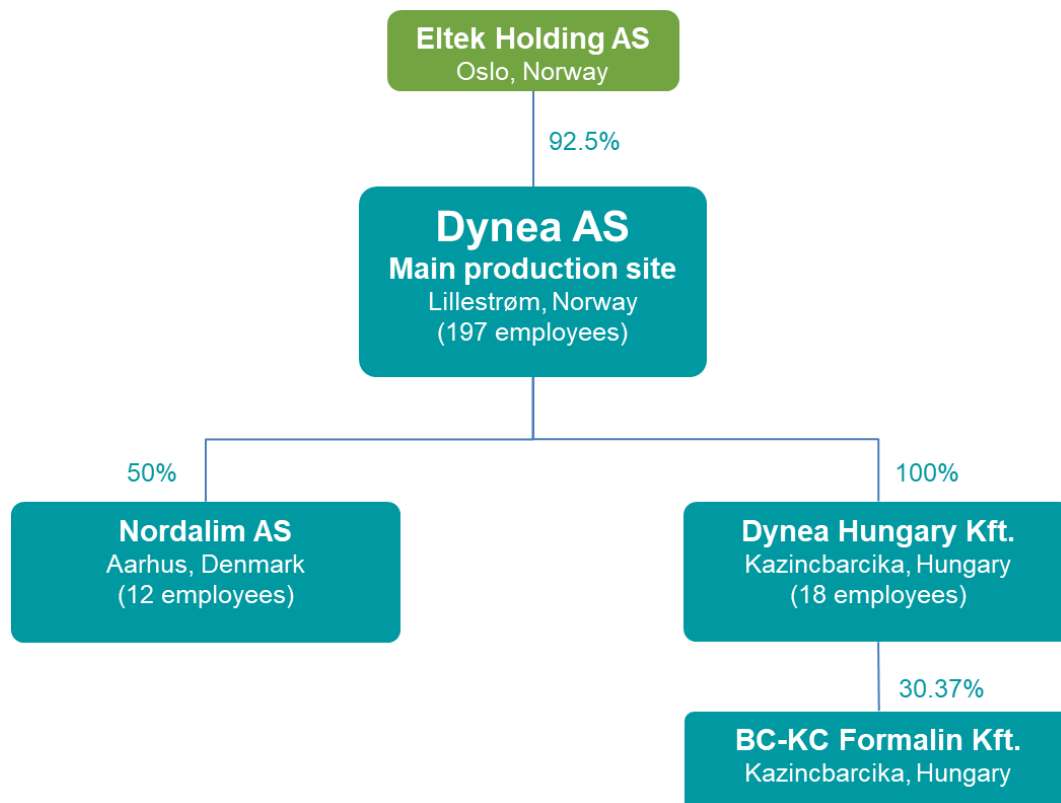


FIGURE 1 – BUSINESS ORGANISATION OF DYNEA AS

¹ [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD iLibrary \(oecd-ilibrary.org\)](https://oecd-ilibrary.org/)

Products, services and market

Dynea predominantly serves customers in Europe, with 90% sales within the region. 30% of the European customers are located in Norway. Operating on a business-to-business (B2B) model, Dynea provides innovation, development, production, sales and delivery of:

- Wood adhesive solutions, technologies and services
- Industrial coating additives
- Specialty polymers and raw materials
- Design and licensing of technology for formaldehyde plants and technical services

In addition, Dynea offer commercial services including tank cleaning, analytical- and chemical regulatory services, and other industrial area operations including waste-water treatment and steam production.

Dynea's supply chain is critical to its operations, with key raw materials sourced primarily from Europe.

2. Anchoring of accountability

Policies

Dynea's accountability is anchored in the following policies:

- [Code of Conduct](#)
- [Supplier Sustainability Code of Conduct](#)
- [Health, Safety, Environment, Quality and Energy \(HSEQE\) Policy](#)
- [Privacy Policy](#)
- [Sustainability Policy](#)

These are publicly available at www.dynea.com.

Integrated in the business

Dynea's work to ensure fundamental human rights and decent work in the supply chain is an integral part of the company's overall strategy, and the follow-up work is integrated into the business. The Supply Chain Manager is responsible for overseeing compliance with the Norwegian Transparency Act at Dynea.

Dynea's overall strategy and social mission

Dynea will sell responsibly, with a social mission and existence based on sustainability. Sustainability is part of the company's overall strategy and a central aspect of its operations.

Dynea have committed to working towards achieving the UN Sustainable Development Goals. Given the position as a global market purchaser, it is essential that Dynea contributes to the global community's achievement of these goals. Efforts in relation to Dynea's suppliers are particularly focused on Sustainable Development goal No. 8: *Decent Work and Economic Growth*. Dynea's goal is for all workers in the supply chain to have working conditions that comply with international conventions and to avoid any instances of human rights violations.

Imposing requirements through Ethical Guidelines and supplier sustainability requirements

Dynea impose requirements through [Code of Conduct](#)²⁾ on how business is conducted and how employees, customers, and suppliers are treated. Additionally, the company has specific requirements for suppliers to adhere to anchored in the [Supplier Sustainability Code of Conduct](#)³⁾. Alternatively, where the suppliers have their own code of conduct, Dynea have evaluated their code of conduct with focus on fundamental human

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rights and decent working conditions. For suppliers who do not meet these requirements, Dynea will re-evaluate the business relationship.

3. Business partners

Dynea engages with various business partners, including canteen services, cleaning services, and plumbing services, to support its operational needs and facilitate a conducive working environment:

- Canteen and cleaning services provided by ISS ([Corporate Responsibility Report](#))
- Plumbing and electrical services provided by Assemblin AS ([Due Diligence Report](#))
- Construction services provided by Seby AS (Part of Veidekke ASA, [Due diligence report](#))
- Auditing services provided by DNV AS ([Due Diligence Report](#))

These business partners all have published their own due diligence reports that can be accessed on their website or by the links provided in the preceding list.

4. Due diligence assessments in four steps

In accordance with the Norwegian Transparency Act §5 *Duty to account for due diligence, Section b.*, companies are obliged to carry out due diligence assessments of their operations.

Dynea's process for due diligence assessments consists of four steps:

1. Identify and assess risks
2. Stop, prevent, mitigate or reduce negative impacts
3. Ensure, or collaborate on, remediation
4. Monitor implementation and results

Step 1 – Identify and assessing risks

Central to Dynea's due diligence assessments is the identification and assessment of risks related to violations of the Code of Conduct and Supplier Sustainability Code of Conduct. The assessment is conducted in the following three phases:

- **Overall analysis**

Dynea conducts all its production and operations within the European Economic Area (EEA). This means that the company is subject to EU regulations which ensure operation within legal frameworks. Dynea has therefore recognised that the area of biggest concern is the supply chain working conditions. Hence, the focus of the due diligence process is centered around this area, and violations to the Supplier Sustainability Code of Conduct.

Within Dynea's procurement, chemical raw materials constitute the majority. From a health and environmental perspective, the extensive regulations surrounding REACH provide good support.

Dynea purchase goods and services from different regions and segments. When assessing suppliers, it is important to consider the following:

- Nature of the government and history of human rights violation
- Existing conflicts within the country
- Level of corruption
- International sanctions

Dynea conducted a risk analysis of the total supplier base to determine which suppliers operates in countries or within product/service areas that may be particularly vulnerable (Appendix 1). The risk analysis was based on information from UNEP FI².

The analysis concluded that Dynea only has 2 suppliers located in Category A or B High Risk Countries defined by UNEP FI³, which is China. It was also found that 37 suppliers operate in risk segments defined by UNEP FI⁴, which for Dynea is transport and distribution, cleaning services and construction.

- **Mapping and evaluation**

After the initial mapping of geographical location and risk segments, a mapping of actual and potential impacts, risks and opportunities for the workers in Dynea's value chain was performed. It was identified that the biggest negative impacts were:

- Working and human rights conditions in high-risk countries (upstream)
- Health and safety in chemical production (upstream and own operations)
- Risk of pollution to air and water from chemical production (upstream and own operations)

Actions to reduce negative impacts and potential and actual risks are described in *Step 2*.

- **Prioritisation**

Based on information from the first and second phases, the most significant risks are prioritised for specific follow-up actions. Prioritisation is based on severity and probability, ability and capacity to achieve real improvements, including Dynea's influence, as well as available resources. In cases where Dynea's influence is low and/or due to resource limitations, effective measures can be achieved through collaboration with partners and participation in networks.

Step 2 – Stop, prevent, or reduce negative impact

Dynea's ambition is to actively contribute to ensure fundamental human rights and decent working conditions in the supply chain. The company strive to work together with suppliers towards continuous improvements and lasting solutions. To achieve this, a contractual relationship is necessary; without it, Dynea's ability to demand improvements are diminished.

Raw material deliveries from high-risk countries are necessary, but it is also a fact that, in terms of working environment and conditions, the chemical industry in these countries is characterised by a high degree of automation and professionalism. This reduces the risk compared to suppliers from the same country with more manual and labour-intensive processes.

Dynea applies self-assessment questionnaires to ensure that suppliers and business partners manages its impacts on the environment, human rights, and safety of employees.

The questionnaire covers the following topics:

- Company information
- Quality management and systems
- Environmental management systems and third-party documentation (CSR or ESG)
- Available certificates and evaluations
- Logistics and documentation
- Environment and safety

² United Nations Environment Programme Finance Initiative ([UNEP FI](#))

³ [UNEP Finance Initiative - Human Rights Guidance Tool for the Financial Sector](#) – Geographical contexts

⁴ [UNEP Finance Initiative - Human Rights Guidance Tool for the Financial Sector](#) – Human Rights Issues by Sector

- Insurance
- Code of conduct

The suppliers are also requested to send documentation on any of the following certifications:

- ISO 9001 Quality management systems
- SA8000 Social certification standard
- OHSAS 18001 Occupational Health and Safety Management
- ISO 45001 Occupational Health and Safety Management
- ISO 14001 Environmental management systems
- ISO 50001 Energy management systems
- EMAS EU Eco-Management and Audit Scheme

Regarding challenges in the logistics industry, which are also applicable in Norway and Europe, Dynea work closely with all transporters to ensure proper working conditions. In addition, Dynea has established sanitary facilities for long-haul drivers who either deliver or pick up products at the main site in Lillestrøm.

Health and safety of own operations is closely monitored, and measures to reduce accidents at work include regular HSE training of all employees, focus on HSE in daily operations, internal communication, and HSE related KPI's. In 2023, there were a total of three H1+H2 injuries, and with zero as objective for 2024.

Dynea AS has license from the Norwegian Environment Agency for production and emissions to the environment. Production volumes, consumption of energy, emissions and waste are reported annually to the Norwegian Environment Agency in Dynea's own report.

Step 3 – Follow-up measures: Ensure or collaborate on recovery

If there are indications of violations of the Code of Conduct by a specific manufacturer or its subcontractors, or if the risk is considered to be high, follow-up measures are implemented directly with the manufacturer and any subcontractors involved.

Relevant measures may include conducting audits to obtain a broader understanding of the situation, serving as a basis for developing specific action plans with improvement measures.

In 2023, one on-site audit was performed, and two on-site audits in 2022.

Step 4 – Monitor implementation and results

If there are indications of more systematic challenges that may affect multiple manufacturers or an entire industry in a specific area, Dynea seek to address this through special programs. The ambition is for all final audits to be passed, and Dynea aim to be an active supporter and guide to the manufacturer during the improvement phase, ensuring their success in the follow-up audit.

5. Whistle-blowing

Employees and hired workers have the right to report unethical or illegal conditions at Dynea. Complaint shall be reported written or orally to the immediate manager (or other manager), safety/union representative, HR, or the HSE department. It can also be reported directly to CEO Tarje Braaten or Chairman Pål Skistad. For external whistle-blowers, complaints can be reported through Dynea's whistle-blowing channel at [dynea.com](https://www.dynea.com).

6. Contact information

For more information regarding Dynea's organisation and business, please refer to www.dynea.com. For specific questions related to due diligence and the Transparency Act, please reach out at post@dynea.com.

The transparency act is hereby approved and anchored by the company board of directors.

Date/place:

Date/place:

Sign: _____

Sign: _____

Tarje Braaten
CEO & Managing Director
Dynea AS

Pål Skistad
Chairman
Dynea AS

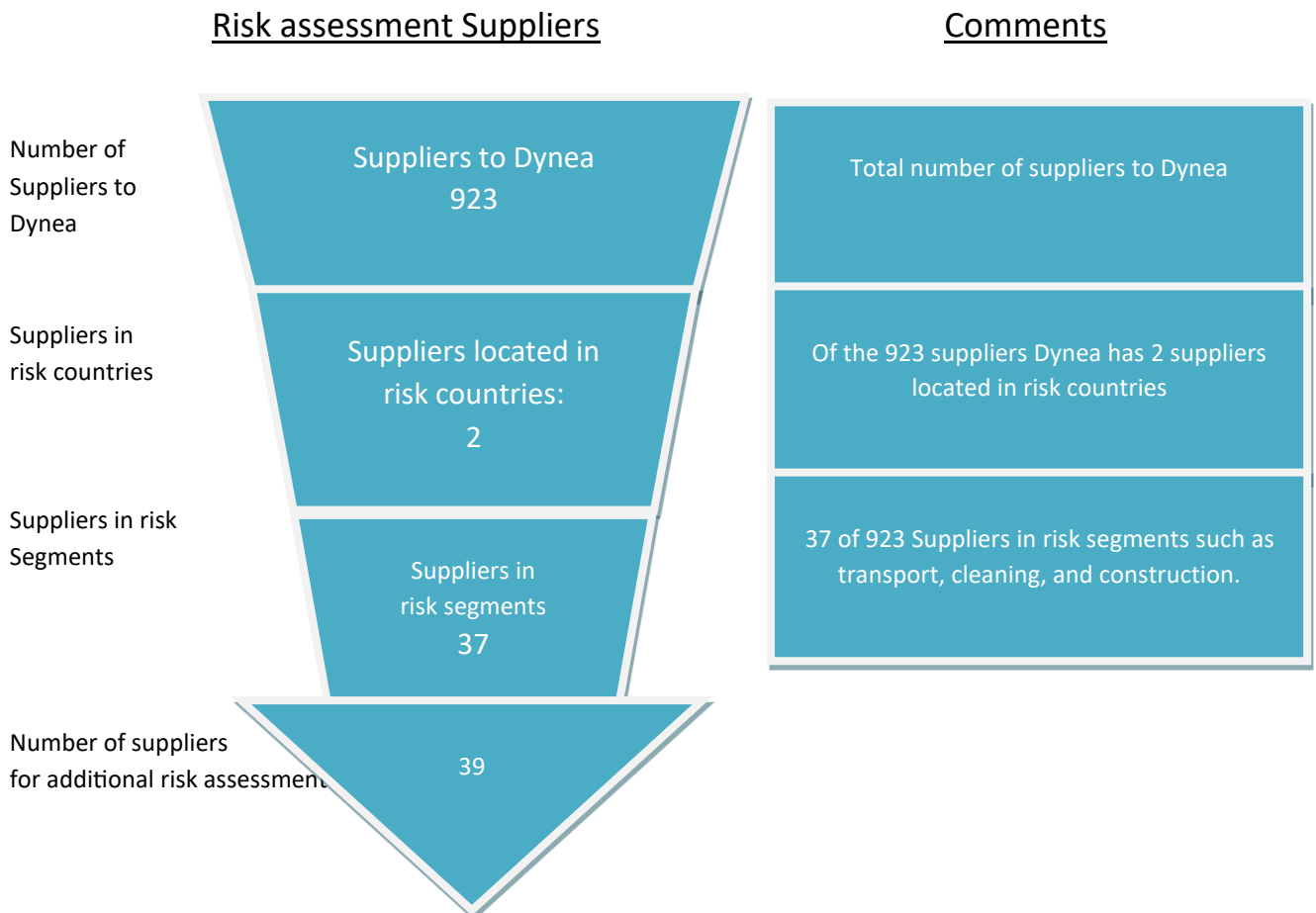
Appendix 1

Risk mapping of DYNEA's suppliers correlating to the Norwegian Transparency Act

Norwegian Transparency Act

The purpose of the Transparency Act is to help us reduce the risk of businesses causing or contributing to human rights violations. It also means that we must do our part to ensure decent working conditions for our suppliers, our owners, as well as ourselves.

This applies, among other things, to promote companies' respect for fundamental human rights and decent working conditions in their own operations, and in the value chain of suppliers. The Act requires enterprises to conduct so-called due diligence assessments to understand the risk of any breaches - and implement measures where necessary.



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Dynea's risk assessment has been carried out based on risk associated with specific countries and segments. Our evaluation of risk countries is based on a combination of risk factors and evaluations from organisations like UN and OECD. We have one country in our supply base high up on these lists. The list of risk supplier segments is based on our knowledge of the market and reports in media.

Our suppliers have been asked to confirm and sign "Dynea's Supplier Sustainability Code of Conduct" which is in compliance with the Norwegian Transparency Act. Alternatively, where the suppliers have their own code of conduct, Dynea have evaluated their code of conduct with focus on fundamental human rights and decent working conditions. For suppliers who do not meet these requirements, Dynea will re-evaluate the business relationship.

After finalising our risk mapping of DYNEA's suppliers correlating to the Norwegian Transparency Act during 2023, we conclude that our risk related to our suppliers is low and within acceptable levels.

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Verifikasjon

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Dokument

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Hoveddokument

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