

FIVEN Group report on Transparency Act June 30 2023

This report has been developed in order to comply with the legal requirements set out in the Norwegian Transparency Act that entered into force on 1 July 2022. The report describes how FIVEN is organized, how FIVEN has embedded responsible business conduct throughout the group, and how FIVEN works on human rights due diligence. The report also describes FIVEN's risk assessment procedure and how FIVEN plans to respond to breaches of human rights and how FIVEN will influence to mitigate these. This document was prepared based on work done at Group level in cooperation with FIVEN's subsidiaries and covers subsidiaries which individually are in scope of the act.

About FIVEN

FIVEN is a global leader in silicon carbide (SiC), a material used in a variety of industrial applications. SiC is recognized for superior hardness, high thermal conductivity, and chemical inertness, making SiC the preferred material for demanding applications: abrasive, metallurgy, filtration, technical ceramics and other uses. FIVEN product brand "SIKA" is recognized as a premium brand with high quality and supply consistency.

FIVEN ASA is headquartered in Oslo, Norway, and is the parent company in the FIVEN Group. The Group was established in 2019 in connection with the acquisition of the silicon carbide business from Compagnie de Saint-Gobain S.A, and the operational history can be traced back more than 100 years. FIVEN is there for a young company with a lot of history.

FIVEN has manufacturing entities in Arendal and Lillesand (Norway), Hody (Belgium) and Barbacena (Brazil). FIVEN GmbH located in Cologne (Germany) is a management office. In February 2021 FIVEN North America Inc. was established as a wholly owned subsidiary with a sales representation office operating in Pittsburgh (USA). There is also a sales representation office operating in Shanghai (China).

Being a global company FIVEN also has a global responsibility. FIVEN is aware that company decisions and actions may impact society in different ways. The general rule of FIVEN is that all parties shall comply with national and all other applicable laws, prevailing industry standards and other requirements to which company subscribes. When laws and industry standards address the same issues, the most favorable provision shall apply to FIVEN people.

Business ethics:

In 2022, FIVEN developed its first Code of Conduct, which provides a framework for responsible business behaviors for all employees (including top management).

The document details the groups commitments towards:

- Fair labor and employment practices
- Diversity and inclusion
- A safe, secure, and healthy workplace
- ABC (anti- bribery and anti-corruption and procedures against conflict of interest)
- Fair competition (including import and export controls, trade sanctions and boycotts)
- Compliance
- Cyber and data security and intellectual property
- Environment

- Local communities' support.

Online business ethics trainings are in the process of being rolled out (in 2023). The training programs will cover FIVEN business ethics related policies and procedures (e.g. embargo policies) and will be tailored to each employees' needs and level.

There is a Compliance Officer at the group level. The Compliance Officer is responsible for ensuring that all corporate processes and procedures comply with the law and company's internal standards. His/her main task is to assess and identify potential risks within the company, develop proposals and procedures for dealing with and avoiding compliance risks. The Compliance Officer is the recipient of the whistleblowing hotline notifications.

Whistleblowing procedures:

The company implemented an anonymous communication channel for whistleblowing ("speak up") along with a dedicated whistleblowing policy, which applies to FIVEN's businesses, divisions, and offices. All employees can report concerns through a dedicated webpage.

Each submitted report goes to the group compliance officer who then assigned it to a case manager. Within 30 days and after further review, the whistleblower receives a message indication whether or not the submitted alert is admissible. To date (as of June 2023), no incidents have been reported.

Labor rights

FIVEN is committed to respecting internationally recognized human and labor rights in our own operations and throughout the value chain.

FIVEN are open-minded without any discrimination or differentiation of any kind. The company believe in the great value added by the diversity of their teams, and in the potential of each individual, and constantly aim at ensuring and improving the well-being of our people. The FIVEN plants are among the largest employers within their respective communities. FIVEN strives to ensure that our employees are working under the best possible conditions, are paid fairly for their work, and have room to develop in their positions.

The company has implemented EHS prevention programs and procedures to mitigate inherent risks of the Acheson process as well as risks associated with silicon carbide processing. The youngest employees are apprentices who work in the company for a period to obtain a vocational certificate. The Group is following several KPIs monthly. In 2022, it was the first year where non lost time accidents were reported zero within all FIVEN entities, therefore the TF1 (defined as the number of lost time accidents divided by the working hours multiplied by 1000000) was at 0 compared to 1.9 in 2021. The TF2, which is the frequency rate of lost time accident and non-lost time accident (defined as the sum of lost time accidents and non-lost time accidents divided by the working hours multiplied by 1000000) increased to 2.6 compared to 1.9 in 2021. This represents 3 non lost time accidents compared to 2 lost time accident in 2021. The Group target keeps on going for zero accidents.

In order to measure employee satisfaction and ensure that employees are living up to FIVEN's standards. FIVEN uses Employee Satisfaction survey (anonymous), dedicated well-being programs, annual appraisal, and implementation of ISO 45001 in all FIVEN plants. The Employee Satisfaction survey is launched biennial basis and for this year it is scheduled to be conducted during Q4 2023. Several of our employees are connected with trade unions and are encouraged by FIVEN to partake in union activities. In the Board of FIVEN Norge, 40% of the members are employee elected. There is

also a company committee (BAMU) in FIVEN Norge where both employee representatives and local management work to ensure a sustainable work environment.

Our suppliers

In 2022, FIVEN implemented its suppliers code of conduct. The new supplier code of conduct outlines how FIVEN intend to deliver sustainable value by promoting transparency and a higher standard of our suppliers' sustainability performance. In general, the supplier code requires that the suppliers respect the United Nations Guiding Principles on Business and Human Rights.

The supplier code of conduct includes requirements in regard to Business ethics and integrity, Employee Human Rights, Health & Safety and Environmental Protection. Within employee Human rights restrictions on Forced labor and Child labor are included, as well as requirement for no discrimination, Freedom of Association, and decent working conditions. The supplier code of conduct gives expectation on how our suppliers should relate to human rights and demands for decent working conditions in the future. These expectations are form the basis for FIVEN's dialogue with the suppliers on compliance with the obligations.

Supply chain management

Local entities are responsible for enforcing the group purchasing policy and supplier selection rules. FIVEN's supply chain is mainly located in Europe and south America with approximately 70% of total procured value composed of pet coke and electricity. FIVEN procures its sand form its own production mine in Brazil for its South American operations.

First wave of implementing the supplier code of conduct

The company is currently ensuring all "higher risk" and new suppliers sign FIVEN's code of conduct and the company is implementing a practice to make suppliers reconfirm the conduct every 2 years. Procurement is governed by a group purchasing policy with embedded ESG criteria and a set of supplier's enforcement rules. The first wave of supplier code of conduct recipients includes companies that falls in both categories size and risk:

By size:

- Turnover limit to be applied to all suppliers with a yearly turnover exceeding 10 KEUR irrespective of the purchasing category and the country.

By risk:

- Country to be applied to any suppliers based in India, China, Venezuela, South Africa, Turkey, and Luxembourg regardless of yearly turnover and purchasing category.
- Purchasing category to be applied to suppliers with links to customs, tolls, and government services regardless of yearly turnover.
- Raw material and packaging specific rules, obtention of certificates of origins for all raw materials and packaging supplies and ensure that the code of conduct is signed at a subcontractor level for suppliers based in India, China, Venezuela, South Africa, and Turkey.

It is the responsibility of the local entities for adhering to and enforcing the Group Purchasing rules into local procurement guidelines.

To obtain a better overview of its supply chain, FIVEN has identified KPIs at the group level to understand the number of suppliers signing the charter related to purchasing. This is a measure driven by the Transparency Act. The objective is to have 100 % of supplier Code of conduct signed while at the same time working on minimizing number of "high risk" suppliers, without creating dependencies

on other suppliers. FIVEN tries to keep multiple source options to avoid being overly dependent on any particular supplier.

FIVEN will make sure that their suppliers fully understand and comply with the contents of FIVEN supplier Code of Conduct and expects its Suppliers to be able to demonstrate their compliance through:

- Questionnaires of risk assessment. This assessment can be carried out through 3rd party evaluators.
- Audits conducted at the suppliers' and sub-contractors' premises through FIVEN employees or 3rd party auditors.

In case a supplier does not meet the requirements, corrective action plans are to be established within a specified timeframe (depending on the severity of the issue) and FIVEN will monitor progress. FIVEN may support suppliers in developing their capabilities and improving their performance. FIVEN may terminate at any time a commercial relationship with a supplier that violates the present Code of Conduct. During the tendering process FIVEN reserves the right to exclude suppliers that are not compliant with local, national, or international laws or regulations or present past cases of Code of Conduct infringement.

Working with the Transparency Act

FIVEN has hundreds of suppliers. FIVEN has therefore performed a materiality assessment of its supply chain. This work has started with extracting all the suppliers from the account payable ledgers from all subsidiaries and allocating these according to size, nationality and where the suppliers are in the supply chain.

For example, FIVEN has estimated that there is a higher risk for breaches on human rights for our raw materials providers than service providers. Service providers are evaluated by type of service and materiality. The higher educational background required to perform a certain activity, the less risk against breaches of with human rights is expected.

In the assessment of the individual suppliers, emphasis has been placed on various factors and sources to search for and uncover risks. Suppliers from companies based in Nordic and Western countries have been considered less risky because these are obliged by legislation where the working environment is strongly regulated, and human rights have a prominent place in the legislation. By classifying the various suppliers according to their possible high risk, the companies within FIVEN group, have been able to set priorities in the work to uncover risk.

All our suppliers of raw materials and companies which have operations in higher risk countries, have been asked whether they can confirm and agree to the supplier code of conduct. Missing responses have resulted in deeper investigation. These investigations are still in the early stages. As of the publishing date of this report FIVEN has received signed supplier code of conduct of 73 % of our supplier population where FIVEN has allocated highest risk.

Working with the transparency act, FIVEN has identified 1952 suppliers where 629 suppliers meet our criteria of for "higher risk". This means that FIVEN will be continuing working to ensure that none of our suppliers are violating human rights.

As a follow up on our supplier code of conduct, FIVEN will annually perform a review of the suppliers by using AEB Compliance Screening tool. The tool is a software program where FIVEN can check if

there are any sanctions on the different suppliers. Our estimate is that all our suppliers will have been tested for sanctions before 31.12.2023. Another type of investigation would be web searches for new articles related to the supplier. Further investigation will be carrying on for suppliers considering as "high risk" after pre-screening phase. Which type of investigations is described in the phase of defining the best approach for "high risk" supplier.

Summary

Our ambition is that our established due diligence processes will contribute to real improvement in our own operations as well as in our supply chains.

FIVEN has implemented process of assessing social sustainability in the supply chain. The first step was the establishment of the supplier code of conduct. The second step was to develop the database with prescreening of suppliers based on categories. Next steps include the implementation of dedicated compliance procedures for "high risk" suppliers.

This work is a continuous process, and FIVEN will continue to systematically follow-up identified risk areas and suppliers.

A handwritten signature in blue ink, appearing to read "Falk Ast". The signature is stylized and somewhat abstract.

Falk Ast
Chairman of the Board
Fiven ASA