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DATE

## RESPONSIBLE BUSINESS CONDUCT

### Account 2023 for compliance to the Norwegian Transparency Act

References:

- LOV-2021-06-18-99 dated 01.07.22. Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)
- OECD guidelines for MNE Edition 2011

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# 1 RESPONSIBLE BUSINESS CONDUCT ACCOUNT ON COMPLIANCE TO TRANSPARENCY ACT OF 1.7.22

## a. Acronyms and abbreviations

AML: Work Environment Act  
BoD: Board of Directors  
CoC: Code of Conduct  
HVO: Safety officer  
MD: Norwegian Environment Directorate  
MNE: Multinational Enterprise  
NC: Non conformance  
QHSE: Quality Health Safety Environment  
RBC: Responsible business conduct  
SC: Supply Chain  
SCoC: Supplier Code of Conduct  
Statsforvalter: County environment authority  
YoY : Year on Year

## b. General description of the organisation

3B-Fibreglass Norway AS is a wholly owned company of 3B Lux S.á.r.l registered in Luxembourg. *3B-the fibreglass company* (brand name) is a leading developer and manufacturer of glass fibre products for the reinforcement of thermoplastic and thermoset polymers. They are produced from mineral raw materials, such as silica, which are melted to make glass and then fiberised. The material consists of extremely fine fibres of glass, or glass filaments, coated with a chemical formulation providing it with specific properties. Our products are designed in our dedicated research centre in Belgium and optimised to serve the automotive industry, the wind industry and to be incorporated in performance composites. Manufacturing facilities are located in Battice (Belgium), Birkeland (Norway) and Goa (India).

## c. Operations

3B-Fibreglass Norway AS manufactures glass fibre strands with 2 main formulations: Advantex and HiPer-tex® from raw materials being melted at high temperature. Melted glass passes through processes converting the mould to glass fibre strands. Propane and electricity are the two sources of energy for the melting process. Waste heat is recirculated internally and excess waste heat is exported to the local Municipality for the heating of buildings, etc.

The organisation in Birkeland is manned for running the factory, with a close cooperation with the corporate staff in Battice, Belgium.

#### **d. Policy and routines for handling adverse or potentially adverse impacts**

3B-Fibreglass Norway AS has a comprehensive management system covering all aspects of managing the business and stakeholders' interests to ensure responsible business conduct. The QHSE management system covers the following:

Procedures, standard operating procedures and instructions. This includes whistleblowing and reporting functions of harassment, discrimination or other events that may violate human rights, workers' rights, environment or other irregular business conduct.

Non-conformance management system covering quality, safety, environment or other events that may compromise policies, procedures, standards or legislation.

A code of conduct for internal purpose is adhered to by all employees covering human rights, workers' rights, environment as well as a clear commitment to legal compliance.

A supplier code of conduct is mandatory for suppliers and forms part of contractual terms and conditions where applicable.

## **2 DUE DILIGENCE PROCESS ON RESPONSIBLE BUSINESS CONDUCT**

In order to ensure compliance with the Norwegian Transparency act of 01.06.2022 a due diligence activity has been deployed to verify compliance. The BoD appointed a team to define scope and allocated internal and external resources to manage the review process. The initial due diligence covering all aspects in accordance with the OECD due diligence guidance for responsible business conduct has been concluded. However the YoY compliance review process continues to ensure compliance to OECD guidelines for MNE.

### **Due diligence results on internal relations, supply chain and business partners**

#### **a. Internal assessment of human rights, decent working conditions and workers' rights**

Internal assessment has been carried out by the HR team and consultations with union representatives and safety officer (HVO). 3B's management system covers the OECD's guidelines for RBC. Our QHSE policy covers relevant topics, however a new human rights policy has been defined and will be deployed further into management systems and practices. The 3B sustainability report 2021 clearly describes the commitment to United Nations Sustainable Development Goals, which is in turn followed up with YoY action plans.

A separate assessment has been executed over the last year to assess compliance to the *Equality and Anti-Discrimination Act* relating to equality and a prohibition against discrimination.

3B is certified to *ISO 45001:2018 Occupational Health and Safety Management* systems for 3 new years, starting 31.3.23. It is important to have a 3rd party verification YoY to review policies, practices, legal compliance, improvements, etc.

3B complies to the Working Environment Act (AML) which together with the Internkontrollforskriften forms the legal foundation for the HSE policy, vision and goals, procedures and guidelines to be adhered to and how 3B ensures a responsible business conduct.

3B has an overarching union agreement; The Basic Agreement (with supplementary agreements) between Confederation of Norwegian Enterprise (NHO) and Norwegian Confederation of Trade Unions (LO). In addition to this there are 5 agreements with trade unions: Arbeidslederavtalen FLT, Industriooverenskomsten LO – TEKO, NITO-overenskomsten, Tekniske funksjonærer, FLT, Lederavtalen and a local agreement for 3B and unions.

Any employee is free to be a member of any union.

Meetings are held monthly with the unions' central committees. Working Environment Committee with 4 meetings per year, and Company Committee 6-8 times per year including townhall meetings.

More information on these topics will be available in the annual report where the same topics will be communicated under the social responsibility section. (ref. Accounting Act section 3-3 (c) ) as well as the Sustainability report. (see below links)

At present no violations to human rights or workers' rights have been recorded. Individual cases of harassment and unacceptable behaviour have happened in the past, which has been handled in accordance with procedures, and resolved. Union representatives and safety officer are consulted and informed in such cases. A whistleblowing procedure has been practiced for years and has addressed issues and ensured every stakeholder's interests are respected. No retaliation cases has been revealed.

The plan going forward includes:

Train all shifts and departments in the legislation concerning notifications, in order to prevent undesirable events. Ensure that all issues/cases communicated by an employee are handled in a professional way. The procedure for a possible breakage of local work regulations will ensure this. The major principle in this procedure is that both parties in a conflict should be heard. The principle of contradiction is critical.

In all conversations with the employer, the employee has always the right to bring one person into the meeting, i.e. an union representative or other representatives.

## **b. Screening of suppliers and business partners**

All key suppliers have signed contractual agreements which includes compliance to 3B's Supplier Code of Conduct which is a reflection of 3B's Code of conduct. All other purchases are ordered with a purchase order and standard terms and conditions. Most suppliers have a long-standing relationship with 3B, however occasionally a new supplier is brought onboard. New suppliers are subject to a prequalification which includes a commitment to compliance to SCoC. Key suppliers are subject to audits and every fourth year a wider supplier review is conducted.

The continuous SC work with ensuring responsible business conduct has been elevated to now include a screening of SC risks provided by an external SC expert company utilising AI methods to reveal risks. A risk report has been run on 100 key international suppliers/business partners covering 95% of spend. The report consists of the following topics:

- Disruption risk
- Sustainability risk
- Financial/legal risk
- Due diligence

The report has revealed no adverse impacts, however has identified a few suppliers with a potential risk for adverse impacts to one or more of the areas defined in the OECD guidelines for MNE.

The plan going forward:

- Further assess suppliers with identified risk for potential adverse impacts. Decide mitigation or remediation actions in case of findings. Furthermore, strengthen the follow-up with an improved Supplier Code of conduct, contractual changes and commitment to compliance.
- A continuous monitoring of suppliers including half year assessments
- React to immediate alerts that may be provided by the risk assessment system
- Review standard supply contracts to ensure OECD guidance for sustainability.

## **c. Environment**

Glass fibre production is energy consuming and emits greenhouse gases to the air. 3B's Birkeland factory is one of the best in class on emissions due to a high level of electricity utilisation over propane. In addition, waste water contains substances that can have an adverse impact to water and are treated in 3B's waste

water treatment plant. The emissions to air and water are regulated by an operating permit by the Norwegian environment authority (MD).

The manufacturing of glass fibre produces approx. 7 % of glass waste. Currently no re-circulation is available to the Norwegian plant, hence glass waste is deposited in a landfill. The glass waste is inert and an operating permit is granted by Statsforvalter on behalf of MD. A specific legislation for landfill is adhered to. No pollution to ground or water has been revealed in the past and current. Minor concerns or irregularities are handled by a non-conformance system and rectified immediately.

A substantial monitoring programme with both internal and external service providers runs in accordance with defined procedures including interval and reactions procedure to measuring results. Monitoring programme covers emissions to air, water and ground on the factory premises and landfill.

A number of components from the waste water treatment plant are measured daily, while others are measured with defined intervals. A quarterly programme for air emissions by an external service provider is continuous. The treated waste water is discharged to the Tovdalselva (river). A surveillance of the river is being executed every 3 year. No adverse impacts are registered on the surveillances done to date. A surveillance of possible pollution to ground and groundwater is carried out every fifth year. The latest surveillance showed no environment adverse impacts covering the factory premises.

A yearly report (EK) to MD is providing a detailed account of measuring results and irregularities. Occasionally measures exceeding operating permit limits are recorded. Some of these are identified as errors in measuring method, analysis or reports. Others are caused by production variation, incidents in manufacturing processes or raw-material content variation.

Incidents have happened in the past with emission of waste water to ground. The waste water contains Bisfenol A, which is toxic above certain levels. In the cases recorded in the past full remediation has been carried out. 3B has been certified to ISO 14001:2015 for several years. Re-certification in February 2023 revealed no non-conformities, but some improvement opportunities. The certificate is valid for 3 years starting 30.3.23.

The due diligence carried out now has included a review of management systems, practices and incidents recorded in the non-conformity system. Consultations with union representatives and Safety officer of current practices and improvement suggestions have been carried out.

The plan going forward is:

- Respond to input from stakeholders, in particular the environmental authorities
- Follow up incidents recorded from NC systems, internal audits, 3rd party audits or authority assessments
- Improve systems for monitoring, processes, control system and manufacturing equipment
- Optimise the manufacturing processes to continue improving emissions levels.

#### **d. Bribery, bribery solicitation and extortion**

All financial transactions in 3B are monitored and executed in line with legislation in the countries where 3B operates, in Norway the Accounting Act is central. In the Code of conduct it is clearly stated that any form of bribery or extortion is prohibited. The accounts in 3B are overseen by an accredited audit body, that YoY issues an account stating compliance to statutory requirements. Quarterly review of key management controls and signature of compliance certificate are done.

In the due diligence process internal interviews have been done with key stakeholders resulting in a confirmation that no records of incidents in the past or no current incident are known.

The current practices will be continued, expecting no issues.

#### **e. Consumer interests**

Consumer interest protection and product stewardship at 3B is in line with the OECD guidelines for MNE 2011 edition. Key aspects of our approach include product stewardship, regulatory compliance, safety measures, project management, and customer-centricity.

A dedicated product stewardship team is responsible for product-related hazard communication, regulatory compliance, and sizing expertise. They advise on compliance, evaluate sizing risks, ensure regulatory requirements are met, handle inquiries from customers and authorities, and represent the company in professional associations. They also manage product stewardship systems, regulatory strategies, and maintain relationships with regulatory authorities. Their mission includes regular checks on chemical raw material classification, identification of substances for substitution, tracking of relevant substance lists, and

acceptance processes for incoming Safety Data Sheets (SDS). They also ensure the approval and appropriate labelling of active substances used in biocides and treated articles. Compliance with the REACH regulations for organic raw materials is also ensured.

Regulatory Compliance: 3B's policy is not to use any Substances of Very High Concern (SVHC) and implement special provisions for CMR (Carcinogenic, Mutagenic, or Reproductive) products. SVHC substances on the candidate list should be substituted, and those on the authorisation list must be substituted by the sunset date. Substances on any SVHC list are banned for new developments.

Safety Data Sheets (SDS): Continuous filament glass fibre (CFGF) products manufactured by 3B are considered articles under REACH and OSHA regulations. As such, SDS requirements do not apply. However, 3B commits to providing appropriate information to customers through a Safe Use Instruction Sheet to ensure the safe handling and use of CFGF products.

Other Activities: The specialist actively collaborates with various teams to ensure global regulatory compliance, advises on regulatory requirements during new product development, monitors and communicates regulatory issues, engages with trade associations and industry work groups, and participates in process improvement initiatives. They also manage the Purchase Acceptance Standard (PAS) and the Certificate of Analysis for raw materials.

Audits and Safety: The R&D centre in Battice (Belgium) undergoes an annual audit by an independent third party to assess compliance with ISO Quality, Safety and Environment standards. Additionally, internal audits of R&D centre processes are conducted. Trained safety officers are responsible for ensuring the well-being of staff and workers.

Project Management and Customer Focus: Regular project reviews are conducted, and decisions are made based on business case evaluations, customer criteria, and adherence to the product stewardship policy. Product cluster meetings, led by the Product and Market Manager, prioritize customer expectations, quality, and EH&S concerns.

In short, 3B demonstrates its commitment to consumer interest protection through comprehensive product stewardship practices, regulatory compliance, safety measures, and customer-centric project management.

## **f. Science and technology**

Science and technology is embedded in Product, Process & Technology Development, and is not shared with external partners. Product, Process & Technology developments are carried out by central Science & Technology staff located in Battice and local staff in the factories. The IPR is owned by the holding company 3B-Fibreglass in Luxemburg and 3B-Fibreglass Norway AS is granted licenses for manufacturing specific products using specific technologies in Birkeland.

Product, Process & Technology developments are following defined procedures based on a Stage Gated process ensuring that among other questions, questions on aspects of Health and Safety, as well as Environment are asked and must be proved as acceptable. Acceptable means compliance to the requirements of the REACH regulations, Work Environment Act, other Norwegian regulations and the operating permit granted by Norwegian Environment Directorate.

The due diligence process has been carried out by the Process & Technology team whose members are familiar with and work along the corporate and local procedures as part of their job. The final summary of compliance is approved by the Product, Process & Technology Development Director of 3B-Fibreglass. No adverse impacts affecting stakeholders or 3rd parties are registered in our non-conformance system, neither complaints from internal nor external stakeholders.

Going forward, compliance to the Code of conduct adhered to and updating of Management procedures ensuring legal compliance and best practices is in focus.

## **g. Competition**

3B employees assumed to have contact with competitors have been trained in EU anti-competition legislation. 3B's Business Code of Conduct explicitly refers to the obligation to abide by competition laws. Staff members sign the Business code of conduct when taking up their duties. Regular reminder campaigns are conducted within the company to ensure that the terms of the code remain clear in the minds of the people concerned. Potential business discussions with competitors are carried out respecting the legislation. Whenever possible a lawyer attends potential discussions with competitors. Applicable rules are always stated in introduction of meetings attended by representatives of competing companies.

Sales & Marketing staff and executives as well as staff members potentially in direct or indirect contact with competitors are well informed about the legislation and have received training.

Based on interviews and scrutinizing records, no incident of adverse or potential adverse impacts has been recorded historically or current.

The plan going forward includes to renew training of relevant staff members, apply refresh courses as appropriate, updates to management system and routines and clarify expected results. Furthermore refresh and ensure adherence to 3B's code of conduct.

## **h. Taxation**

Taxation in 3B-Fibreglass Norway AS is based on the statutory accounts as of 31.12. YoY. The accounts are audited by an accredited audit body and following an audit process, the consolidated accounts are completed by 31.3. YoY. The financial auditor writes a report stating compliance to legal requirements. 3B's corporate team is instrumental in the process to ensure compliance both ways, including that the sales of goods to the Battice entity follows the applicable transfer-pricing regulation.

Two notifications have been received from Tax authorities over the last 3 years, with corrections of the issues done as required.

A key follow-up point going forward is to ensure that SAP is updated with correct local VAT codes and rates. The correct rate of corporate tax is used, and deferred taxes are correctly calculated. In addition, we rely on the internal and external audits, codes of conduct, and certificates as mentioned above.

# **3 RISK ASSESSMENT AND FINDINGS OF ADVERSE OR RISK FOR ADVERSE IMPACTS**

No identified adverse impacts as defined by the OECD guideline for MNE is currently identified, however areas of particular focus is the potential risk for adverse impacts related to:

- Internally: Environment protection by improving internal controls and systems
- Externally: Supply chain activities where potential risks are identified. Follow-up of identified suppliers with potential risk and monitoring of key suppliers is important.

No specific actions to mitigate or remediate adverse impacts are identified. However, continuous improvement is progressing across all areas ensuring improvements to management systems, best practices, behaviour and 3B values.

# **4 REFERENCES**

- Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)
- OECD due diligence guidance for responsible business conduct
- OECD guidelines for MNE - 2011 Edition

# 5 SIGNATURES 3B-FIBREGLASS NORWAY AS BOARD

Birkeland 28 June 2023

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Vishal S. Goenka  
Chairman of the board

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Vishal B. Shah  
Member of the board

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Paul Christian Jensen  
Member of the board

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Philippe Huu Lai Nguyen  
General manager

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Tom Hartvigsen  
Member of the board

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Dadi Thorsteinsson  
Member of the board