TDi Sustainability

# Regulation Mapping

# Norwegian Transparency Act

TDi

# Norwegian Transparency Act

## Applies to:

Larger enterprises that are resident in Norway and that offer goods or services in or outside Norway and larger foreign enterprises that offer goods or services in Norway, and that are liable to tax to Norway pursuant to internal Norwegian legislation.

## What it says:

Companies must investigate whether there are any actual, or risks of, adverse impacts on human rights or decent working conditions in their own operations, their supply chain and other business relationships. Companies must report their assessments publicly and take steps to remediate the findings. Companies must also establish a channel to receive due diligence information requests and must respond to requests within a certain time frame

## Penalty:

Companies in violation may face sanctions or fines. Please login for details

## Proposed:

Effective since 2022 with first published reports in June 2023

## Key Requirements:

GHG emission tracking
Supply Chain Mapping
Third party assurance
Adverse media reporting
Xinjiang/WRO mapping
External reporting
Supplier / risk monitoring
Supplier engagement
Supplier training
Remediation plan
Product mapping
ESG risk analysis
Supplier assessments
Supplier corrective action plan

TDi

# Overview - Norwegian Transparency Act

| | |
|---|---|
| **Law / Country** | Transparency Act (Innst. 603 L (2020–2021)) (the "Act") (Norway) |
| **Goal** | To promote the respect of businesses for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to provide public access to information about how businesses deal with adverse impacts of fundamental human rights and decent working conditions |
| **Adoption / Status** | The Act took effect on July 1, 2022 and the first public report must be published by June 30, 2023 |
| **Issues Addressed** | • Fundamental human rights<br>• Decent working conditions<br><br>"Fundamental human rights" are internationally recognized human rights pursuant to, among other things, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the ILO core conventions on fundamental principles and rights at work.<br>"Decent working conditions" are work that safeguards fundamental human rights in accordance with the foregoing instruments and health, safety and the environment and provides a living wage. |
| **Covered Entities** | The following enterprises are subject to the Act:<br>• Large enterprises domiciled in Norway, irrespective of where they provide goods and services.<br>• Large foreign enterprises that offer goods and services in Norway that are taxable in Norway.<br>Large enterprises are enterprises covered by Section 1-5 of the Norwegian Accounting Act, or which on the applicable balance sheet date exceed two of the following thresholds:<br>• Sales of NOK 70 million.<br>• Balance sheet amount of NOK 35 million.<br>• Average number of employees during the fiscal year of 50.<br>Under Section 1-5 of the Norwegian Accounting Act, large enterprises include:<br>• Public limited companies;<br>• Reporting entities, the shares, units, primary capital certificates or bonds of which are listed on a securities exchange, authorized marketplace or corresponding regulated market outside Norway; or<br>• Other reporting entities if stipulated in regulations laid down by the Ministry of Finance<br><br>• Subsidiaries are taken into account for determining whether a parent company is a large enterprise. The Ministry of Childrenand Family Affairs is also authorized to exempt large enterprises from compliance with the Act. |
| **Mandatory** | Yes |

# Overview - Norwegian Transparency Act

| | |
|---|---|
| **Due Diligence Requirements** | Subject enterprises are required to carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises. Due diligence is intended to include the following:<br>• Embedding accountability in the enterprise's policies;<br><br>• The Guidance states that enterprises must create, or update their existing, guidelines and policies so that they are in line with the Act. Specifically, the guidelines must include: (1) how to act responsibly; (2) the enterprise's expectations of supplier and business partner accountability; and (3) the enterprise's due diligence plans. The Guidance also notes that an enterprise's guidelines should be clearly communicated to employees, suppliers and business partners.<br><br>• Mapping and assessing actual and potential adverse impacts on fundamental human rights and decent working conditions that the business has caused or contributed to, or that are directly related to its activities, products or services through suppliers or business partners;<br>• Implementing appropriate measures to cease, prevent or limit adverse impacts based on the enterprise's mapping and risk assessment;<br>• Tracking the measures implemented and their results;<br><br>The Guidance states that enterprises must investigate: (1) how many of the measures were implemented on time; (2) how well the measures have worked; and (3) whether harm to individuals or groups has been averted or managed. Enterprises are also encouraged solicit stakeholder feedback as part of this investigation.<br>• Communicating with affected stakeholders regarding how adverse impacts are addressed; and<br>• The Guidance states that enterprises must provide stakeholders with information about the negative consequences that affect them and what measures the enterprise has taken. This information must be communicated in a manner that takes into account the recipient's culture, language, literacy, location, time zone and level of knowledge.<br>• Cooperating with remediation where required.<br><br>Due diligence is to be carried out regularly and in relation to the size of the enterprise, the nature of the enterprise, the context within which its business takes place and the severity and likelihood of adverse impacts on fundamental human rights and decent working conditions |

TDi

# Overview - Norwegian Transparency Act

| | |
|---|---|
| **Disclosure Requirements** | Content:<br>Subject enterprises must publish a statement containing at least the following:<br><br>• A general description of the business, its area of operation and guidelines and procedures for addressing actual and potential adverse impacts on fundamental human rights and decent working conditions;<br>• Adverse impacts and significant risks of adverse impacts uncovered through due diligence; and<br><br>• The measures the enterprise has implemented or plans to take to cease or limit the adverse impacts, and the results or expected results of the measures.<br>The Guidance states that the report must be published in Norwegian (subject to the limited exceptions noted below), but the enterprises may publish the report in additional languages as well.<br><br>**Timing:**<br><br>The statement must be updated and published by June 30 each year and otherwise in the event of significant changes in the enterprise's risk assessment. |
| **Enforcement** | The Norwegian Consumer Authority is responsible for enforcement of the Act. If there is a violation, it may issue an order requiring compliance or enjoin the violation and impose fines if the order or injunction is not complied with. In the case of repeated violations, individuals acting on behalf of the enterprise who intentionally or negligently violate the Act may be fined.<br><br>On February 14, 2023, the Ministry of Children and Family Affairs announced a new regulation setting forth the factors to consider when determining the fine for a violation of the Act. Under the regulation, the maximum fine for a violation of the Act is 4% of the enterprise's annual turnover, up to NOK 25 million.<br>When determining the amount of a fine, consideration may be given to:<br>• The preventative effect of the sanctions;<br>• The nature, seriousness, extent and duration of the infringement, and whether anyone acting on behalf of the enterprise has demonstrated guilt; |

# Overview - Norwegian Transparency Act

| | |
|---|---|
| **Enforcement (cont)** | Whether the enterprise could have prevented the violation by means of guidelines, instruction, training, control or other measures;<br><br>• Whether the infringement has been committed in furtherance of the interests of the enterprise;<br>• Any measures taken by the enterprise to limit or remedy the damage suffered by consumers;<br>• Whether the enterprise has had or could have obtained financial or other benefits as a result of the infringement;<br>• The enterprise's possible previous violations and whether there is a recurrence;<br>• The financial ability of the enterprise;<br>• Whether other sanctions are imposed or imposed as a result of the offence, including whether the enterprise has been sanctioned for the same offence in other EU Member States in cross-border cases;<br><br>• Whether an agreement with a foreign state or international organization presupposes the use of administrative sanctions or corporate penalties; and<br><br>• Any other aggravating or extenuating circumstances in the case.<br>When assessing compulsory fines, emphasis will be placed on:<br><br>• The type of order that has not been complied with;<br>• The seriousness of the failure to comply with the order in relation to the considerations that the order is intended to safeguard;<br>• How burdensome it will be for the enterprise to comply with the order;<br>• The financial ability of the enterprise; and<br>• Any benefits of not complying with the order. |