



Transparency Act Progress Report 2023

June 21st 2024



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Vision: To accelerate the world's transition to a net zero future

Mission: Deliver energy-efficient and safe carbon capture technologies

Statement

Capsol Technologies ASA (“**Capsol**”) is covered by the Norwegian act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the “**Transparency Act**”). This document is Capsol's account for human rights due diligence pursuant to section 5 of the Transparency Act.

This account covers the previous financial year from 1 January 2023 to 31 December 2023. However, please note that Capsol was first covered by the Transparency Act upon becoming a public limited liability company in October 2023. Therefore, the account also describes guidelines, procedures etc., that have either been further developed or prepared in 2024.



Business Structure and Area Operations

Capsol is a public limited liability company incorporated under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. Capsol's main operations are headquartered in Norway, with additional offices in the United States and Germany. As a technology provider with a scalable licensing model, Capsol can support global deployments of its carbon capture technologies, minimizing the need for local presence or engineering hubs.

Capsol provides technology solutions for capturing carbon dioxide from large-scale, point-source emitters. The main target segments include industries with hard-to-abate emissions like cement and lime, and those offering carbon removal opportunities such as for biomass and energy-from-waste (EfW). Capsol also targets operators and owners of gas turbines seeking cleaner power generation for new or existing stations. Today these solutions are marketed under the registered trademarks of CapsolEoP® and CapsolGT®. Solutions are delivered to customers via a scalable licensing model where Capsol provides a process design package which serves as the blueprint for engineering and building carbon capture plants.

Capsol provides a mobile demonstration unit under the registered trademark CapsolGo®, which supports carbon dioxide emitters with developing their carbon capture projects towards Final Investment Decisions ("FID") by demonstrating the process efficiency on the emitters' flue gases.

As an integrated part of delivering technology solutions, Capsol offers engineering services such as sales engineering, feasibility studies, and input to engineering studies in more mature project phases, as well as advisory on value chain partner selection and project integration.

Core business suppliers and partners operate in the realm of engineering services, equipment provision, and material and chemical supplies. Most of Capsol's suppliers are mature European businesses, based in countries such as Norway, Sweden, Germany, or the United Kingdom.



Guidelines and Procedures

Introduction

Capsol is actively working to ensure that its own business, suppliers or business partners do not risk violating fundamental human rights and decent working conditions. Capsol supports the principles underlying the Universal Declaration of Human Rights, the United Nations Global Compact ten principles and the International Labour Organizations' (ILO) eight core conventions and expects its suppliers and business partners to do the same.

Guidelines

Capsol has reviewed and updated its existing ethical guidelines upon becoming subject to the Transparency Act. Capsol's Code of Business Conduct and Ethics (the “**Code**”) is the foundation and key governing document for the company's business conduct and can be found here. The Code applies to all employees and sets out expectations, commitments, and requirements for the ethical conduct of the Company and its representatives.

Capsol's requirements and expectations for its suppliers and business partners are described in the Code of Conduct for Capsol Technologies' Business Partners (the “**Business Partners Code**”), which can be found [here](#). The Business Partners Code, among other things, requires suppliers and business partners to carry out human rights due diligence according to the Transparency Act. Suppliers and business partners are also encouraged to give third parties access to their whistleblowing mechanisms.

Capsol is entitled to receive immediate notification in the event of any actual or potential violations of the Business Partners Code. Suppliers and business partners are also obligated to use their best efforts to ensure that these obligations and standards are communicated to and complied with by individuals and companies in their supply chain, as well as their business partners and other connections.

Human rights due diligence

Capsol has carried out human rights due diligence for current suppliers and business partners using a risk-based methodology with qualitative measures. Capsol poses relevant questions such as:

- a) Did we engage in business transactions with this partner in 2023?
- b) Is the contracted volume substantial?
- c) What types of products or services are delivered or performed, and within which sectors?
- d) In which country is the product or service delivered or performed?
- e) Is the partner subject to The Transparency Act or comparable regulations?
- f) Does available information about the company, including our internal knowledge and public sources, suggest or demonstrate an elevated risk of human rights violations?
- g) Do we anticipate future business engagements with the Business Partner?

Following the internal review of the business partner, if Capsol has identified an elevated risk of human rights violations, it convenes a Human Rights Due Diligence Forum to thoroughly discuss the situation. This forum involves leadership and other stakeholders engaged in the business relationship. Capsol draws upon public sources, internal insights, and client context to assess potential human rights concerns. An internal questionnaire, consisting of approximately 50 questions¹, guides the review. Some of the questions include:

- a) Does the business have established routines or guidelines to uphold human rights and decent working conditions throughout its operations and supply chain?
- b) Is the business transparent about its activities, employment relationships, and supply chain?
- c) Is there established Health, Safety, Environment (HSE) protocols within the company?
- d) Has the business prepared a risk assessment report? What risks have been identified, and what measures, if any, have been implemented?
- e) Does the business have mechanisms to monitor, and address verified risks or breaches within the supply chain? What historical measures has the supplier implemented?

Based on the forum's findings, Capsol deliberates on follow-up actions and remediation measures, such as audits or engaging in dialogue with the business partner.

Whistleblower portal

Capsol uses Euronext IntegrityLog as their whistleblowing portal. IntegrityLog allows for anonymous reporting and is also available both on their websites or directly from this [link](#). This ensures that also third parties have access to and can use the portal.

Information requests

Capsol has prepared an internal guidance for handling information requests pursuant to sections 6 and 7 of the Transparency Act. You can find more information [here](#) or provide your request to Responsible.Business@capsoltechnologies.com



Identified Actual Adverse Impacts and Significant Risks

Generally, Capsol has limited direct exposure in countries associated with high risk of human rights violations, as its own operations are situated in countries where the risk of human rights violations is deemed low, and the nature of its work is predominantly administrative and office based. Capsol has not identified any actual adverse impacts on fundamental human rights and decent working conditions or significant risks of such adverse impacts within its operations.

However, Capsol acknowledges the inherent risks associated with stress in the workplace, particularly given the unpredictable and demanding nature of working in a company scaling rapidly. To mitigate these risks, Capsol has proactively instituted various measures prior to its obligations under the Transparency Act. A comprehensive description of these measures can be found in the ESG & Social section of [Capsol's 2023 Annual Report](#) from page 29 onwards. In addition, Capsol believes that the new whistleblowing channel will reduce the barrier for notification of adverse company and business partner behavior and contribute to the increased safety and quality of its operations.

While no significant health and safety accidents, injuries, or discrimination cases were reported in 2023, Capsol acknowledges the potential risks inherent in operating within a highly regulated industry. Although its role as a technology provider partially mitigates direct HSE risks associated with on-site construction, Capsol is involved in various aspects of the process.

Capsol's position as a growth company means that the safety systems are being developed from the ground up. Safety is imperative to us as a business, and Capsol is actively working on enhancing its health and safety frameworks and mechanisms to ensure a safe working environment for all stakeholders. To this end, Capsol is in the process of implementing an optimized Safety Management System (SMS) to facilitate the maintenance and enhancement of its health and safety standards.

Furthermore, Capsol is committed to aligning its occupational health and safety management system with internationally recognized standards, such as ISO 45001². This alignment will help ensure that its practices meet industry benchmarks, fostering a culture of safety and accountability throughout its operations.

Capsol has not identified any actual adverse impacts on fundamental human rights or decent working conditions or significant risks of such adverse impacts in its supply chain or among its business partners.

However, Capsol has identified areas it should give certain attention in the future, such as clearly laying out Capsol's expectations for HSE prior to project commencement and proactively work on expectation management related to the Code of Conduct for Business Partners earlier in project discussions.

Measures

This report shall account shall also provide information about measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, as well as the results or expected results of these measures. As Capsol has not identified any actual adverse impacts or significant risks of adverse impacts, Capsol has not implemented any measures specifically targeting specific impacts. However, Capsol has initiated recurring organizational risk reviews, during which operational, safety, and employee-related risks are discussed within the leadership team.

For 2024, and until the next progress report, Capsol will focus on the following measures:

- Continuously improving our human rights due diligence process, hereunder developing routines for initial risk assessments of potential new suppliers and business partners, considering sector, product, geographical, and company-specific risks.
- Providing employees with sufficient and regular training on our ethical guidelines and HSE policies, including practical demonstrations of our whistleblowing routine, HSE training, and practical examples related to our ethical guidelines.
- Involving the wider business more proactively in identifying actual and/or potential human rights violations, especially in higher-risk environments, such as on-site.



Board Approval

Oslo, 21 June 2024
The board of Capsol Technologies ASA



Endre Ording Sund
Chairman of the board



John Arne Ulvan
Member of the board



Monika Inde Zsak
Member of the board



Ellen Merete Hanetho
Member of the board



Wayne Thomson
Member of the board



Wendy Lam
Chief Executive Officer

Media Contact Page

Responsible.Business@capsoltechnologies.com



**Our vision is to accelerate the
world's transition to a net zero future.**

**Drammensveien 126
0277 Oslo
Norway**

capsoltechnologies.com