



Reporting year 2024

Transparency Act Statement

Due diligence assessments for sustainable business practices



Established 2017 Grenseveien 21, 4313 Sandnes NACE-Industry 71.129 Employees 14
Contact Leonard Chaparian, CFO

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About us

Desert Control develops innovative solutions to enhance soil health, conserve water, and promote ecosystem resilience. The company's mission is to combat desertification, soil degradation, and water scarcity. Our patented Liquid Natural Clay (LNC) transforms sandy, fast-draining soils to retain water and nutrients, improving soil health, crop yields, and ecosystem vitality while conserving water. Desert Control provides customized solutions to strengthen sustainability, profitability, and prosperity for agriculture, forests, and green landscapes. In collaboration with partners and clients, we aim to preserve natural resources, restore biodiversity, enhance food security, and ensure a climate-resilient future.

Operating in Norway and USA, Desert Control has established a strong presence across key regions. Desert Control AS is listed on Euronext Growth with a diverse shareholder base, with no single entity holding more than 25% ownership.

Our company culture places a strong emphasis on upholding the internal code of conduct and guidelines that are deeply rooted in principles of human rights and decent working conditions. As a small enterprise, we prioritize maintaining proximity between employees and leadership, fostering a culture of accessibility and transparency.

Guidelines for Responsible Business Conduct

At Desert Control, we are steadfast in our commitment to ethical practices and responsible business conduct. This commitment involves systematic efforts to identify, prevent, mitigate, and address the risk of adverse impacts on people, society, and the environment. We embrace the Transparency Act as it propels further actions related to human rights and decent work.

Our dedication to ethical issues has led us to develop a comprehensive set of guidelines for our employees, vendors, and partners. These guidelines are designed to ensure that our business operations have minimal negative impact on environmental, social, and governance (ESG) matters.

Our set of guidelines includes:

- Insider manual for all employees.
- Code of Conduct employees.
- Conflict Mineral Policy.
- GDPR and Data Privacy Policy for Employees and former employees.
- GDPR and Data Privacy Policy for Job Seekers and Applicants.
- GDPR and Data Privacy Policy.
- Insider Trading Policy for Employees.
- Third-Party Code of Conduct.
- Whistle blower.

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Our Third-Party Code of Conduct outlines our expectations regarding human rights and a respectful work environment for our vendors and partners. These expectations are, in short:

- Support international human rights as they are specified in the United Nations' Universal Declaration of Human Rights including related conventions.
- Commit to a zero-tolerance approach to any form of modern slavery and anti-trafficking.
- This statement is made pursuant to section 54 of the UK Modern Slavery Act 2015.
- Comply with the International Labor Organization (ILO) and the U.N Convention on the Rights of the Child guide our policy on child labor.
- Vendors and partners should have a strict non-discrimination policy.
- We have a zero-tolerance policy for sexual harassment or discrimination, racial harassment or discrimination, or any other form of harassment and discrimination in our value chain.
- Commit to fair pay, transparent compensation principles and a diverse and inclusive workplace.

Methodology for due-diligence assessments

Internal assessments and board endorsement

Desert Control is subject to the Transparency Act and, as such, is required to provide accounts of our due diligence assessments. Our adherence to the Transparency Act is initiated with a thorough assessment within our organization and an extensive review of our supplier network. Following this, we assess the risk of potential violations of fundamental human rights and decent working conditions. This risk assessment includes evaluating both the severity and probability of any identified risks.

To align with OECD guidelines and to improve oversight, the responsibility for the implementation and monitoring of compliance with these guidelines has been assigned to our Chief Financial Officer (CFO).

Internal evaluation

At Desert Control, our commitment to responsible business conduct begins with an initial overarching risk assessment. This assessment serves as the foundation for our due diligence process. We have undertaken a comprehensive risk assessment and identified high-risk areas, prioritizing them based on severity and likelihood.

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Supplier survey

To ensure we have the most current information on our suppliers' conditions, we utilize Factlines. Their software and methodology are well-suited for supplier research, risk assessments, and documenting subsequent actions. Our due diligence is informed by the findings from these investigations.

Desert Control commits to an annual collection of data from our suppliers through self-assessments. These assessments are designed to meet the UN Global Compact's requirements and include inquiries about fundamental human rights and decent work environments, adhering to OECD guidelines. The self-assessment encompasses the following areas:

1. Corporate social responsibility, strategy, and guidelines.
2. Supply chain: follow-up, insight, and control.
3. Risk and due diligence assessments.
4. Country risk.
5. Management systems in the company.
6. Working conditions and rights.
7. Ethnic groups and the environment.
8. Anti-corruption.

The risk-related information is incorporated within Factlines and guided by the International Trade Union Confederation's (ITUC) labor rights guidelines and Transparency International's corruption index. We also consider the specific context of the countries from which our suppliers originate, as detailed in our 2023 statement.

We have evaluated all significant suppliers against the high-risk list provided by the Norwegian Agency for Public and Financial Management (DFØ). Those matching the risk list have been included in this year's due diligence data collection.

This data collection is pivotal for assessing risks within our supply chain, utilizing the latest information from our suppliers. The survey lays the groundwork for subsequent follow-ups. Should the self-assessment or other indicators reveal deviations, we promptly engage with the concerned supplier. The objective is to collaboratively prevent and mitigate any negative outcomes.

Findings and results

Self-assessment of Desert Control

Desert Control has conducted a self-assessment in Factlines, and no violations of human rights or decent working conditions have been found in its own business in Norway. In Factlines we got a sustainability score of 78/100.

Potential for improvement has been identified in the formalization of policies and guidelines. This is reflected under further work and measures for 2025.

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Findings and results

Findings

For our continued due diligence we have expanded the scope of our supplier survey. For this years due diligence we have also reviewed the transparency act statements of selected suppliers as well as other publicly available information relating to human rights and decent working conditions.

No actual negative consequences have been revealed in our due diligence assessments. Nor have any significant risks of negative consequences in our supply chain been revealed. However, we have uncovered a few areas of improvement:

- Limited insight and documentation – Some suppliers lack adequate documentation of internal procedures and have insufficient oversight of subcontractors.
- HSE incidents and working environment – One service supplier reported multiple health, safety, and environment (HSE) incidents, both psychosocial and physical, plus an increase in cases of threatening customer behavior (from 48 in 2023 to 66 in 2024). All incidents were handled under established procedures.
- Supplier follow-up postponed – A major supplier carried out thorough follow-ups in 2023 but has postponed further mapping to 2025 due to a merger process. The company plans to define clear frequency, depth, and threshold criteria for future reviews.
- Lack of supply chain overview – Some suppliers note that, in practice, it is challenging to control every entity deeper in the value chain, even with formal commitments in place.

Further work and measures

We want to continue our work and get a better overview of the risks that lie in our value chain. It is also important to us that we constantly assess the need for policies and guidelines for our own business.

Status on measures from last reporting period

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Status on measures from last reporting period

Activity	Start year	Information	Estimated date of completion
Conduct due diligence assessments before engaging new suppliers	2022/23	We have reduced the number of suppliers.	End 2024
Evaluate the need for a procurement policy addressing human-rights.	2022/23	Develop a procurement policy. This policy will address both human rights and environment.	End 2024
Conduct regular supplier surveys and publish the results of the due diligence assessment by 30. June every year.	2022/23	For 2023 we are using Factlines to conduct supplier surveys.	End survey for 2023 by 30.06.24. Continuous work
Ensure all vendors have signed our Third- Party Code of Conduct.	2024		End 2024
Include the Third- Party Code of Conduct in supplier negotiations.	2024		End 2024
Evaluate the need for a systematic measure of Co2 emissions.	2024		End 2024
Follow up supplier regarding lack of systems for Environment and CSR.	2024		End 2024
Follow up supplier regarding lack of Internal ethical guidelines and Supplier CoC.	2024		End 2024

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Sandnes, 30.06.2024

Signed by:

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Making Earth Green Again

Established 2017
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