

Reporting year 2022

# Transparency Act Statement

Due diligence assessments for sustainable business practices

## DESERT CONTROL AS

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

## About us

Desert Control AS is dedicated to combatting desertification and soil degradation. Through our patented product, Liquid Natural Clay (LNC), we facilitate the transformation of desert sand into fertile soil rapidly. Our technology offers a non-intrusive means of enhancing soil health, boosting crop yields, and reducing water and fertilizer consumption. These benefits are targeted towards agricultural and landscaping sectors.

Operating in the USA, the Middle East, and Europe, 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 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.

### Ethical guidelines and procedures

Responsible business conduct involves systematic efforts by companies to identify, prevent, mitigate, and report on how businesses address the risk of negative impacts on people, society, and the environment. We therefore welcome the Transparency Act because it will drive further measures linked to human rights and decent work. In Desert Control we are adamant and highly focused on ethical issues and have therefore developed a set of guidelines for our employees, vendors and partners. We want to ensure that we conduct our business with minimal negative impact on environment, social and governmental issues.

Our set of guidelines includes:

- Insider manual 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

## Method for due-diligence assessments

### Internal assessments and [board endorsement](#)

Desert Control is subject to the Transparency Act and is therefore obliged to account for our due diligence assessments. Our approach to adhering to the Transparency Act begins with a comprehensive assessment conducted within our own organization and across our network of suppliers. Subsequently, we evaluate the risk of potential breaches of fundamental human rights and decent working conditions. This evaluation entails an assessment of both the severity and likelihood of identified risks.

To ensure alignment with OECD guidelines and to enhance oversight, the responsibility for implementing and monitoring compliance with these guidelines has been entrusted to the CFO.

### Internal evaluation

An initial overarching risk assessment conducted within our organization serves as the cornerstone of our due diligence assessments. This assessment enables us to identify priority areas for further risk evaluation. We have undertaken a comprehensive risk assessment and identified high-risk areas, prioritizing them based on severity and likelihood. We have determined that procurement of goods and services represents the primary area for further assessment.

### Supplier Mapping

Our efforts are guided by a robust framework designed to facilitate risk assessments within our organization and throughout our value chain. This framework, aligned with OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, allows us to identify and prioritize risks related to human rights and decent work violations. By establishing clear responsibilities and tracking mechanisms, this framework enables us to identify information gaps and implement appropriate follow-up measures. This framework follows a systematic approach, as outlined below.

#### **Step 1: Prioritization.**

In this initial step, we gain an overview of our suppliers, identify information gaps, and lay the foundation for developing a more sophisticated risk assessment tool. This tool will aid in mapping risks of human rights violations across categories and our primary suppliers, business partners, and associates. We use the insights from this step to select priority risk areas for further action. This step was completed in 2022.

#### **Step 2: Mapping.**

Building upon the insights gained from the prioritization step, we further refine our risk categories. This involves developing a straightforward plan for assessing prioritized risk categories, gathering additional information, and validating our findings. This step was completed in 2022.

#### **Step 3: Information gathering.**

In the third step, we delve deeper into specific risk categories identified in the previous steps. This involves assessing suppliers associated with prioritized risk categories. This step will be conducted in 2023.

## Findings from due-diligence assessment

Our mapping of suppliers selected for further interaction in 2023 reveals differing degrees of projected risk concerning infringements upon fundamental human rights and adequate working conditions. These distinctions are influenced by the specific countries from which these suppliers originate. The overview is as follows:

Country	Risk of Breach (ITUC Score)
<b>United Arab Emirates</b>	5 – No guarantee of rights
<b>Finland</b>	1 – Occasional rights breaches
<b>China</b>	5 – No guarantee of rights
<b>Netherlands</b>	1 – Occasional rights breaches
<b>Norway</b>	1 – Occasional rights breaches
<b>Spain</b>	3 – Regular rights breaches
<b>United Kingdom</b>	3 – Regular rights breaches
<b>Switzerland</b>	1 – Occasional rights breaches
<b>Turkey</b>	5 – No guarantee of rights
<b>Germany</b>	1 – Occasional rights breaches
<b>United States</b>	4 – Systematic rights breaches

We have also assessed the industries in which these suppliers operate, recognizing the varying levels of risk associated with each sector. The identified industries and associated risk severity and likelihood scores are as follows:

Industry	Risk Severity Score	Probability Score
<b>Clothing/textiles, protective equipment, tools, food/beverages</b>	High	High
<b>Electronic equipment/material</b>	High	High
<b>Construction, engineering, and infrastructure services</b>	High	Medium
<b>Mechanical equipment</b>	High	High
<b>Telecommunications infrastructure and access</b>	High	High
<b>Power and infrastructure</b>	High	High
<b>Building materials and consumables</b>	High	High
<b>Agriculture and Aquaculture</b>	High	High

As our mapping reveals that some of our suppliers originate in high-risk industries and originates in countries with regular rights breaches, systematic rights breaches, and countries with no guarantee of rights, it is noticeably clear to us that a thorough survey and follow-up is particularly important.

## Further measures

### Ongoing measures

Continuing our commitment to responsible business practices, we aim to enhance our understanding of risks within our value chain. To this end, we have outlined the following measures for 2023:

- Conduct due diligence assessments before engaging new suppliers.
- Evaluate the need for a procurement policy addressing human–rights.
- Conduct regular supplier surveys and publish the results of the due diligence assessment by 30. June every year.