

# Transparency Act – who, what, how?

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# Agenda

- **Background and purpose**
- **Who has to comply?**
- **What are the obligations?**
- **How to implement in practice?**

# The Transparency Act

Purpose

Why

Trends

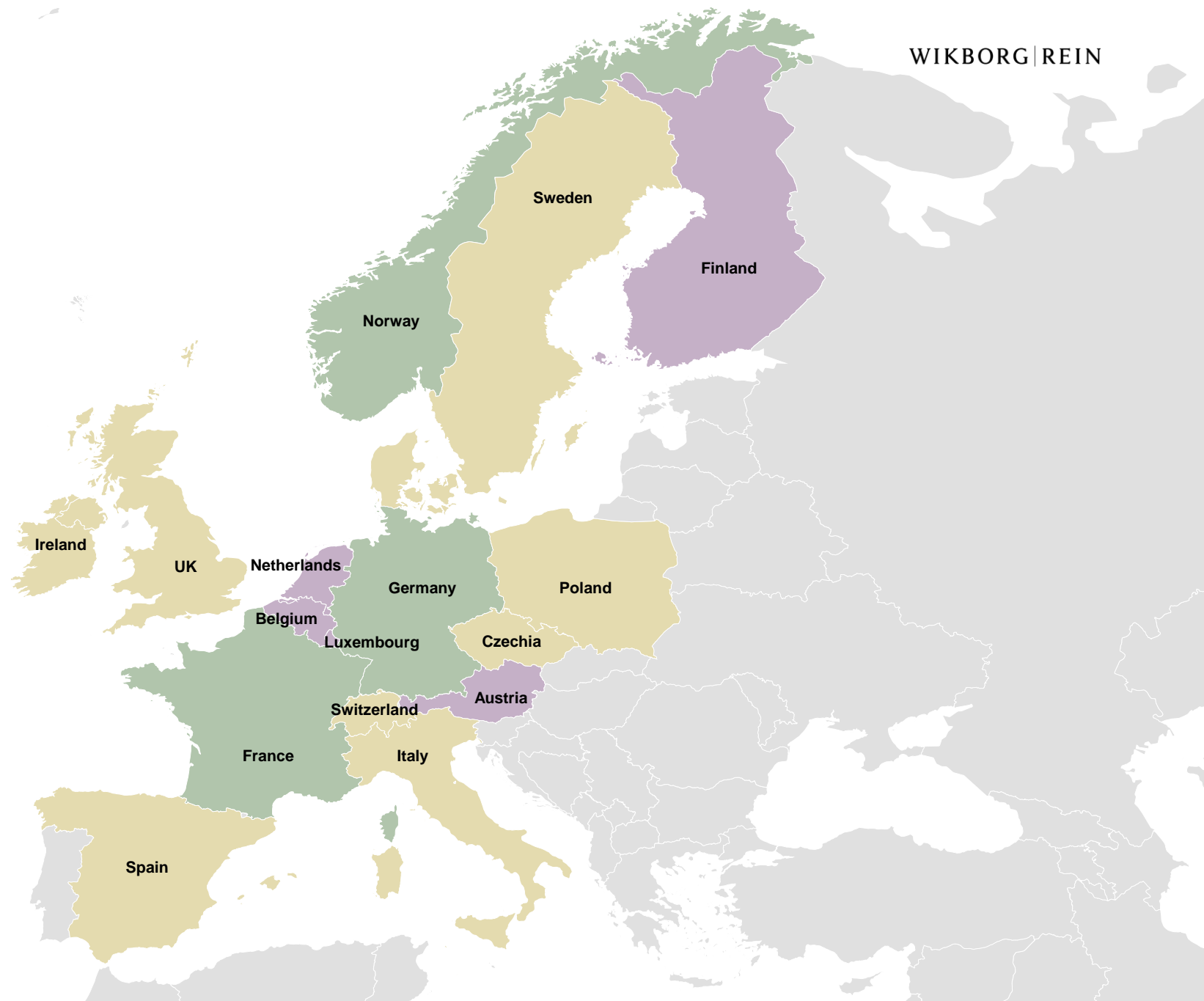


# Mandatory Human Rights and Environmental Due Diligence Legislation in Europe

 Final law

 Draft law

 On the political agenda





# Who has to comply?

- Larger enterprises:
  - Accounting Act § 1-5, or two of the following
    - NOK 70 million sales revenues
    - NOK 35 million balance sheet total
    - 50 full-time equivalent employees
- Parent company is a larger enterprise if the conditions are fulfilled for parent and subsidiaries as a whole
- Subsidiary abroad?
  - The parent company's due diligence shall include risks in relation to activities in both the parent and the subsidiary, regardless of where the subsidiary is incorporated



## Core obligations

Due diligence

Duty to account for due diligence

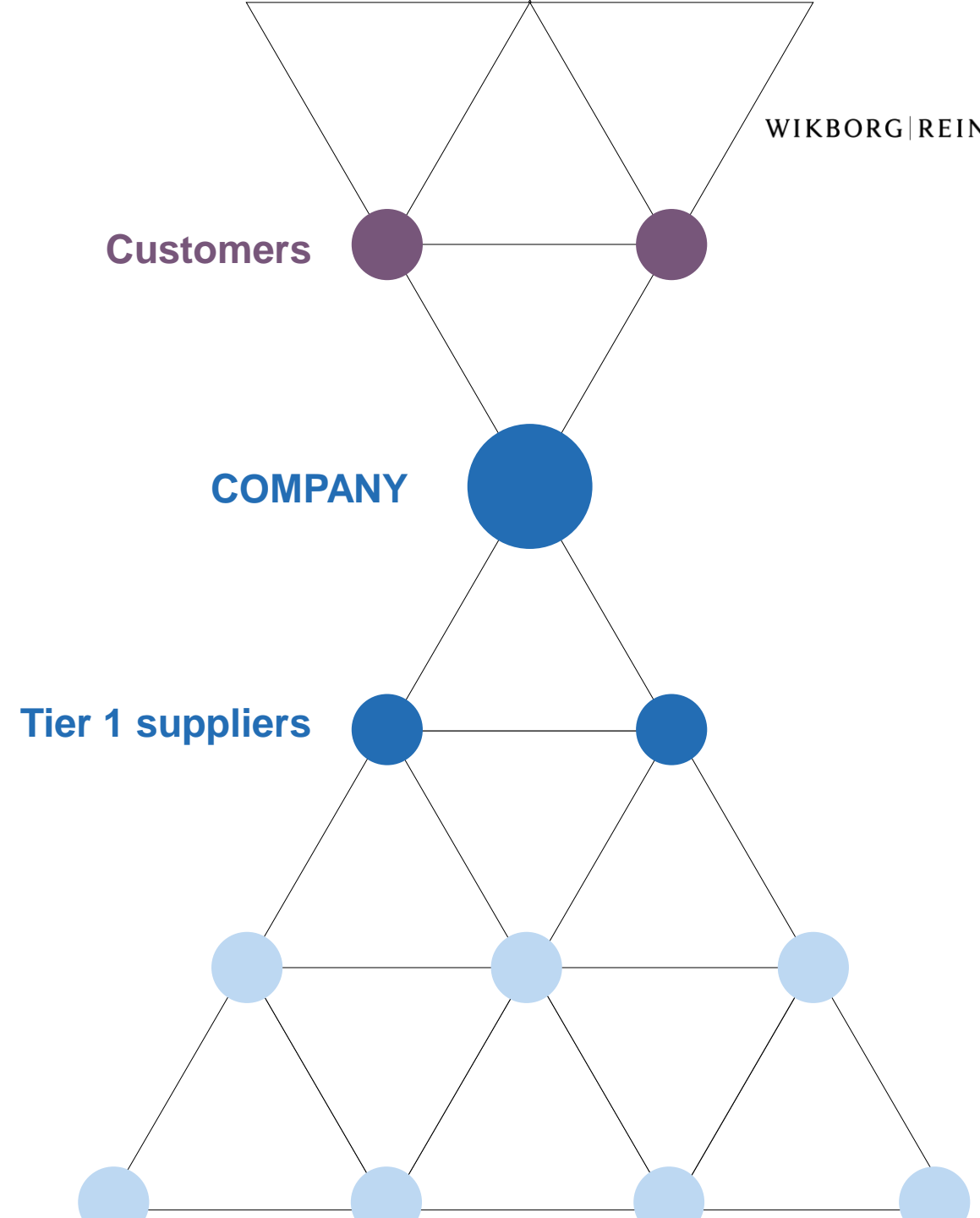
Right to (and duty to provide) information





# Scope of due diligence

- The scope of the due diligence is:
  - *linked with the enterprise's operations, products or services via the supply chain or business partners*
- Supply chain:
  - *any party in the chain of suppliers and sub-contractors that supplies or produces goods, services or other input factors included in an enterprise's delivery of services or production of goods from the raw material stage to a finished product*
- Business partners:
  - *any party that supplies goods or services directly to the enterprise, but that is not part of the supply chain*
- How about customers?



## Customers?

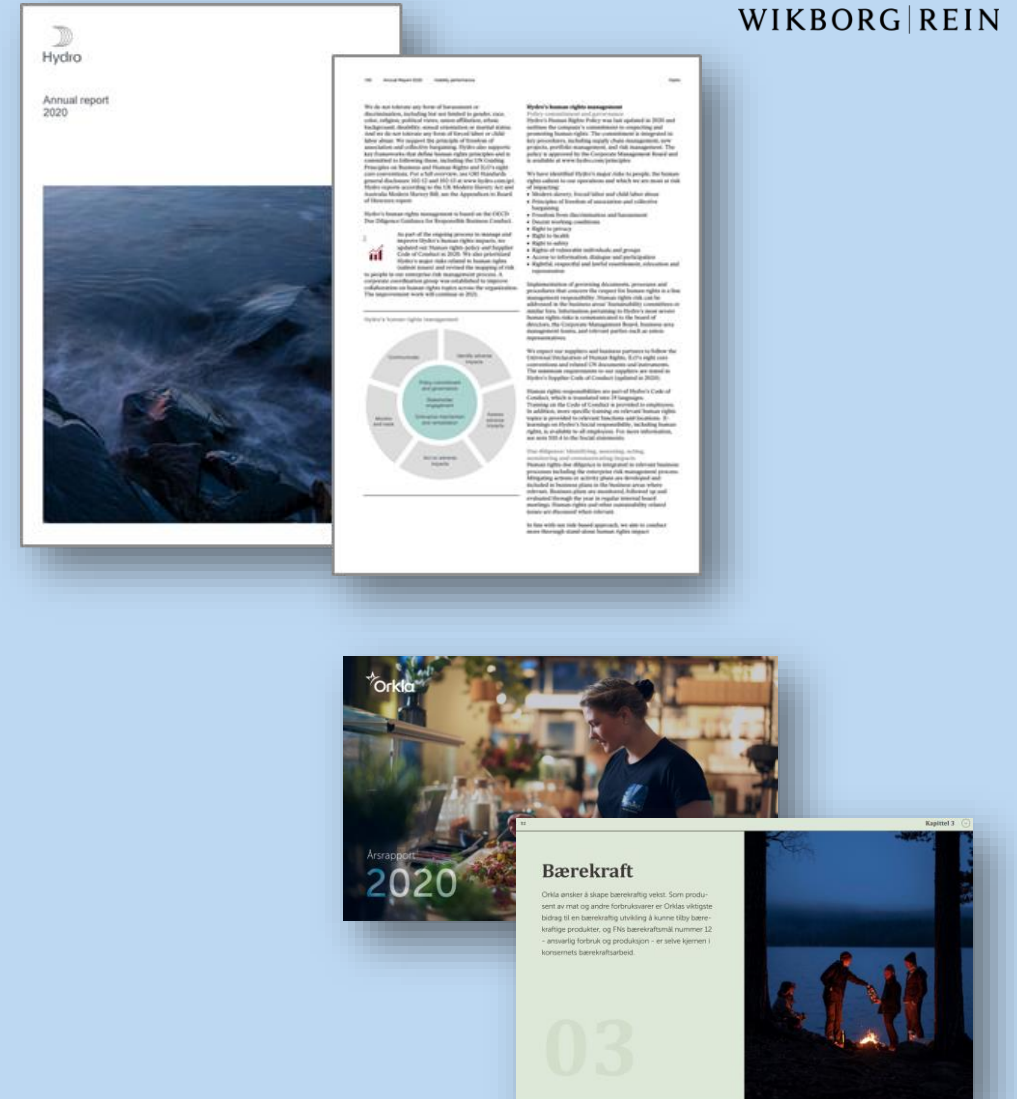
- The Transparency Act: unclear whether customers are included
- OECDs guidelines for Multinational Enterprises (MNE guidelines 2011): applies to the whole value chain
- Sector guidance for lenders (*Due diligence for Responsible Corporate Lending and Securities Underwriting* (2019): customers are included
- EU commission proposal for new directive on *Corporate Sustainability Due Diligence* (2022): applies to the whole value chain





# Duty to account for due diligence

- Minimum requirements:
  - a) general description of the structure and handling
  - b) information regarding **actual adverse impacts and significant risks** identified through the due diligence
  - c) **information regarding measures** and the results or expected results of these measures
- Shall be made publicly available
- May be included in the report pursuant to § 3-3 c of the Accounting Act
- May be reported jointly for parent and subsidiaries
- In force from 30 June 2023



# How to handle disclosure obligations

- From 1 July 2022 "*any person*" may send a written request for information about "*how the enterprise addresses actual and potential adverse impacts pursuant to § 4*"
- Information shall be provided within a reasonable time
  - and no later than within three weeks
  - two months if disproportionately burdensome
- Limited basis to deny a request
- It may be prudent to establish routines for handling information requests



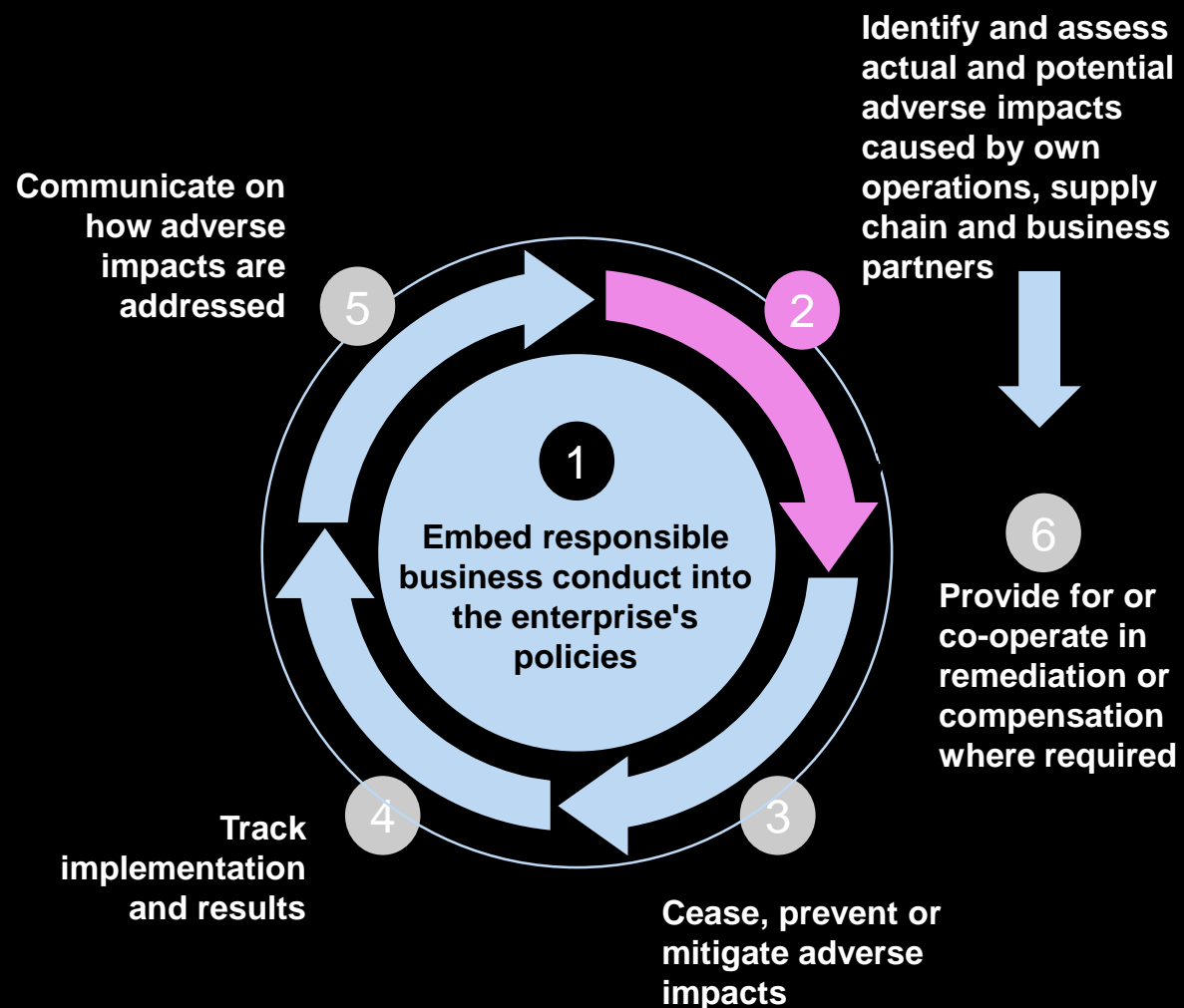
# How to implement in practice?

A

B



## Due diligence: Starting points



## Where to begin?



# Thank you!



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