

# Disruptive technologies, Sustainable results

Human Rights and Transparency Act Report  
2022



# 1.0 About

## 1.1 The Transparency Act and policy for handling requests of information

In 2022, Norway implemented the “Act relating to enterprises’ transparency and work on fundamental human rights and decent working conditions” (the Transparency Act). The purpose of the Act is to promote respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to ensure the general public access to information regarding how enterprises address adverse impacts.

This document provides a description of how Nekkar ASA (Nekkar) works to secure human rights and decent working conditions in our operations and supply chain. For more information about this or other sustainability topics, please contact our sustainability manager, Anne-Line Aagedal: [anne-line.aagedal@nekkar.com](mailto:anne-line.aagedal@nekkar.com).

## 1.2 Nekkar

Nekkar is a company that utilises electrification, automation, and digitalisation competence as levers to make high-growth industries more efficient, profitable, and sustainable.

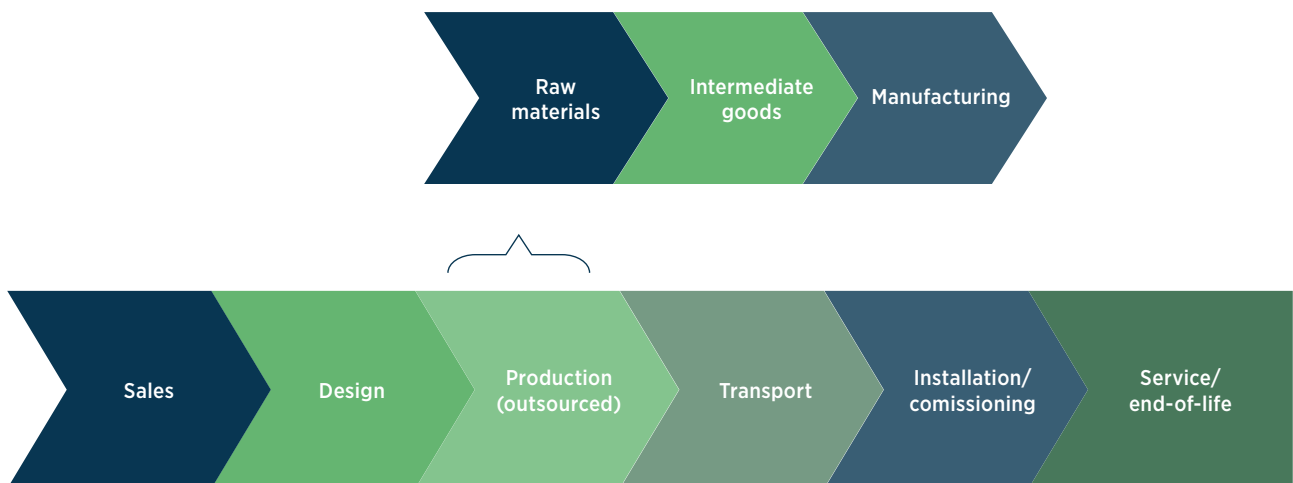
Our company’s operations are divided into three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – that are all supported by our Digital Solutions business unit which applies its unique competence within electrification, automation, and digitalisation across the entire Nekkar Group.

Nekkar has extensive industrial experience and a strong legacy within product development and project execution from both the former TTS brand, which grew from a small business to a multi-billion global company, and the internationally recognised “Drilling Bay” in Kristiansand, Norway. Our highly competent employees have a long track record of innovation and product development.

Nekkar is a public limited company listed on the Oslo Stock Exchange (ticker: NKR).

## 1.3 Our supply chain

Nekkar’s business operations are mainly related to ocean-based industries and segments such as ports and harbours, aquaculture, and renewable energy.



# 2.0 Guidelines

Conducting business with integrity and building a culture that prevents unethical business practices is important to Nekkar. Our business should be conducted in a manner that respects internationally recognised human and labour rights, including (but not limited to) OECD's guidelines for multinational enterprises, the Human Rights Act, and the Transparency Act. We shall comply with applicable laws and regulations in all countries where we are present.

Nekkar's main governing documents are the company's Code of Conduct and the Code of Conduct for Business Partners. These documents have been developed by Nekkar's Executive Management and are approved by the Board of Directors. Any concerns regarding business conduct, or advice regarding our policies and practices, should be directed to the sustainability manager.

## 2.1 Code of Conduct

Our ethical guidelines are described in Nekkar's Code of Conduct, which sets clear rules and expectations for ethical behaviour for all stakeholders. The Code of Conduct is shared with employees as part of the onboarding process, and employees are expected to read, understand and comply with this. As per 31 December 2022, 100 percent of Nekkar's employees have read and signed the Code of Conduct. Code of Conduct workshops are also regularly held at all business locations as well as workshops focused on raising ethical awareness, and joint information meetings are held whenever the Code of Conduct is updated.

## 2.2 Business Partner Code of Conduct

We expect that our business partners and suppliers act in compliance to applicable laws and share our values and acknowledgement of internationally recognised human and labour rights. Nekkar has developed a Business Partner Code of Conduct, which is part of our standard terms and conditions in contracts with suppliers and business partners. The Business Partner Code of Conduct addresses human and labour rights specifically and can be found on Nekkar's website.

## 2.3 Human Rights Policy

In addition to the Code of Conduct and Business Partner Code of Conduct, we have also established a separate Human Rights Policy. The policy states our commitments to human rights, including non-discrimination, fair employment practices, forced labour and child labour, health and safety, freedom of expression and association, supply chain responsibility and indigenous rights and local communities. The Human Rights Policy also contains information about due diligence and risk assessment, grievance mechanisms, compliance and reporting, stakeholder engagement, non-retaliation and leadership and accountability.

The Human Rights Policy has been approved by Nekkar's Board of Directors and is publicly available through the company's website.

## 2.4 Whistleblowing policy and grievance mechanisms

All conditions that raise ethical issues or are considered a breach of the Code of Conduct is expected to be reported to an employee's closest line manager or to the Health, Safety and Quality Manager (HSEQ). All such incidents should be registered, so that necessary follow-up can be done and suitable measures implemented, if applicable.

The company established an anonymous whistleblowing channel through My Voice (Mitt Varsel) in 2022. This channel is available on Nekkar's website. Employees have also been informed and trained on when and how to report, both internally and through the My Voice channel.

Nekkar is committed to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to. Grievance mechanisms are established to enable stakeholders to raise concerns about, and seek remedy for, the organisation's potential and actual negative impacts.

# 3.0 Impact assessment

## 3.1 Risk of negative impact

Nekkar (the holding company, as well as the Aquaculture, and Renewables and Digital business areas) is headquartered in Kristiansand, on the South coast of Norway. Shipyard Solutions is located in Vestby, Norway, with subsidiaries in Singapore and the US. The company also has two sales and service representatives in Dubai.

While most of our operations take place in Norway, where the risk of human and worker's rights breaches is perceived to be low<sup>1</sup>, our global presence and value chain increases the risk of Nekkar being exposed to illicit forms of labour, including child labour, forced labour, unequal pay conditions, discrimination and health and safety deviations.

Main risks are related to Shipyard Solutions' activities, as the company delivers projects to countries with a heightened risk of human and worker's rights breaches, including China and Vietnam (the Far East), the Middle East, Africa, and South America.

In the table below we have listed the countries where Nekkar itself is present, and the subsequent score on human rights according to the The Global Economy's Human Rights and Rule of Law Indicator and the ITUC Global Rights Index. A high score indicates a higher risk of human rights breaches, while a low score indicates a lower risk.

**Table 1: Countries where Nekkar is present**

Country of operation	The Global Economy Indicator	The ITUC Global Rights Index
Norway	0.5	1
Singapore	4.5	2
United States of America	4.4	4
United Arab Emirates	7.0	5
China	9.6	5
Vietnam	7.8	4

1) Based on the The Global Economy's Human Rights and Rule of Law Indicator and the ITUC Global Rights Index 2022/2023.



### 3.2 Actions

Nekkar is dependent on many suppliers to conduct our services and produce our products. Most of our suppliers are located in Norway, but many of our suppliers are also located in China, where the risk of human rights breaches is considered to be higher (see table above). The rest of our suppliers are located in various countries around the world, including Poland, Vietnam, Singapore, Holland, Italy, Germany, and more.

As a starting point, Nekkar always communicates our ethical guidelines when entering contracts with new suppliers and business partners and we require all suppliers to sign our Code of Conduct for Business Partners. We also map our suppliers' own ethics routines through a Supplier Evaluation Questionnaire (SEQ), carry out nondisclosed evaluations, and ask for more information where needed. We also carry out physical audits of some of our suppliers as part of our initial screening/ due diligence, however, the number of audits conducted in 2020-2023 have been lower than usual, due to the Covid pandemic.

#### 3.2.1 Due diligence process 2022/2023

To further reduce the risk of negative impact, we began an extensive due diligence process in 2022 to identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions in our value chain. This includes listing our suppliers and mapping them out by size, country of operation, and industry. In total, 100 suppliers were assessed. Suppliers were chosen based on the size of the contract that they currently have with Nekkar.

In the 2022 screening, we evaluated suppliers based on their HSE routines, product quality, environmental performance and certifications awarded (including ISO 45001, 9001, 14001 and 1090-1). Based on this assessment, the supplier received a score between 1 (best performance) and 4 (poorest performance). Suppliers with a low score were flagged for follow-up.

Nekkar has not identified any human rights breaches in the reporting period, nor has the company received any reports through our internal and external whistleblowing system.

### 3.3 Going forward

We aim to further strengthen our work related to human rights and decent working conditions. Some of our goals for 2023 includes providing information and training for Board members on business ethics, continue to conduct due diligence of suppliers regarding human rights and decent working conditions, and make sure that all major suppliers have signed the Business Partner Code of Conduct. Where we see a potential risk, we will ask for more documentation and ensure regular follow-up and correspondence. All these measures are likely to reduce the risk of negative consequences.

**Table 2: KPI's related to Nekkar's work on human rights and decent working conditions.**

KPI	2022
% of suppliers that have filled out Nekkar's Supplier Evaluation Questionnaire (SEQ)	30
No. of physical audits conducted in the reporting period	19
No. of suppliers that were screened using social criteria	100%
No. of significant instances of non-compliance with laws and regulations	0
China	9.6
Vietnam	7.8



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