

Supply chain due diligence report (2022)

GAC Norway AS

June 2023

Supply chain due diligence report

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The nature and location of the business

GAC Norway AS operates within ship agency, port services, insurance services, bunker broking, chartering, forwarding, real estate investments, office and warehouse leasing. The company is headquartered in Austrheim municipality, with branches in Fredrikstad, Slagentangen (Tønsberg), Oslo, Tysvær (Kårstø), Stavanger, Bømlo, Bergen, Florø, Kristiansund, Tromsø and Hammerfest municipalities. The majority of our business are services provided in connection with ship agency assignments in the energy, tanker and cruise sectors.

Our work with sustainability, including respect for human rights and decent working conditions

For many years, respect for human rights and decent working conditions has been integrated into our culture and practices. GAC wants to do well and do good wherever we can to make the world better, safer, cleaner and greener. That philosophy is at the heart of our commitment to sustainability, reflected in our Roadmap to Sustainability as well as the GAC Spirit, and our Group Ethics, Compliance and Health, Safety, Security, and Environment (HSSE) policies.

At GAC Norway, we are fully committed to ensuring that all business that we undertake is done ethically, transparently and in full compliance with all laws and regulations. GAC Compliance and Ethics comprises of GAC policies which provide guidance on how we conduct our business and put our ethics and values into practice. Our approach is underpinned by the GAC Code of Ethics and GAC Spirit and is overseen by the GAC Group Compliance Team.

GAC has an established whistleblowing procedure that allows employees at all levels in the organisation to bring their concerns to the attention of the Group Compliance Team if they do not feel they are handled appropriately at a local level.

The GAC Code of Ethics is a guide for action and sets out the minimum standard of conduct we expect from any party working for or representing GAC. The Code outlines GAC's core values and is the foundation for our overall compliance programme. It sets out the basis of the GAC Group's relationship with customers, suppliers, staff, and the law. At its core lies a determination to treat the Group's stakeholders honestly, fairly and with dignity. It is derived from the Group's operating values and practices and the GAC Spirit. It reflects and acts to preserve the values of the GAC Spirit.

The GAC Supplier Code of Conduct sets out the standards and behaviours we require from our suppliers and their suppliers to structurally improve conditions for workers and promote a cleaner environment for local communities. Suppliers are expected to adopt the highest standard of ethical behaviour and provide a healthy, safe and secure work environment for all employees. As outlined in the GAC Supplier Code of Conduct, GAC's suppliers must treat all employees fairly and with dignity and respect. In addition, they must respect the diverse cultures, traditions, laws and regulations of the countries within which we conduct business. GAC has a zero-tolerance policy regarding any form of slavery, servitude, forced and compulsory labour and human trafficking.

During the vetting process, GAC's suppliers providing GAC's products, services or solutions to or on behalf of GAC are required to acknowledge and comply with the GAC Supplier Code of Conduct.

The procurement process is essential to our organisation's ability to provide our customers with services that meet their requirements. GAC ensures that all purchased products or services included in our final service conform to our specified requirements.

This is accomplished by working closely with a network of external suppliers whose performance and capability are continually assessed through periodic evaluations, audits, performance data analysis and inspection or verification of the supplied products or services.

The type and extent of control applied to our suppliers and the purchased product or service depends on the impact it may have on the final service provided. Our supplier qualification process strives to mitigate supply chain risk by verifying if suppliers are suitable to ethically provide various goods or services.

As part of the process, suppliers are required to complete a questionnaire which includes company data, compliance and ethics, as well as information about the quality, health, safety and environment management systems implemented, IT infrastructure and operational controls. Acceptance of the GAC Supplier Code of Conduct is mandatory for a supplier to be approved.

Our supply chain

As a service provider, GAC Norway coordinates services with over 1,200 suppliers on behalf of our customers. Of these, in 2022, 64% were within our top 10 suppliers, 83% within our top 50 suppliers, 91% within our top 100 suppliers and 96% within our top 200 suppliers. Our top 200 suppliers account for over 1 billion NOK in costs. Job-related costs account for 97% of supplier-related costs. The other 3% are costs related to administration.

Due to the nature of our business, very few of our suppliers are located outside of Norway. Those that are include GAC Group related spending and that related to employee travel.

Due diligence assessment

Following the principle of proportionality, due to the high number of suppliers, we have categorised them for our assessment based on service or product provided and the type of organisation. We have focused the assessment on the suppliers accounting for 98% of the costs; the remaining 2% are considered largely inconsequential as input factors to the business.

We have assessed the supplier categories and assigned them one of three colours based on assessed risk level. Red applies to categories or organisations with actual significant negative impact and/or considerable known risk not handled. Yellow applies to categories or organisations with unknown potential for risk or known risk that is handled. Green applies to categories or organisations with no known risk.

In 2022, we have observed no actual negative consequences of any significance. In addition, we have not assessed any of our supplier categories or individual suppliers as having a considerable level of known risk. Thus, there are no supplier categories or individual suppliers assessed as having a red risk level.

About 73% of our spending is categorised as local and national government bodies, private terminals, harbours and other suppliers that are directly associated with or contracted by government or oil terminals. GAC Norway has no influence on the appointment of these suppliers nor authority to influence their compliance-related action. We do not know of any risk associated with these suppliers; thus, we assigned them the green risk level.

We have assigned about 25% of our suppliers the yellow risk level. These are suppliers that there is an unknown potential for risk; however, we feel that there should be an extra focus on them due to their category type. As related to job costs, these categories are taxi, hotel, mooring, waste management and GAC subagents. As related to administration, these categories are mobile and

communication, marketing and representation – specifically venues used for commercial events, car maintenance and service, staff travel and events.

Measures to cease actual adverse impact or mitigate significant risk of adverse impacts

There are a number of measures already implemented at both the Group and local level that have been implemented to reduce the risk of adverse impact as well as build a culture of ethical behaviour and respect for human rights. With no categories or suppliers assigned the red risk level, we conclude that these measures have been largely successful.

In addition to GAC's policies and procedures, supplier vetting process, established routines for supplier audits and the GACqhsse application which can be used to register actual adverse impact as well as improvement suggestions, we plan to implement additional measures in 2023/24 to provide us with greater insight into the potential risk related to the suppliers assigned the yellow risk level. This insight is expected to aid us in identifying specific suppliers we can use our influence to help improve.

We are revising our supplier vetting questionnaire to more specifically focus on the requirements of the Transparency Act, including reference to suppliers' assessment process related to their own suppliers. Specific yellow level suppliers will be required to provide documentation.

Our procurement procedure includes a focus on sustainability. Improving upon this procedure, we are adding a requirement for a supply chain assessment of venues used for commercial or staff events. This procedure will apply to all such venues irrespective of the amount of cost as a percentage of the overall costs or significance as an input factor to the business.

We will provide Transparency Act training to all GAC Norway staff by presenting the basics of the Act in an upcoming all staff meeting and focusing on employees' ability to make a positive impact by reporting any observed adverse impacts or improvement suggestions using the GACqhsse application.

Additionally, we have created a new administrative role to further strengthen our work with QHSSE and supplier management.

The success of these measures will be assessed latest Q1/Q2 2024 in connection with preparation of the 2023 Due Diligence Assessment and Supply Chain Due Diligence Report.


In the event of obtaining knowledge of significant adverse impact or increased known risk, we will reassess and implement appropriate measures accordingly.



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