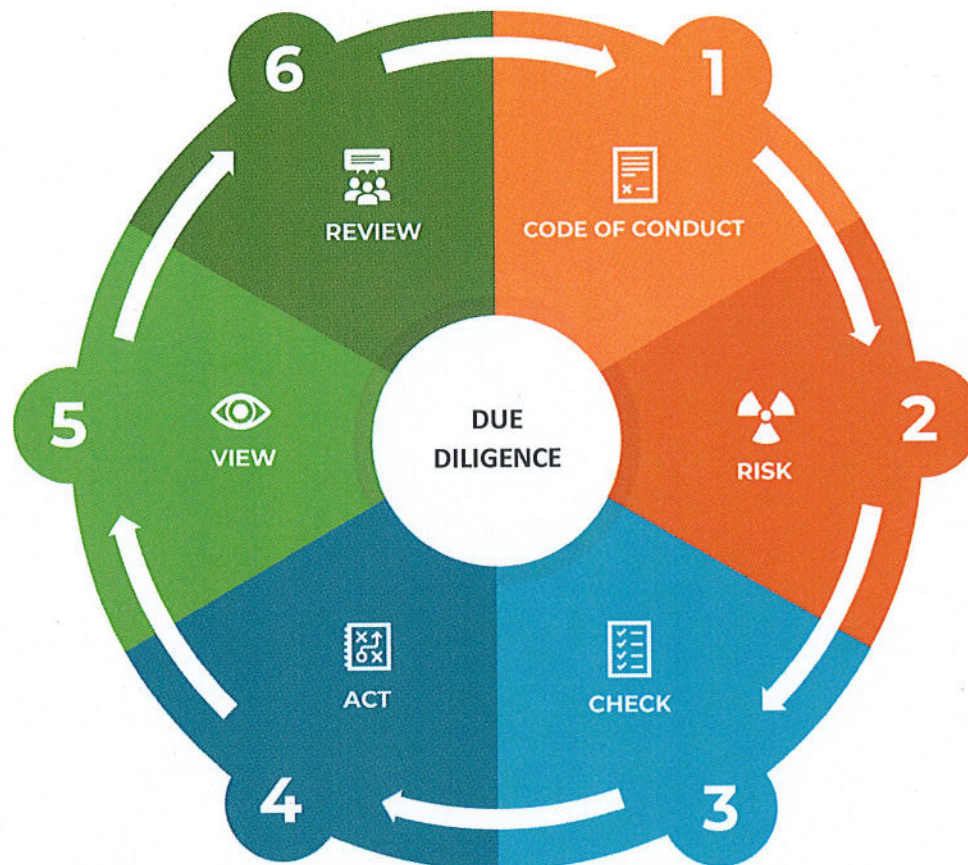


DUE DILIGENCE REPORT



by Sotra Gruppen and its subsidiary companies;

- Sotra Contracting AS
- SOCON Norheimsund Sveis AS
- Sotra Anchor & Chain AS

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0. Introduction

In this document, we have identified and assessed Sotra Gruppen's impact on society based on own operations as well as those of our suppliers and collaboration partners.

The report has been prepared for the financial year 2022.

Responsibility for the due diligence process and report, and for compliance with the Transparency Act, rests with QA/HSE manager.

1. Description of Sotra Gruppen

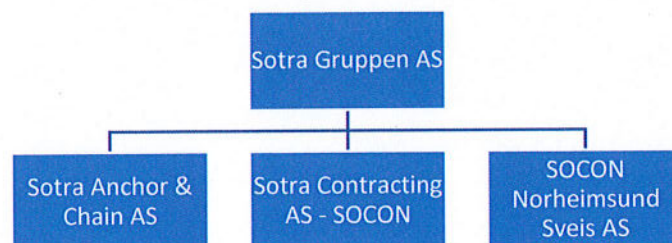
1.1 Sotra Gruppen's values

Sotra Gruppen commits to:

- Respect human rights
- Safeguard workers' rights
- Preserve the environment
- Avoid corruption and bribery

1.2 Sotra Gruppen's operations

Sotra Gruppen is comprised of the parent company Sotra Gruppen AS and subsidiary companies. Sotra Gruppen AS' area of business is the provision of ancillary services to its subsidiary companies in the areas of finance, quality assurance and HSE, HR, and management. Sotra Gruppen AS provides services to its subsidiary companies, and has few external suppliers. Typical suppliers to Sotra Gruppen AS are banks, insurance companies, building maintenance providers, and IT services.



The SOCON workshops (Sotra Contracting AS and SOCON Norheimsund Sveis AS) operate in the mechanical industry, predominantly in Western

Norway. Core services offered by the companies are engineering expertise, project management, 3D scanning, sheet metal work, welding, and piping and mechanical work. Their customers are in the main local companies with offices / headquarters in Western Norway. Typical suppliers to the SOCON workshops are providers of goods/services such as steel, gas, NDT, surface treatment, and transport.

Sotra Anchor & Chain AS is a supplier of mooring and deck equipment products to enterprises all over the world. The company has its own sales offices and warehouse facilities in Norway, the Netherlands, and China. Typical suppliers are manufacturers of new mooring and deck equipment, and anchors and chains. Several of these suppliers are located in Asia / China.

1.3 Sotra Gruppen's compliance with laws and regulations

Sotra Gruppen is a corporate group whose operations in Norway is regulated by Norwegian law. Therefore, the group is obliged to comply with Norwegian legislation in respect of work environment, and this includes compliance with the UN declaration of human rights and guidelines on decent work conditions.

Sotra Gruppen has in place company regulations, procedures, and guidelines to ensure compliance with the above-mentioned requirements. Furthermore, the group has introduced separate guidelines for compliance with sanctions against certain countries and compliance with the General Data Protection Regulation (GDPR), and has a supplier assessment procedure and a Code of Conduct (ethical guidelines for suppliers).

Sotra Gruppen's employees are entitled to form or join trade unions, and the group encourages its employees to take an active part by allowing for sufficient time during the working day to engage with such organisations.

Sotra Gruppen has in place a Code of Conduct for employees to ensure that the terms and conditions of employment are adhered to.

The group has introduced separate procedures to ensure a safe and secure work environment, which also cover emissions and discharges to the external environment.

The group has adopted whistleblowing procedures for notification of misconduct, impropriety, or malpractice that is in contravention of legislation.

Sotra Gruppen pays remuneration to its employees in line with collective wage agreements for the industry. All employees (including apprentices and relief staff) have signed employment contracts in accordance with industry standards.

The group's companies have met the following ISO certification standards:

- ISO 9001:2015 Quality management system
- ISO 14001:2015 Environmental environment
- ISO 45001:2018 Occupational health and safety
- ISO 3834-2: Quality requirements for fusion welding
- NS-EN 1090-1: CE marking of structural metalwork
- NS-EN 15085-2:2020: Welding of railway vehicles and components
- NYTEK23: Technical requirements for aquaculture installations

2. Assessment criteria and risk analysis

2.1 Assessment criteria

Due diligence has been conducted in line with OECD's guidelines for responsible business conduct. The group has identified adverse impacts based on own operations. This has been done taking into consideration the processes in which the group is involved. The assessment forms part of the operational risk identification process.

The group's essential suppliers have also been identified. Essential suppliers are defined as suppliers providing products that have direct impact on our end-product to customers.

Criteria on which the assessment is based are:

- Respect for and observance of human rights
- Observance of workers' rights
- Discharges/emissions to the external environment
- Position on corruption and observance of codes of conduct

2.2 Risk analysis

Analysis of risk exposure is based on the recognised calculation method:

risk = impact x probability

Impact	Probability
1 – Minor	1 – Negligible
2 – Marginal	2 – Low
3 – Critical	3 – Likely
4 – Highly critical	4 – High
5 – Catastrophic	5 – Very high

Outcomes are shown in the following matrix:

Probability	Impact				
Very high (5)					
High (4)					
Likely (3)					
Low (2)					
Negligible (1)					
	Minor (1)	Marginal (2)	Critical (3)	Highly critical (4)	Catastrophic (5)

Risks assessed as green require no further action.

Risks assessed as yellow require further evaluation of the supplier prior to any action.

Risks assessed as red require further action.

3. Supply chain mapping

3.1 Selection of suppliers

The supply chain comprises every link in the chain of suppliers and subcontractors that supply or manufacture goods, services, or other production factors forming part of the group's goods and services offerings.

Suppliers to the group have been priority-ranked based on the following:

- Size of our purchases
- How essential the supplier is to the group's operation
- Opportunity to influence the supplier
- Alternative options (customers require a specific product, monopoly)
- Previously identified risks

Details about suppliers are obtained from:

- Self-declaration form
- External audits
- Media coverage
- Previous experience with suppliers

Assessment of suppliers is also based on external sources such as:

- Google search for any negative reviews / media coverage of the supplier
- Global Slavery Index
- Global Rights Index

A supplier assessment is usually conducted every two years. If a supplier is a category yellow, the assessment is performed annually. If a supplier is a category red, the assessment is conducted on a regular basis.

3.2 Assessment criteria

Suppliers are assessed based on the value of our purchases:

Value / size of our purchases	
Low	Under NOK 100 000
Medium	NOK 100 000 – 500 000
High	Over NOK 500 000

Suppliers are assessed based on the following criteria:

How essential / important is the supplier to our operation:	Opportunity to influence the supplier:	Alternative options:	Size (number of employees):
Less important	Low	Low	Small (1-10 employees)
Important	Moderate	Medium	Medium (11-100 employees)
Very important	High	High	Large (more than 100 employees)

4. Risk assessment

4.1 Assessment of the group's adverse impacts based on own operations

The parent company and the SOCON workshops operate in Norway, predominantly in Western Norway. Assignments elsewhere in Norway do occur, and some have been completed in Denmark and Great Britain for customers familiar to the group.

Operations in Norway and most other western countries are subject to stringent restrictions in terms of performance of work and observance of human rights and workers' rights. The workshop industry adheres to strict customer requirements that often surpass those of the Working Environment Act. These are requirements that the group, as a supplier has to consider in its provision of services to its customers.

The general assessment shows that there is low risk of human rights violations, inadequate work conditions, and bribery in respect of operations associated with Europe and Norway overall.

There is low probability of discharges and emissions to the external environment from our business activities. Workshop operations will have some emissions to air and there will be some discharge of oil and other pollutants from vessels alongside, but only to an extent that has negligible impact on the environment and surrounding community.

The group has identified own emissions and discharges, and has introduced environmental reporting to show accidental emissions/discharges.

Work is underway to facilitate a move to new production equipment that uses renewable energy, such as hydropower, and that in the longer term will replace machinery relying on non-renewable gas.

Furthermore, the group has prepared an action plan in its work towards UN's Sustainable Development Goals no. 8 and 12.

The operation at Sotra Anchor & Chain relies on various suppliers from both Asia and Europe. In certain Asian countries, there is some risk of human rights violations, lack of decent work conditions, pollution of the external environment, and bribery. Feedback from the suppliers in question, combined with information obtain via media and the internet, shows that there is less focus on "green solutions" in these areas. Changes of this kind are often costly for suppliers to implement.

4.2 Risk areas associated with workshop operations:

For the SOCON workshops, 25 suppliers in the areas of steel, consumables, surface treatment, and NDT services have been assessed. Most have achieved ISO 9001 certification, and all have signed the group's Code of Conduct.

Use of these suppliers has not been identified as a risk previously. The probability of violation of our criteria is low, and further action is therefore not required.

Approval criteria	Risk
Respect for and observance of human rights	Low
Observance of workers' rights	Low
Discharges/emissions to the external environment	Low

Position on corruption and violation of code of conduct	Low
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4.3 Risk areas associated with Sotra Anchor & Chain:

There are vast differences between Sotra Anchor & Chain's suppliers.

A total of 16 anchor and chain suppliers have been assessed. Four of these have medium probability for violation of human rights and decent work conditions for their employees. All four companies are located in China. No such deviations have been uncovered in the assessments conducted by the group.

This risk of violation is based on experiences from the area and on China's general position on human rights and decent work conditions. All four suppliers are considered as very important, and action will be taken. The largest of these companies have signed the group's Code of Conduct.

A desktop audit has been carried out at one of the companies, and further audits will be conducted for the remaining three.

Approval criteria	Risk
Respect for and observance of human rights	Medium
Observance of workers' rights	Medium
Discharges/emissions to the external environment	Medium
Position on corruption and violation of code of conduct	Medium

5. Sotra Gruppen's adverse impacts overall

Following an overall assessment, Sotra Gruppen's activities on Norwegian soil, which include services provided by the SOCON workshops and parent company, carry low risk of adverse impacts in respect of violation of human rights and workers' rights, trade with sanctioned countries, and pollution of the external environment. This is because business activities to a great extent involve companies subject to Norwegian laws and are regulated accordingly. The risk of exceptions is low.

In respect of Sotra Anchor & Chain's suppliers, there is some risk of violation of human rights and workers' rights, and also of discharges and emissions to the external environment. This is predominantly linked to the supplier industry in Asia, and in particular to manufacturing in China.

Suppliers in Norway and Europe carry a lower risk of violation of the above-mentioned. Sotra Anchor & Chain depends on high-quality suppliers, and will use its strong position to encourage its collaboration partners to observe human rights and workers' rights, and to focus on greener solutions in their manufacturing.

The group demands that all its suppliers monitor their own emissions and discharges. Many of the group's suppliers are subject to Norwegian legislation, and will thus comply with the requirements in place to prevent pollution of the external environment. There is, among the suppliers, strong focus on a transition to greener manufacturing, and several are already well underway with this process.

6. Prevention and mitigation of adverse impacts

6.1 Corrective action taken when the above-mentioned risks are identified:

- Desktop audits of companies categorised as yellow in the risk assessment.
- All suppliers expected to sign our Code of Conduct.
- Contact with human rights organisations working in the area.
- Visit the enterprises and conduct audits.
- Consider a change of suppliers.

6.2 Established procedures:

General measures have been implemented to reduce the risk of violation of our criteria:

6.2.1 Code of Conduct / Supplier Approval

All suppliers to Sotra Gruppen requires the approval of our QA/HSE manager. Suppliers are expected to complete a self-declaration form to show compliance with the qualifying criteria.

All the group's suppliers are obliged to sign our Code of Conduct.

6.2.2 Doing business with suppliers trading with sanctioned countries

Sotra Gruppen has in place specific procedures to prevent the company and its subsidiaries to trade with sanctioned countries. Up-to-date information on sanctions introduced by authorities against certain countries, is obtained

through the news media. The group follows guidelines issued by the Norwegian authorities, even if this is at the expense of a delivery / business transaction.

6.2.3 Social dumping

From time to time, our companies have to hire labour from other enterprises. This carries the risk that our suppliers do not pay their employees in line with the collective agreement in Norway. In the event of hired-in labour, we ask for confirmation that the agency complies with the principle of equal pay for work of equal value and that remuneration is paid in line with the Norwegian wage agreement, for work in Norway.

7. About the due diligence process

The due diligence process has been completed by Sotra Gruppen's QA/HSE department. Its assessments and any corrective actions identified form part of the existing management system for the group.

This due diligence report has been approved by the board of directors for Sotra Gruppen and its subsidiary companies.

The report will be made public on the group's website and the websites of its subsidiary companies on 30 June 2023.

A revised version will be issued in the event of significant changes in the premises for assessment. Otherwise, due diligence will be conducted annually.

For more information about the report or the due diligence process, please contact Assistant General Manager, Anita Vindenes, on e-mail anita@sotragruppen.no.

Vindenes, 05/05/2023



Jarle Vindenes, Chair of the Board



Rikard Toft Ledang, CEO