



Nordisk Skibsrederforening

(NORDISK DEFENCE CLUB)

2022 - 2023 Transparency Act Report

June 2023

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Introduction

2022 – 2023 Transparency Act Due diligence report on fundamental human rights and decent working conditions

Nordisk is committed to the purpose of the Transparency Act, which is to promote respect for human rights and decent working conditions.

This report shall account for the due diligence assessment performed by Nordisk in accordance with OECDs Guidelines for Multinational Enterprises, cf. the Norwegian Transparency Act §§ 4 and 5.

The report describes how Nordisk:

- is organised;
- works on human rights due diligence;
- has embedded responsible business conduct in the organization; and
- has identified risks of adverse impacts relevant under the Transparency Act, and measures to mitigate these.

This report includes assessments made for our offices in both Norway and Singapore.

About Nordisk Defence Club (*Nw: Nordisk Skibsrederforening*)

Legal structure and ownership

Nordisk is a non-profit organization (*forening*) registered under the laws of Norway, owned by our members. Nordisk Legal Services is registered as a professional service provider under the laws of Singapore.

Nordisk is the brand under which we provide professional legal services to our members and clients in the shipping and offshore sector. We operate through our locations in Norway and Singapore.

Nordisk services

We are a legal services provider assisting with Freight, Demurrage & Defence legal services to our members, i.e. assistance with legal dispute resolution worldwide. In addition, we provide contract law advice as well as competition law and other compliance support. The services provided includes assistance in negotiating charter parties, shipbuilding contracts, ship sale and purchase contracts, sale/leaseback transactions and more.

Our services are offered from our offices in Singapore and Norway, and through our network of correspondent lawyers around the world. Our members and consultancy clients are primarily based in Norway, Denmark, Sweden, China and Singapore but to some extent also other countries.

Governance structure

The responsibility for governance under our governance framework for Nordisk is with our Board of Directors together with the CEO.

The Management Group of Nordisk together with the CEO is responsible for the implementation of the governance framework at Nordisk.

Guidelines and procedures

Nordisk has adopted a Policy & Procedure for the implementation of the Transparency Act. Nordisk's Transparency Act Policy and Procedure provides the framework that deals with actual and potential adverse impacts on fundamental human rights and decent working conditions with regards to our suppliers and service providers. In addition, the Employee Handbook provides the internal framework that deals with actual and potential adverse impacts on fundamental human rights and decent working conditions in the workplace.

Our Code of Conduct and our ESG Policy & Procedure has embedded the principles of responsible business conduct. Further, through our Transparency Act Policy and Procedure and Code of Conduct we have established our commitment to respect human rights and labour rights in our operations. Our Code of Conduct has been updated and approved by the Board of Directors in 2023 and sets out the following principles:

- Human rights
- Labour rights
- Environment
- Anti-money laundering and terrorist financing
- Anti-bribery and corruption

Additionally, we have adopted our Supplier Code of Conduct to ensure that our suppliers are aware of and uphold our expectations, including on human rights, and labour rights. Our internal policies provide an important framework for our human rights efforts, including our policy on diversity and inclusion, and our policy on anti-discrimination, anti-bullying, and anti-harassment.

We have established a 'speak-up' culture with our whistleblower reporting mechanism, which provides an anonymous reporting mechanism with regards to misconduct, breaches, or potential violations of our Code of Conduct. All our stakeholders can use the reporting channel to raise concerns, including with regards to human rights and decent working conditions.

Reporting period

Nordisk has compiled the Transparency Act Report for the period 1 July 2022 to 30 June 2023.

Publication of Report

This report will be published on Nordisk's web page.

Impact assessment

Due diligence at Nordisk

Nordisk has conducted a review using a risk-based-approach of its suppliers providing services to our offices in Norway and Singapore. Our work was based on the OECD due diligence model as provided in the Guidelines for Multinational Enterprises.

Responsibility for Nordisk's due diligence processes is shared between internal compliance and the administration. Our internal process is adapted to identify risk areas related to the activities of Nordisk, and is proportionally adjusted to our size and the nature of our operations.

We have carried out a high-level risk assessment between March and May, where we evaluated the following risk factors:

- Sector
- Geography
- Product
- Enterprise

The purpose of the high-level risk assessment is to identify human rights and decent working conditions risks across our business operations in all our locations, with business partners and supply chains. The risk assessment is revised annually or as needed to ensure that it is dynamic to the changing circumstances and emerging new risks that will be relevant to Nordisk.

The risk assessment's purpose will be to assist Nordisk in identifying areas with potential risk that are likely to be significant for Nordisk's operations.

Our due diligence has helped identify and prioritise where human rights risk is highest to Nordisk's operations and value chain. Through our assessment we have prioritised areas based on severity and likelihood of potential adverse impacts.

Nordisk's risk areas are summarised as follows:

- Working hours, wages and benefits
- Discrimination and harassment
- Health and safety in the workplace
- Supply chain

The high-level risk assessment forms the basis for our assessment on how to prioritise future assessments and measures with regards to human rights and decent working conditions at Nordisk. When conducting our assessment, we involved our operational staff who has the deep insight with regards to our operations and supply chains due to their role and responsibilities within the organization.

Impact assessment findings from the due diligence process

Geographic and enterprise risk

A high-level risk assessment of Nordisk's vendors was conducted to understand our risk exposure down our supply chain. The assessment indicates that Nordisk generally operates in a low-risk environment with regards to adverse impact on human rights and decent working conditions.

Nordisk is based in and operates from two locations, Norway, and Singapore, which are considered highly regulated with regards to workers' rights, health, and safety with a low risk of significant violations.

Among the service providers assessed in Norway and Singapore, one service provider was identified as operating in geographic locations outside Singapore. The service provider in question is a professional services firm offering IT services, with employees in a number of different countries – mainly in Asia. The risk for Nordisk in this respect is mainly the lack of insight into the business of this specific supplier. Therefore, the risk related to this supplier was classified as low-medium risk.

There were no significant human rights risks or actual adverse impacts identified in the high-level risk assessment.

A supplier analysis of the high-level risk assessment with regards to Nordisk's vendors was conducted to understand our risk exposure further down in our supply chain.

The services Nordisk receive from our supply chain are established and operate in Norway and Singapore and provide one-off transactions or administrative services.

Product and sector risk

From our high-level risk assessment our product and sector risks are assessed as low. As a professional service firm providing legal services to the shipping and offshore sector, our supplier chain is primarily other specialist law firms. When choosing to engage other law firms in jurisdictions across the globe, we select firms that are reputable and with professional ethical responsibilities to their law societies.

Measures implement and areas identified for improvement

Our goal is to ensure we have established and further strengthened our due diligence process and ensure there is real improvement in Nordisk's operations as well as our supplier's operations. We will do this using a risk-based approach.

We prioritise human rights and decent working conditions when we engage with suppliers, and have established a Supplier Code of Conduct, which will be integrated into our contractual agreements. Additionally, our Employee Handbook provides the framework for a safe and healthy working environment, including ensuring that we are a diverse and inclusive workplace. These measures and areas identified for improvement are further described in our Annual Financial and Responsible Business Report 2022 at page 9.

[This report is signed by all board members and the CEO of Nordisk]