

Account of due diligence in accordance with the OECD Guidelines for Multinational Enterprises pursuant to requirements of section 4 of the Norwegian Transparency ACT.



This account covers Nessco Holding AS and its subsidiaries Tamrotor Marine Compressors AS and Nessco AS for the 2023-2024 reporting years.



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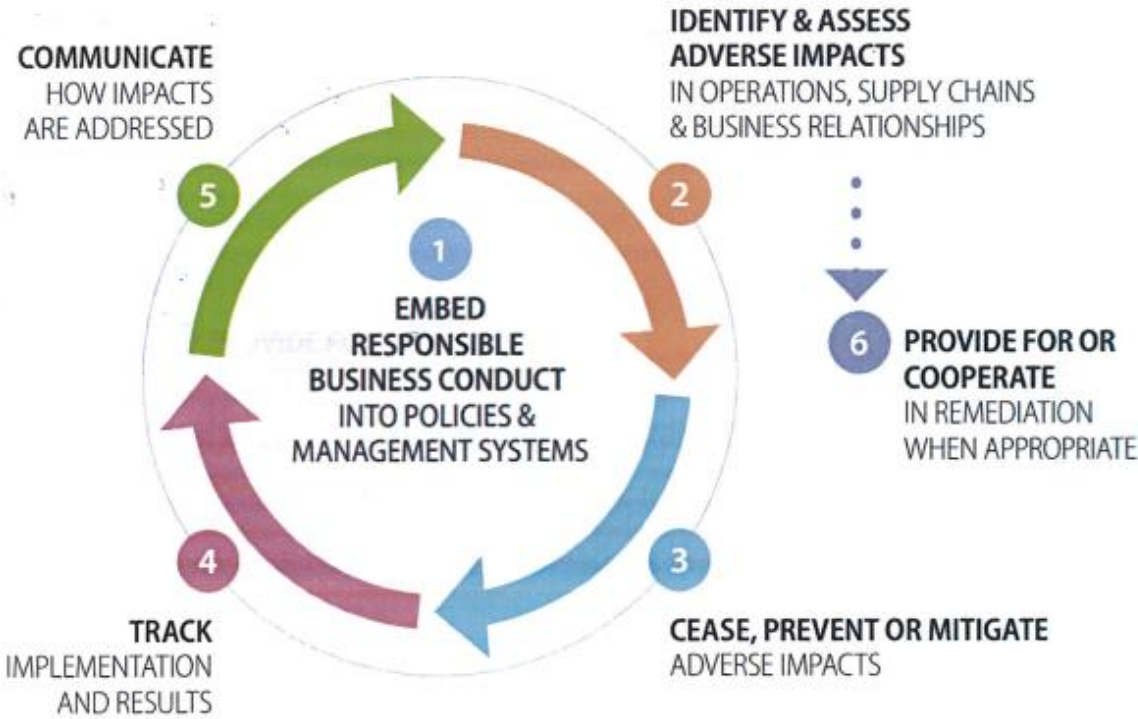
Due diligence – OECD Guidelines

The business community and public sector have a major impact on people, society and the environment, and can make a positive contribution to progress, but they can also have a negative impact and cause harm. Enterprises therefore have a key role to play in contributing to attainment of the UN Sustainable Development Goals.

This report is used as an account under the Norwegian Transparency Act, which requires enterprises to carry out due diligence and annually publish an account of due diligence concerning this work.

The OECD’s term “Responsible Business Conduct” (RBC) is what is often referred to as “sustainable business practice”. It is the systematic process that enterprises carry out in order to identify, prevent, mitigate and account for the way in which they address the risk of adverse impacts, and remediate adverse impacts for people, society and the environment, known as due diligence. The Norwegian authorities expect all enterprises, regardless of their size, to carry out due diligence and comply with the UN Guiding Principles on Business & Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. This applies to the business community, public sector and organisations.

The model has six outline measures which describe how enterprises can work to promote more responsible and sustainable business conduct. Being good at due diligence does not mean that an enterprise does not have any adverse impacts on people, society and the environment, but rather that the enterprise is open and honest with regard to challenges and addresses them in the best possible way in consultation with its stakeholders.



General Information

Key information about the enterprise, product, services and markets.

**Name of the enterprises:**  
Nessco Holding AS  
Tamrotor Marine Compressors AS og  
Nessco AS

**Address of the head office:**

Professor Birkelandsvei 24 D, 1081 Oslo

**Description of the company's structure and organization:**

Nessco Holding AS is wholly owned by Lifco AB (through Sorb AB). The company consists of two associated companies with a joint location at Furuset in Oslo: Tamrotor Marine Compressors AS (TMC) and Nessco AS. This report covers both of these associated companies, as well as their parent company Nessco Holding AS.

Nessco was established in 1989 and has since supplied Norwegian land-based industry with compressed air equipment from recognized European suppliers. In 1996, Tamrotor Marine Compressors AS was established to serve shipping and offshore internationally, with equipment from the same suppliers, adapted to the conditions and requirements of this industry. Since then, the companies have each served their respected markets, with separate sales organisations, but with joint administration and warehouse operations.

Nessco has nationwide sales and service coverage, with head office in Oslo, and with local offices and workshops in Trondheim, Porsgrunn, Brumunddal and Isdalstø. In 2023, Nessco AS had a turnover of MNOK 126.6 with 32 full-time equivalents.

TMC is the market leader in compressed air solutions tailored for demanding conditions in the international shipping and offshore market. In addition to the head office in Oslo, TMC has independent offices with warehouses in Singapore, China and South Korea, as well as certified agents in regions/countries where local representation is appropriate. In 2023, TMC Norway had a turnover of MNOK 818.8 with 77 full-time equivalents.

The two companies have been certified according to ISO 9001, ISO 14001 and ISO 45001 since 1993 and 2011 respectively. The companies have therefore had a structured approach with continuous improvement relating to operations, environmental impact and health/safety for many years. In this work, the focus on sustainable operation and environmentally friendly product solutions has been pivotal. We have endeavoured to be a leading player within these areas in our industry, and to contribute to the green shift and deliver the best solutions.

**Key brands, products and services**

The companies import and sell compressed air equipment and systems. The product range mainly originates from recognized European suppliers. The companies sell compressors, in the pressure range from 3-13 bar, with associated after-treatment equipment such as refrigeration dryers, adsorption dryers and filtration systems. Other associated equipment for a compressed air systems are control and monitoring systems and pressure tanks. Nessco also offers vacuum pumps.

The equipment can be installed as standalone equipment in a compressed air system, but both companies often act as a system supplier of the complete compressed air systems.

Services also form an important part of our offer, covering maintenance agreements, installation, commissioning and repairs.

Consultancy services for energy-efficient solutions within compressed air systems are pivotal to the portfolio of services that we offer.

[Embedding of the work relating human rights and decent work in internal guidelines and procedures](#)

Sustainable business practice is an important part of our value base, mindset and strategy. This is rooted in the companies' overarching strategies. Nessco and TMC have been ISO 9001 certified since 1993 and 1996 respectively, as well as ISO 14001 and ISO 45001 since 2011. Our policies regarding quality, environment and HSE are embedded in the management and are evaluated annually in the management's review. For many years, we have been developing and complying with our Code of Conduct (CoC). This is consistent with our owners' CoC, and has been approved by the management, board and owners. This policy covers, among other things, human rights, right to union organisation, corruption etc.

All the certifications are accompanied by policy. We set annual goals aimed at quality, external environment, working environment and safety. We draw up annual action plans to achieve the goals we have set. Activities and goals are both short-term and long-term. Activities and goals must be followed up by the management in monthly meetings, as well as annually in the management's review. The CEO further reports to the board of directors. Plans and strategy are revised, when necessary, in the event of changes which indicate that a change in strategy, goals and plans is appropriate.

To help us on the road to a sustainable future, we have chosen three of the UN's Development Goals (SGD) as focus areas:

8 – Decent work and economic growth

13 – Climate measures

14 – Life under water

Goals and activities for the sustainability goals are incorporated into our action plans.

Review of all our policies is part of our on-boarding program for new employees. These are published and easily accessible on our quality management system, as well as being published on our websites.

Our suppliers and partners must go through an evaluation and approval process, where acceptance of our CoC is one of the criteria. These are re-evaluated regularly, where renewed acceptance of the CoC is part of the requirement for continued approval.

### **How is the work with due diligence assessment organized in the company, and why?**

The overall responsibility for due diligence assessments rests with the board of directors and group management, who have delegated responsibility to the management team with QA-HMS Director and CFO as responsible for the project group that has implemented due diligence assessments, as well as ensuring compliance with the Transparency Act within the deadline.

The work with individual tasks within due diligence assessment is distributed across the enterprise, depending on tasks and responsibilities. Management including QA-HMS is overall responsible for the preparation of policies, follow-up and control. For executive activities such as risk evaluations and the implementation of measures, this is spread over people who are responsible for a relevant area such as suppliers, products, service services, as well as the marketing department in relation to communication.

In day-to-day operations, it is our Procurement Managers work on due diligence with respect to our procurement products and supplier evaluations. Our Product Managers work closely with products in relation to suppliers.

## **How is the importance of the company's due diligence assessments made concrete and made clear to the employees through job descriptions and work tasks?**

Through its ISO certifications, TMC/Nessco has worked systematically on continuous improvement with the areas of operations, environment and HSE for many years. During this period, we have systematically informed and educated/trained our employees to anchor the right attitude and conduct in connection with responsible business conduct. The work relating to responsible business practices is specified and clarified in every employee's job description, as well as in more specified operational requirements in certain employees' job description.

We have various procedures which describe different parts of the due diligence assessment, including tasks and responsible positions/functions.

We have routines for training all new employees where training and information is adapted to the individual position and the actual need for the position.

Through our competence mapping and planning, we have routines for mapping which people and departments will need extended training, as well as routines for carrying out training for identified needs.

We also use general meetings and kick-offs to inform all or parts of the organisation. Information is made available on the intranet, our website and in our quality management system.

## **Whistleblowing channels and complaint mechanisms**

### **Whistleblowing channels and complaint mechanisms which help to identify adverse impacts.**

TMC and Nessco have published information about the Transparency Act on their respective websites. This report is also published on these websites, along with a reply form to contact the respective companies for questions, alerts or complains.

The companies also have a joint web-based notification channel, TMC/Nessco whistleblower gate via a 3rd party notification system. Links are published on our website and are available for anyone to submit notifications/complaints to the companies.

MittVarsel:

<https://portal.mittvarsel.no/skjema/ekstern-portal-tmc--nessco/pzG9UxmjiLDfIXMV.2804?lang=no>

In addition, we have a corresponding internal notification channel, only available to employees, via the same 3rd party notification system, where the whistleblower can choose to notify by name or anonymously. The link to this is published on our intranet pages, as well as in our quality management system.

TMC and Nessco have internal instructions for reporting objectionable conditions in the workplace, which describe how to report, as well as how cases are followed up.

Employees can also register complaints via our deviation system in our quality management system.

# Adverse impact and risk

## Complete due diligence

### How does the enterprise clarify the importance of responsibility in its interaction with business contacts, particularly in the supply chain?

TMC/Nessco has an evaluation and approval process which suppliers are required to undergo. We have categorized our suppliers according to strategic importance, product dependence, delivery importance and volume - type A, B and C. The evaluation method is slightly different depending on the category. We also evaluate Contractors and key service providers.

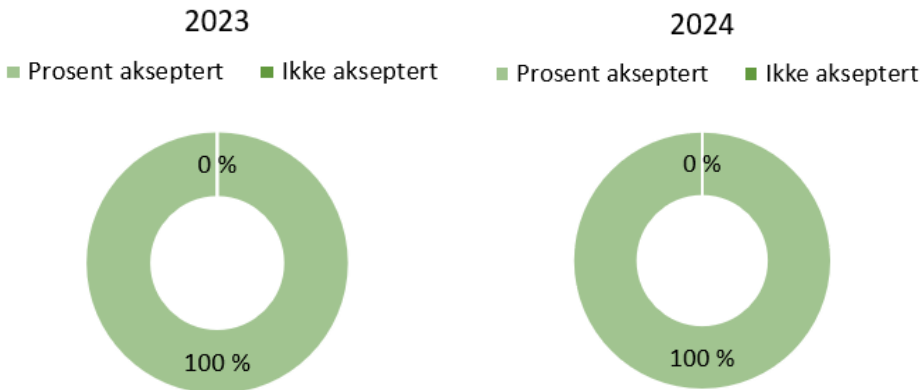
Most supplier categories must at least accept our Code of Conduct in order to be approved. Most are also required to complete a self-assessment form, which our approvers use as a basis for their evaluation. For some suppliers, an audit is also carried out which is included as part of the assessment basis. We also use repeated re-evaluation of certain supplier categories.

We communicate our ethical guidelines (CoC) to our suppliers in relation to the evaluation process and on our websites.

In case of our strategic A-suppliers, we have close dialogue and collaboration concerning responsible business conduct. In this regard, we collaborate in particular on the development of more environmentally friendly products, as well as on individual projects in the form of operational environmental measures. These are long-term strategic partners.

All our suppliers who have a requirement to accept our CoC currently have done so.

Share of the company's suppliers who have accepted guidelines for suppliers.



### General description of the enterprise's procurement model and supply chain.

TMC and Nessco supply compressed air equipment from recognized European suppliers. The companies use the same main suppliers, with some specific additions in each company.

The strategy for our most important product suppliers is long-term and sustainable collaboration. The lifespan of our products can be up to 25 years, and our customers are dependant on Nessco/TMC's

reliability in a long-time horizon. We still have most of our suppliers from the start in 1989, with a few additions as the product range has been expanded. The companies have a few main suppliers of machines and associated parts, as well as a selection of suppliers of additional equipment and services.

All suppliers are regularly evaluated according to our evaluation and approval process, depending on which category the supplier belongs to.

**Risk assessment of suppliers**

TMC and Nessco primarily purchases machines from suppliers within Europe. We have limited number of suppliers and, in this initial risk analysis in accordance with the OECD's guidelines and the requirements from the Transparency Act, we have therefore decided to carry out risk assessments of all our active A, B and C suppliers in the year 2023. This is a total of 43 suppliers, distributed by country as follows:

Nederland	1
France	1
Hungary	1
Italia	6
England	1
Danmark	2
Sverige	1
Norge	23
Germany	6
Finland	1

We risk-assessed the suppliers based on the country where their factories are located, i.e. country of assembly. These are assessed against risk areas covered by the following sources within human rights and corruption:

- Ituc Global Index
- ILABS- Compliance and Accountability
- Human Freedom Index
- Corruption Perceptions Index

Actual adverse impacts and risk

Prioritised adverse impact/harm	Related topic	Geography
Breach of human rights	Union organisation and collective negotiations Right to strike	Begium Czechia Switzerland
Corruption	Corruption	Czechia

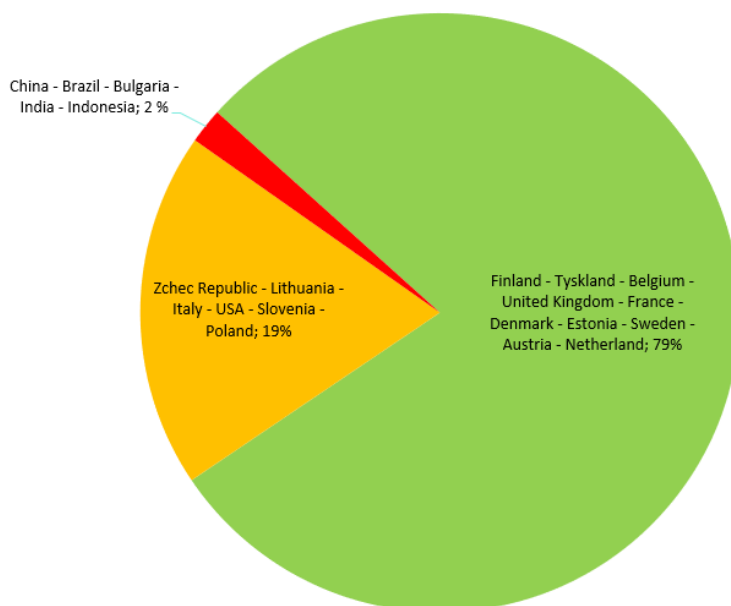


No high risks were identified with respect to most of the countries our suppliers operate from, but there was a minor indication of corruption violations and a significant indication of human rights violations.

For human rights, the countries Hungary and England scored a 4 on the ITUC Global Index, which indicates "Systematic violations of rights." This is the second highest score on a scale that ranges from 1 to 5. In practice, this means that there are systematic violations of rights. All other countries resulted in a score of 1, which indicates "Sporadic violations of rights."

For corruption, the countries Italy and Hungary scored 56 and 43 respectively on the Corruption Perceptions Index. This scale ranges from 0 to 100, where 0 is highly corrupt and 100 is very clean. Italy has the same score as last year and shows a positive trend over the last 10 years. Hungary, on the other hand, remains unchanged from last year but generally shows a negative trend over the last 10 years.

Over the past year, we also decided to analyse the countries of origin at the component level with our largest supplier using the same sources mentioned above. This analysis extends to the countries of origin for our supplier's subcontractors. We have checked approximately 2800 different product numbers. Regarding our purchasing volume, the risk is distributed as follows:



79% of our purchasing volume comes from countries without risk of human rights violations and corruption. 19% comes from countries with low to moderate risk, and 2% comes from countries with high risk.

## Information on significant risk of adverse impacts which the enterprise has identified.

For TMC and Nessco, we will continue our due diligence efforts and expand our risk analyses. We observe that our supplier base is stable, with long-term suppliers and minimal turnover. We maintain close and productive dialogues with our collaborative suppliers. Given our existing supplier base, we

see little risk of uncovering severe risks or changes in our suppliers' ability to manage the identified risks.

We will continue to engage closely with our suppliers regarding the identified risks. Please refer to the "Measures" section below.

## Measures

### Implemented measures or Future measures to Stop or Limit adverse impacts

As a follow-up to the risks identified, we have initiated dialogue with our current suppliers and requested them to explain how they handle and minimize the identified risks. We have specifically addressed the risks mentioned earlier. All suppliers have responded with satisfactory feedback and descriptions of their measures.

Analyses of countries with increased risks of corruption and human rights violations indicate that political changes and legislative amendments are the primary causes of these risks.

We observe a significant increase in our customers' focus on sustainable business practices in their evaluations of us as a supplier. They request more information about the products they purchase from us and our business practices.

We are currently assessing our current practices and exploring ways to improve them. Much of the process is currently handled manually, which is time-consuming. We aim to implement a more streamlined system to enhance supplier management efficiency. Additionally, there is a growing number of inquiries about individual products, concerning sustainable business practices and environmental impact. More requests are made for detailed information on traceability, product composition, CO2 emissions, proportion of recycled materials, etc. These experiences have led us to investigate what our current system can manage, the information available from our suppliers, and anticipate future requests to avoid multiple information requests.

Over the past year, we have made changes to our supplier evaluation process, with additional clarifications regarding their handling and policies on human rights, decent working conditions, climate issues, corruption, etc., and their due diligence efforts within their supply chains. This process will continue to evolve.

TMC/Nessco has action plans, both short-term and long-term, for our continued development of sustainable business practices, including due diligence and risk assessments, collaboration with suppliers, etc.

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## Remediation

There have been no instances of remediation with adverse impacts for people, society and the environment. We have a clear goal to contribute to remediation where necessary and take responsibility as and when appropriate.

In our policy, we have clearly expressed our desire for stakeholders to be notified if compliance breaches are discovered. Complaint options are available on our websites, including response forms

and a whistleblowing portal. In cases where a risk is identified, TMC/Nessco will initiate dialogue with relevant stakeholders to exchange information, assess the extent of the issue, and potentially implement measures. Dialogue, feedback, and follow-up on measures will be conducted continuously with relevant parties.

For further inquiries regarding TMC and Nessco's due diligence, please feel free to contact QA-HSE Manager, Henriette Breilo, or seek more information on our websites.

## Board of directors` signature

According to the Transparency Act §5, businesses covered by the Transparency Act are obligated to publish a statement on the due diligence assessments they have conducted in accordance with the OECD Guidelines for Multinational Enterprises.

The board of directors of Nessco Holding AS, Nessco AS, and Tamrotor Marine Compressors AS confirms receipt and review of the content of this document, which forms the basis of our statement.

### **Statement on Due Diligence for the Reporting Year 2023 to Date.**

Nessco Holding AS  
Nessco AS  
Tamrotor Marine Compressors AS

Oslo, 14.06.2024

Translated internally:  
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