



STATEMENT RELATED TO THE TRANSPARENCY ACT - IK GROUP

1. Introduction

1.1 Introduction to the Transparency Act and due diligence

The Transparency Act came into force on 1 July 2022. The purpose of the Act is "to promote companies' respect for fundamental human rights and decent working conditions", as well as to "ensure public access to information". The Act is based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Pursuant to Section 5 of the Transparency Act, companies covered by the Act must provide an annual report of their due diligence assessments.

Due diligence is a process or working method for mapping, preventing, accounting for and following up on how actual and potential negative consequences of the business are handled.

A conducted and published due diligence assessment can provide the general public with insight into key findings, as well as any measures that have been implemented or are planned to be implemented. This can help maintain the organization's reputation, building trust with stakeholders such as customers, investors, and in society at large.

1.2 Reporting obligation for IK Group AS consolidated

On the balance sheet date 31.12.23, IK Group AS consolidated (hereinafter referred to as the "group") had sales revenues of NOK 425 million and 134 full-time equivalents - the group is therefore obliged to report.

The report applies to the period 1 January to 31 December 2023.

1.3 Contact

Inquiries about this report can be directed to: sustainability@ik-worldwide.com.



2. Information regarding the group

2.1 Company structure

The group comprises the parent company IK Group AS and the 100% owned operative subsidiaries IK-Norway AS, Izomax AS, IK Mideast AS (renamed to Norclamp AS on 15.07.24), Online Electronics Ltd and IK-Group Poland SPE z.o.o (80% ownership).

The legal entities IK-Norway AS and Izomax AS are on an independent basis within the scope of the Transparency Act as defined in section 2, and are included in the overall reporting for the group (ref. section 1.2).

The business of IK Group AS is investments and operations through third parties. IK-Norway AS, Izomax AS, IK-Group Poland SPE z.o.o and Online Electronics Ltd are niche providers of solutions, products and services for subsea, pipelines and pipelines, with a focus on the worldwide oil and gas industry.

2.2 Guidelines and routines

The companies in the group are subject to and operate in accordance with the quality management system IK-BMS.

Guidelines, routines and processes have been established for (the list is not exhaustive):

- a) Employee handbook,
- b) Action programme and guidelines for dealing with bullying, harassment and unacceptable behaviour, including recommended measures if violations are uncovered and how this is rectified,
- c) Notification of censurable conditions (designed in line with recommendations and examples from the Labour Inspection Authority's guide),
- d) Code of conduct,
- e) Equal rights, freedom of expression and decent working conditions,

- f) Restrictions on trade with countries that are on the UN's sanctions list,
- g) Health & Environment,
- h) Risk assessments and governance,
- i) Incident reporting,
- j) Supplier follow-up, where the following factors are part of the risk assessment that is carried out before a supplier is approved, as well as being subject to potential audit/supervision:
 - i. What are law enforcement practices and history like in terms of human rights and labor standards?
 - ii. Are there any specific country or supplier sector issues/regulations for safety, security and social responsibility?
 - iii. Is information available regarding the supplier's health, environment, safety, security and social responsibility policies and practices?
 - iv. Is information available regarding subcontractors/further supply chain and potential health, working environment (wages and working conditions), safety, security and social responsibility) for these?

2.3 Relationship with the UN Sustainable Development Goals

The work on due diligence is closely linked to the group's work on sustainability, including the UN Sustainable Development Goals, see figure below:





The business units in the group have chosen their own sustainability goals, which have served as guidance for the goals, plans and associated implementation related to the work on sustainability, fundamental human rights and decent working conditions.

3. The due diligence assessment

3.1 Internal due diligence – own organisation

3.1.1 The quality management system IK-BMS

The IK-Business Management System (IK-BMS) has helped to provide the group with valuable information to strengthen the work related to risk, opportunities and continuous improvement in relevant areas, including the work on fundamental human rights and decent working conditions.

Output from IK-BMS has been reviewed continuously throughout the year, and measures implemented accordingly. Annual Management review has been carried out according to plan.

IK-BMS has added value to the organization through efficient processes to achieve set goals, and training in the system has been part of the onboarding process for new employees.

3.1.2 Sustainability strategy - collaboration with experts

The group has entered into agreements with external experts related to its work on sustainability, fundamental human rights and decent working conditions. The goal has been to develop a sustainability strategy to position the group and the business areas for the future.

The business units have been involved in sustainability sessions and team buildings throughout 2023.

Dedicated teams have been established to ensure internal ownership, communication and follow-up of processes, input and goals.

3.1.3 Audits and supervision

Audits have been carried out according to plan.

The group was audited by DNV GL against EN ISO 9001:2015, with approved result. The main objectives of the audit were to confirm that the management systems were compliant with the standards and to evaluate the effectiveness of the management processes with regard to the group's ability to meet standards, legal and contractual requirements as well as the group's KPIs.



GROUP

In addition, five internal audits have been carried out with a focus on internal quality, also with approved results.

3.1.4 Intern rapportering

A separate category "Sustainability suggestions" has been established in IK-BMS to highlight the group's focus on sustainability, fundamental human rights and decent working conditions.

A total of 15 "Sustainability suggestions" were registered from September to December 2023 in the category "Sustainability suggestions".

Established KPIs related to health, environment, safety and sustainability (e.g. recycling rate) have been an important part of the quarterly reporting to the board.

3.2 External due diligence – suppliers

The assessment of external suppliers has been an ongoing process, which has been documented in a dedicated module in the quality management system IK-BMS.

The Procurement Manager has maintained and updated the module throughout the year, and it has proven to be an important tool for evaluating whether the supplier's performance is satisfactory in relation to basic human rights and decent working conditions.

Based on the assessment, each supplier has been assigned a risk score, which has formed the basis for any further follow-up, supervision and/or audit.

Five supplier audits have been carried out during the period, and no significant non-conformities were uncovered.

3.3 Due diligence - conclusion

Based on the review, the group has not uncovered any actual or significant risk of negative consequences for violations of human rights or decent working conditions, neither internally in the organisation nor in relation to external suppliers.