



RESPONSIBLE VALUE CHAIN

TRANSPARENCY REPORT 2022



Photo: Norway team skiing in Søre Klauva

CONTENTS

1 Introduction	3
1.1 About this report	3
1.2 About Axess	3
2 Responsible business in Axess	4
3 Strategy for ensuring responsible value chain	5
3.1 Embedding accountability in Axess' guidelines and management system	5
3.2 Identification and assessment of negative impact or consequences	6
3.3 Stop, prevent, or reduce negative impact or consequences	6
3.4 Monitoring of implementation and results	6
3.5 Restoration and compensation of negative impact and consequences	6
4 Due diligence assessments	7
4.1 Selection	7
4.2 Risk criteria	7
4.2.1 Importance	7-8
4.2.2 Inherent geographical risk	8
4.2.3 Inherent Occupational Safety and Health risk	9
4.2.4 Sector and product risk	9
4.2.5 Axess' potential influence	9
4.3 Risk reducing measures	9
4.3.1 Occupational Safety and Health risk	9
4.3.2 Sector and product risk	9
4.3.3 Axess' potential influence	9
5 Inquiries	10

1 INTRODUCTION

Axess Group is working systematically to prevent human right violations and ensure decent working conditions across the value chain. As Axess operates worldwide, we are committed to respecting all internationally recognised Human Rights, in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights and the ten principles of the UN Global Compact. Our zero-tolerance approach towards modern slavery is supported by robust systems and controls in place throughout our organisation and supply chains.

1.1 About this report

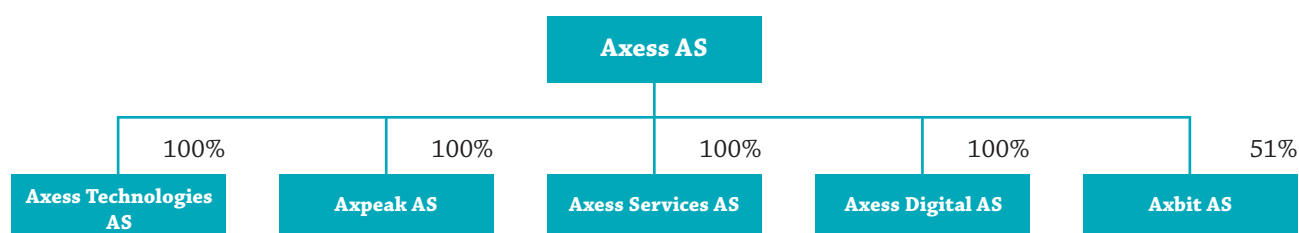
Our first Transparency Report on *Responsible Value Chain*, is based on the Norwegian Act, named *Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions*, also known as the *Transparency Act* ("Åpenhetsloven"), effective from July 2022. Axess AS, as a parent company, along with its Norwegian subsidiaries, are subject to this law. According to Transparency Act §3, 1-3, Axess AS and Axess Technologies AS are individually subject to the law for the year 2022. This report outlines Axess' strategy, working processes, and a summary of the due diligence assessments.

As Axess' working language is English, we have adopted English for this report to ensure transparency and to influence our value chain. Furthermore, our goal is to implement the working processes described in this report across the Group. This report has been reviewed and approved by Axess Group's Board of Directors during the board meeting on 22 June 2023.

1.2 About Axess

In this report, we will report on Axess AS as a parent company including subsidiaries, from now called "Axess Group Norway", and specify "Axess AS" (legal separate entity) and "Axess Technologies AS" (legal separate entity), whenever applicable. The report will not include Axess Group's subsidiaries outside Norway, as they are not covered under the Transparency Act.

Name of business covered by the report:	Axess Group Norway
	Axess AS
	Axess Technologies AS
Address Main office:	Grandfjæra 22C, 6415 Molde, Norway
Main services, products, and solutions:	Engineering and Integrity solutions
Main market sectors:	Oil and gas, wind energy, marine and infrastructure industries
Employees 01.07.2022:	Axess Group Norway: 303 (Axess AS: 144) (Axess Technologies AS: 78)
Revenue 2022:	Axess AS: 428 MNOK Axess Technologies AS: 256,6 MNOK



(Figure 1: Axess Group Norway - Axess AS including Norwegian subsidiaries)

2 RESPONSIBLE BUSINESS IN AXESS

At Axess, we are committed to making responsible business decisions that create value, protecting the health and safety of our people, taking ownership to stop the climate change, and contributing to the good of society. Successful business for Axess relies on an excellent and strategic collaboration with our suppliers and business partners. Through Axess' value chain, we can influence and work systematically together such that we contribute to a sustainable development and ensure responsible business.



Axess' We Values forms the basis for our standards of ethics and compliance in our own operations and with our business partners. As we move forward, we will continue to align our business decisions with our We Values, to gain trust and demonstrate integrity to the value of our employees, suppliers, clients, and society. Axess' Code of Conduct describes Axess' ethical commitments and requirements and sets expectations for personal conduct and business practice in line with our values.

The work related to Responsible Business is monitored through specific ESG performance data given in Axess Group Sustainability Report 2022, chapter 4.4.

3 STRATEGY FOR ENSURING RESPONSIBLE VALUE CHAIN

We strongly believe that openness, trust, clear expectations, and continuous cooperation with our partners over time is what drives true improvement and results. We work with our suppliers to develop both Axess' and the suppliers' knowledge and skills, such that we ensure that human rights risk can be identified and addressed.

We work continuously to improve Axess' governance structure, systems, and processes. In 2022 we started the specific work to comply with the Transparency Act. For Axess, this means in practice working even more systematically with the OECD's guidance for due diligence assessments. Axess' general process for due diligence assessments is given in the following subsections. The result of the due diligence assessments for 2022 is given in chapter 4.

3.1 Embedding accountability in Axess' guidelines and management system

The strategy and working process to ensure a responsible value chain, and comply with the Transparency Act, is communicated, and anchored in Axess management. The board of directors is monitoring and evaluating the implementation of the improved working processes, and the CPOO on behalf of the administration is regularly reporting the status of the implementation to the board.

Axess' obligations are founded and described in Axess' Governing documents. A gap analysis made in 2022 to ensure compliance with the Transparency Act resulted in minor updates:

- 003-G-E Code of Conduct
- 456-G-E HSSEQC policy
- 457-G-E Human Rights policy
- 458-G-E Modern Slavery statement

These governing documents are communicated and anchored internally in the organisation. They are also made available externally to all on Axess' website, [axessgroup.com](https://www.axessgroup.com).

Axess expects all suppliers and subcontractors to conduct business according to the same standards and business ethics as Axess, and all suppliers are expected to commit to Axess' governing documents, including Code of Conduct, HSSEQC policy, Human Rights policy, and Modern Slavery statement. This is communicated, anchored, and followed up with the suppliers through contracts and by training in Trainingportal. Furthermore, the obligations are secured in working processes, guidelines, and procedures, including risk management, purchasing and supplier evaluation and follow-up:

- 391-P-E Risk Management
- 251-P-E Procurement
- 253-P-E Approval and evaluation of suppliers
- 462-F-E Supplier Commitment

In 2022, a supplier commitment plan was introduced, that was to be agreed and signed by all critical suppliers to Axess Group. We will continue to advise, and actively work together with our suppliers, but also monitor and follow up through regular supplier audits.

All suppliers have access to Axess' anonymous communication channel "Whistleblower" through the website www.axessgroup.com for reporting of any possible misconduct.

3.2 Identification and assessment of negative impact or consequences

Axess is assessing risks to identify high-risk suppliers and other business partners who represent a high risk of breach of human rights and decent working conditions. Important internal guidelines for mapping such are 391-P-E Risk Management and 253-P-E Approval and Evaluation of suppliers. This process will map which suppliers and partners that will be subject to special control and follow-up measures. Further systematic mapping is also done in direct contact with the players through planned supplier audits in accordance with Axess' systems and procedures.

Furthermore, a separate guideline Axess Guideline for Geographical Risk Screening is used. This guideline supports the process of mapping which countries there is elevated inherent risk of violations of fundamental human rights, decent working conditions and occupational safety. The procedure for how to define high risk countries includes several objective and international classifications.

3.3 Stop, prevent, or reduce negative impact or consequences

Axess will, when deemed necessary, implement sufficient measures to stop, prevent, or limit, or reduce negative impacts or consequences resulting from Axess' operations. Examples of such measures can be the following, depending on the situation and proportionality:

- Enhanced control through more frequent or more thorough supplier evaluations of suppliers with increased risk.
- Additional background check of suppliers with increased risk.
- Closer follow-up, training, and dialogue.
- Revision of contract with supplementary contract provisions. For example, obligations for the supplier to identify risks and establish measures to prevent violations of human rights, as well as the duty to report violations to Axess.
- Phase out and/or replace suppliers if unacceptable risk or impacts.

3.4 Monitoring of implementation and results

Identified risks described in 3.2 and results of implemented measures described in and 3.3 are monitored on an ongoing basis to assess the need for any further measures and follow up. The points described under 3.3, such as enhanced control, background checks, and closer follow-up of suppliers and partners, are processes used for monitoring of risks. Furthermore, Axess has established communication channels that will enable suppliers, partners, and other stakeholders to report any deviations, errors, violations, unacceptable behaviour etc. Axess has a separate system for improvement and deviation reporting where employees can report. Suppliers can either communicate through normal and established communication channels, either directly to the relevant role in the Axess organisation, or through their colleague or contract partner in Axess. Furthermore, "Whistleblower" described in chapter 3.1, and a separate contact form related to the Transparency Act, are available on the website www.axessgroup.com.

3.5 Restoration and compensation of negative impact and consequences

If Axess, through the due diligence assessments, discovers any negative impacts or consequences with respect to human rights or decent working conditions, we will address how this can be restored or compensated for. Which restoration or compensation is appropriate, depends on the nature and extent of the specific incident. Examples of restoration or compensation could be, for example, a public statement about the relationship or an offer of financial compensation to affected parties.

4 DUE DILIGENCE ASSESSMENTS



4.1 Selection

The selection for the detailed due diligence assessment for 2022 was Axess Group Norway's 20 largest suppliers based on sum of transactions between supplier and the total from one or more Axess Group Norway company.

4.2 Risk Criteria

Criteria affecting risk or where we can influence the most:

4.2.1 Importance

Importance is assessed based on size of supplier as well as criticality.

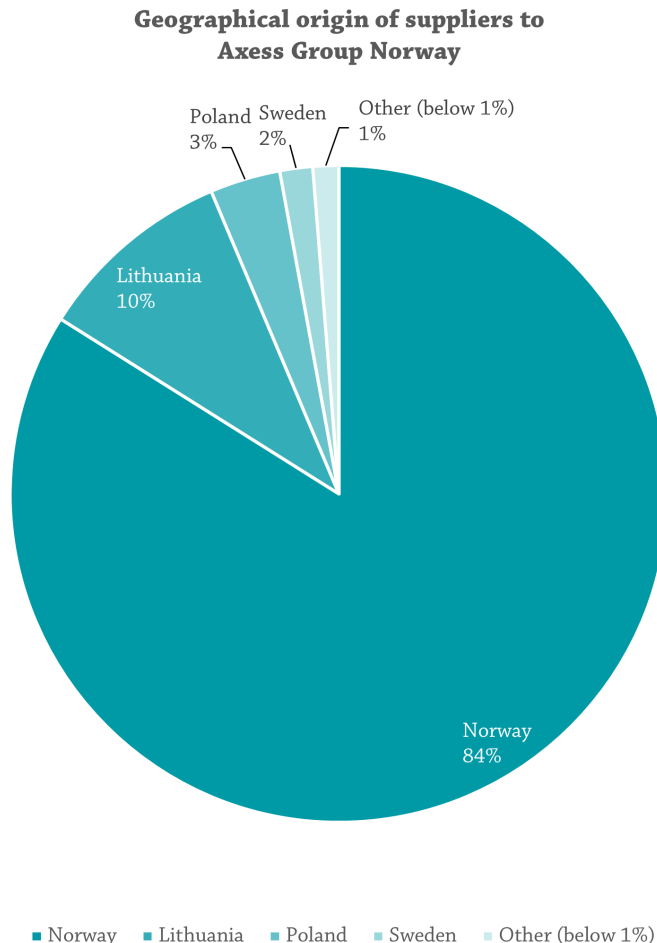
- Size of supplier:
 - Sum of transactions between supplier and the total from one or more Axess Group Norway company
- Results:
 - Axess Group Norway's 20 largest suppliers are selected for detailed due diligence assessment.
 - The 10 largest suppliers represent 40% of all transactions.
 - The 20 largest suppliers represent 52% of all transactions.
 - The 9 largest suppliers represent each at least 2% of all transactions, while the rest of the suppliers represent less than 2%.

- Criticality
 - All suppliers, independent of size and importance, shall be assessed in terms of criticality according to Axess' procedure 253-P-E *Approval and evaluation of suppliers*.
 - A criticality assessment is done to establish category 3 (non-critical), 2 (medium) or 1 (critical). 253-P-E describes the steps to establish supplier category.
 - Results:
 - Criticality 1: 7 out of 20 largest suppliers.
 - Criticality 2: 11 out of 20 largest suppliers.
 - Criticality 3: 2 out of 20 largest suppliers.

4.2.2 Inherent geographical risk

The inherent geographical risk is assessed based on geographical origin of the supplier. Axess' guideline *Axess Guideline for Geographical Risk Screening* and the tool *Axess Group Geographical Risk Screening* that are used to assess inherent geographical risk for Axess operation and specific projects or contracts, are also used to assess inherent geographical risk for country of registration for the suppliers.

- The criteria used to calculate inherent risk is:
 - Transparency International's corruption index (Score 0-100, High risk >41)
 - EU and UN's sanctions list (sanctions/no sanctions)
 - Human Rights Scores by Our World in Data (Score 0-1, High risk <0,4)
 - Seon-io's Global Cyber Safety Index (Score 0-10, High risk <3,52)
- Results:
 - Geographical origin: Among the 20 largest suppliers, 16 suppliers are registered in Norway, two in Lithuania, one in Sweden and one in Poland.
 - Geographical inherent risk: None of the countries assessed concluded with high risk based on the geographical risk factors listed above.



4.2.3 Inherent Occupational Safety and Health risk

International Labour Organization (ILO) brings together 187 member states to set labour standards, develop policies and devise programmes promoting decent working conditions. International labour standards are legal instruments drawn up by the ILO's constituents and setting out basic principles and rights at work. They are either Conventions (legally binding) that may be ratified by member states, or Recommendations. If it is ratified, a Convention comes into force for that country. Ratifying countries undertake to apply the Convention in national law and practice and to report on its application at regular intervals.

- The direct labour risk per country is assessed based on whether the origin country of the supplier has ratified the ILO conventions for Occupational safety and health; C155 Occupational Safety and Health Convention and C187 Promotional Framework for Occupational Safety and Health Convention.
- Results:
 - Both Norway and Sweden have ratified C155 and C187
 - Lithuania and Poland have not ratified C155 nor C187
 - That means three of the suppliers have origin country which have not ratified C155 and C187 This represent 10% of the total transactions between Axess Norway and suppliers.

4.2.4 Sector and product risk

To assess the risk based on sector and product, The Norwegian Agency for Public and Financial Management (DFØ)'s High Risk List is used. This list classifies a range of sectors with high risk of human rights or decent working conditions. The entire value chain has been assessed, all the way back to raw material of the product supplied, the highest risk identified are given below.

- Results:
 - From Axess' list of 20 largest suppliers, 14 of these only supply services which are not classified according to this list.
 - 6 suppliers supply products representing elevated risk such as ICT equipment, PPE and ropes (textile) and metal.

4.2.5 Axess' potential influence

Axess' potential influence increases with increasing interaction, evaluations, monitoring, collaboration, partnerships etc. Below, some criteria affecting Axess' influence are commented:

- All 20 largest suppliers are listed on Axess' suppliers' list.
- 19 out of 20 suppliers were approved. One not approved due to lack of evaluation.
- All critical suppliers had valid contract with Axess.
- Since January 2022, four supplier audits have been performed. Deviations or findings were identified and recorded in Axess QA system. Three out of four audits have been closed out.
- Supplier commitment has been signed by most critical suppliers. The work is ongoing to follow up assessment and commitments among all critical suppliers within 2023.

4.3 Risk reducing measures

4.3.1 Occupational Safety and Health risk

Most suppliers represent supply of personnel resources. Axess has identified elevated inherent Occupational Safety and Health risk among three of the suppliers, representing 10% of the total transactions between Axess Norway and suppliers due to origin country that has not ratified ILO C155 and C187. Axess will closely monitor the risk and performance from personnel suppliers originating from these countries. The supplier assessments and audits will include designated reviews related to occupational safety and health risk.

4.3.2 Sector and product risk

Six suppliers supply products representing elevated risk according to The Norwegian Agency for Public and Financial Management (DFØ)'s High Risk List, such as ICT equipment, PPE and ropes (textile), and metal. These suppliers represent 11% of the total transactions between Axess Norway and suppliers. Axess will closely monitor the risk and performance from suppliers of these products. The supplier assessments and audits will include designated reviews related to sector and product risk.

4.3.3 Axess' potential influence

19 of 20 suppliers were approved in Axess Suppliers list according to internal procedures. One supplier was not approved, due to lack of evaluation. Axess will initiate approval process of this specific supplier and continue to evaluate suppliers and review compliance with internal procedures in 2023 to ensure responsible value chain.

5 INQUIRIES

The new Transparency Act of 2022 includes a duty to provide information upon request and to publish a statement of the due diligence assessments.



The duty to provide information upon request is valid from July 1st 2022, and Axess established a work process in this regard for how to handle any inquiries. The CEO of the company is responsible for ensuring that inquiries are answered by the relevant person in charge within the deadline of three weeks. The CPOO in the company coordinates, informs and anchors this duty in the organisation, so that inquiries in various channels are picked up, and that the right person responsible can answer the inquiry.

The Transparency Act requires the first statement to be made public by June 30th, 2023, and this report made available on [axessgroup.com](https://www.axessgroup.com) will cover the requirements for the statement of the due diligence assessments.

Axess informs on its website www.axessgroup.com about how we relate to this and refers to how interested parties can get in touch.

Axess AS

Grandfjæra 22C
6415 Molde, Norway
+47 982 43 600
post@axessgroup.com

www.axessgroup.com