

## **United European Car Carriers**

### **Norwegian Transparency Act Report**

prepared by

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#### **Norwegian Transparency Act**

The introduction of the Norwegian Transparency Act (“the Act”) brings an important and significant change in the way companies must conduct business. The act requires an increase in the level of due diligence we must conduct through our supply chain and how we report this.

We have always strived to work with partners who share our ambitions, goals and ethics, and the formality this piece of regulation provides is welcome.

The Act requires companies to take steps to identify, address, prevent and limit human rights infringements in their supply chain.

The following pages outline our due diligence process, including a general description of the organizational and activities, our current guidelines and procedures, information regarding any identified adverse impacts and significant risks identified, and any measures or plans implemented to mitigate or address these risks.

#### **1. General Overview:**

United European Car Carriers (UECC) is a leading provider of high quality and sustainable short sea transportation services for cars and other rolling cargo on the European continent.

UECC was founded in 1990 and is jointly owned by Nippon Yusen Kabushiki Kaisha (NYK) and Wallenius Lines. Our head office is located in Oslo, Norway. In addition, we operate five offices and have an agent network across the European Continent, as well as operating two terminals in Spain.

We operate a fleet that varies in size to match our customers’ needs, typically around 13 pure car and truck carriers (PCTC) that are designed to meet the necessary flexibility and efficiency requirements of the short sea market.

We provide safe and secure short sea transportation for factory new cars and light commercial vehicles. We also offer transportation of a wide range of high and heavy and static cargo.

UECC is committed to integrating ESG principles, including supply chain due diligence, into our operating philosophy.

We promote and adhere to an ESG Policy which describes our firm-wide approach to integrating ESG principles in our business activities. This specifically outlines our engagements and relationships with third parties such as suppliers and other key stakeholders. This Policy complements the UECC Code of Conduct and UECC Third Party Code of Conduct, which further outlines UECC’s expectations of suppliers.

UECC is committed to integrating ESG factors throughout its own operations, taking a risk-based approach to ensure any identified material risks are identified, assessed, and managed appropriately.

The principles and ethos of UECC are regularly communicated throughout the organization to assist us in continuing to deliver a world-class service with utmost integrity and respect for people and the environment.

**2. (a) Guidelines and (b) procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions:**

a. Guidelines:

In accordance with the Norwegian Transparency Act, the OECD Guidelines for Multinational Enterprises (OECD Due Diligence Guidance for Responsible Business Conduct) are used to reference our supplier code of conduct, guidelines, and procedures.

These guidelines have been built into our “Third-Party Code of Conduct (CoC)” policies while new procedures have been developed to be compliant with the Act.

This has resulted in an enhanced and holistic framework which embeds responsible business conduct into policies and management systems. These policies and management systems are regularly reviewed.

Our Third-Party Code of Conduct (CoC) and ESG policies are available on our website: <https://uecc.com/customer-supplier-centre/corporate-governance/>

b. Procedures:

(i) Supplier Onboard Procedure:

Third Parties must agree to maintain the standards of our Code of Conduct within their businesses to be engaged by UECC.

The Code of Conduct is presented to all UECC’s Third Party providers. This Code sets out UECC’s compliance standards with respect to business conduct. Where local standards require more stringent controls, local policies must be implemented and followed. In all cases, applicable local laws must always be adhered to.

UECC expects Third Parties to have processes and controls in place to comply with the Code. Where appropriate, we will undertake risk based due diligence as part of monitoring its active relationship with Third Parties.

This includes those with whom UECC propose to engage in a new business relationship. We expect Third Parties to provide complete and accurate information to facilitate UECC’s due diligence policies. If UECC determines that a Third Party has breached the Code, it may require the Third Party to implement a remediation plan or, in certain circumstances, it may suspend or terminate the relationship with the Third Party.

(ii) Existing Supplier Review Procedure:

In accordance with the Act, we undertake an annual risk-based review of all suppliers.

Our risk-based due diligence, as recommended by the OECD Due Diligence Guidance' is structured around the following steps. When appropriate, third-party contractors are engaged to assist and to act as independent auditors of our engagements.

1. A desk-based due diligence assessment is initially used to identify, assess, and prioritize any actual or potential adverse impacts on fundamental human rights and decent working conditions that we caused or contributed toward, or that are directly linked with our operations via the supply chain or business partners.

The process follows a matrix-based risk-framework, which considers key risk indicators including, but not limited to, spend value, supplier location, the type of goods or services purchased, and recorded history of human rights incidents.

The risk associated with supplier location is informed a number of internationally recognised standards and research institutes:

- a. The continually updated list of Conflict-Affected and High-risk Areas (CAHRAs) (as defined under European Union Regulation 2017/821) and understood in the broader context of the European Commission's work on trade in general;
- b. The Database on Worldwide Governance Indicators issued by the World Bank,
- c. The Corruption Perception Index from Transparency international
- d. The annually produced list of Human Rights from the United Nations Security Council Resolutions (UNSC).
- e. The Financial Action Take Force (FATF) who identify countries with weak measures to combat money laundering and terrorist financing.
- f. EU's list of high-risk third countries having strategic deficiencies in their regime on anti-money laundering and countering the financing of terrorism.

This follows recommendations within the non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks under Regulation (EU) 2017/821 of the European Parliament as well as the founding principles of the United Nations' Guiding Principles on Business and Human Rights.

Any actual or potential adverse impacts on human rights identified are then assessed and prioritised.

2. Enhanced Due Diligence Process and Further Supplier Engagement.  
Following the identification, assessment, and prioritization of actual or potential impacts on human rights, suppliers are requested to provide

supporting evidence or clarifications to any misalignment with our CoC or concerns raised by UECC.

3. Site Visits

Should a supplier visit be deemed necessary, qualified personnel are deployed to perform site-level audits.

An independent assessment of the supplier is presented to senior management.

**(iii) (a) Actual and (b) potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners:**

a. A full desk-based audit, as outlined in point 2b (ii), has been performed by an independent third-party consultancy. From this audit there has been no identified actual adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners.

b. Potential adverse impacts identified:

i. One stevedore supplier, one port agent and one HH&BreakBulk are located in Turkey.

1. Turkey is considered by Transparency International as an at-risk country for Corruption: it scores 34/100 (the 0 being the most corrupt; or reference, Norway is scored 84).
2. Turkey appears on the Financial Action Task Force (FATF) Grey List as a country with weak measures to combat money laundering and terrorist financing.
3. We consider Turkey as at-risk from The World Bank's rating on below indicators, including respective score comparison with Norway:

	Turkey	Norway
Control of Corruption: Estimate	-0.47	2.07
Government Effectiveness: Estimate	-0.20	1.94
Political Stability and Absence of Violence/Terrorism: Estimate	-1.04	0.86
Regulatory Quality: Estimate	-0.25	1.52
Rule of Law: Estimate	-0.46	1.76
Voice and Accountability: Estimate	-0.93	1.77

The desk-based audit returned no specific incidents of negative impacts on human rights or decent working conditions. Following our procedure, all suppliers will be engaged with our enhanced due-diligence process.

**(iv) Measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritizations and assessments pursuant to (iii):**

Identified suppliers for potential risk or impacts have been escalated to enhanced due diligence as described in 2 b (ii) 2.

- a. Three suppliers were identified in 2 b (ii) 2 as having potential risk or impact. Documentation was requested to demonstrate the protections they have implemented to ensure the upholding of fundamental human rights and decent working conditions. The documentation provided included the suppliers' code of conduct and other relevant policies pertaining to human rights and working conditions. Our third-party consultants conducted a thorough review of this documentation, comparing it against our own code of conduct and human rights policies to identify any areas of misalignment or omissions.
- b. Through our comprehensive review, no areas of misalignment or concern were identified in the provided documentation.
- c. In the previous year, we identified two Stevedore suppliers and one Port Agent based in St. Petersburg, Russia, as posing a potential risk. Consequently, due to sanctions placed upon the Russian state, we have terminated any engagements with these suppliers to mitigate any potential adverse impacts.

**(v) Tracking the implementation and results of measures pursuant to (iv):**

The enhanced due diligence measures described in (iv) have not identified any suppliers with actual or potential adverse impacts on fundamental human rights or decent working conditions, therefore no further measures have been taken.

**(vi) Communications with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (iii) and (iv)**

The enhanced due diligence measures described in (iv) have not identified any suppliers with actual or potential adverse impacts on fundamental human rights or decent working conditions, therefore no further communication with affected stakeholders is necessary.