



ON LAND. AT SEA.

DISCLOSURE TRANSPARENCY ACT

BERGEN ENGINES AS

For period July 1 - December 31, 2022

Prepared 27.06.2023

INTRODUCTION

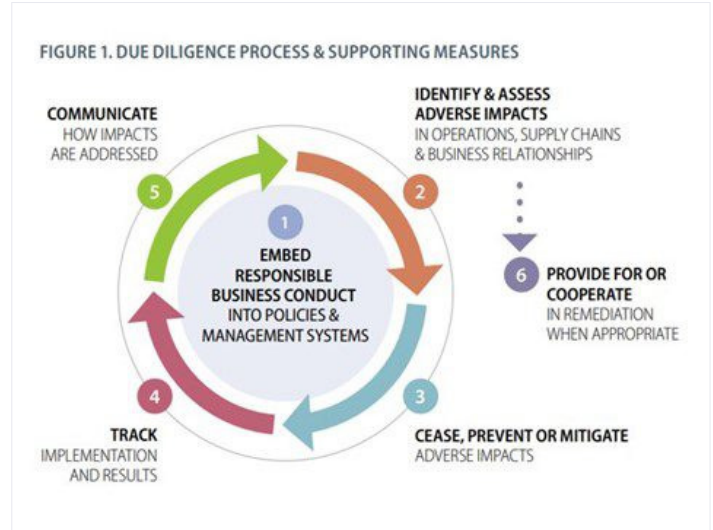
Bergen Engines AS, org.nr. 997 016 238 (hereinafter referred to as the “Company”) is covered by the Act on Business Transparency and Work with Fundamental Human Rights and Decent Working Conditions (hereinafter referred to as the “Transparency Act”). Thus, the Company is obliged to conduct and account for due diligence assessments intended to ensure fundamental human rights and decent working conditions.¹

Among other things, the Transparency Act requires the enterprise in question to identify and assess actual and potential negative consequences for violations of human rights and decent working conditions, both internally in the Company and in its supply chain. The enterprises covered by the Act must publicly account for the due diligence assessments that are carried out. The report shall be updated and published on the Company’s website by 30 June each year and otherwise in the event of significant changes in the Company’s risk assessments.

Due diligence assessments shall be carried out in accordance with the OECD Guidelines for Multinational Enterprises in the field of Human Rights, which are consistent with the UN Guiding Principles on Business and Human Rights (UNGPs).

The Company has worked to implement the Transparency Act in line with the OECD Due Diligence Model for Responsible Business Conduct.

In the model, the due diligence process is divided into six stages, which must be adapted to the individual enterprise’s size, nature, context, as well as the severity of and likelihood of negative consequences.



Company Information

Company Name : Bergen Engines AS | org nr. 997 016 238

Headquarter Address : Hordvikneset 125, 5108 Hordvik

Products and Services : Bergen Engines AS is an international production company engaged in development, production, sales and maintenance of components, engines, and solutions for maritime and land-based industry. The company is categorized within machine and equipment manufacturing.

Description of Company Structure : The Company is owned by Langley Holdings PLC and is part of the global group as part of The Power Solutions Division together with Germany’s Piller Group GmbH and Italy’s Marelli Motori S.r.l. The Company’s subsidiaries are in India, Bangladesh, the Netherlands, Spain, Italy, Denmark and the UK.

Turnover in 2022 : NOK 1,756,292,000

Number of Employees : 613

¹ The Act applies, inter alia, to: “Larger enterprises domiciled in Norway offering goods and services in or out of Norway”, cf. section 2, paragraph 1 of the Transparency Act. “Larger enterprises” means “Enterprises covered by section 1-5 of the Norwegian Accounting Act, or that on the date of the balance sheet exceed the limits for two of the following three conditions: 1) sales income: NOK 70 million, 2) balance sheet total: 35 NOK million and 3) average number of employees in the financial year: 50 full-time equivalents», cf. Section 3 (a) of the Transparency Act.

METHODOLOGY

THE DUE DILIGENCE PROCESS

Anchoring of Responsibility

Bergen Engines AS has at a board meeting anchored the executive responsibility in the board, to ensure that the requirements that follow from the Transparency Act are implemented, safeguarded, and complied with. In addition to the Board assuming executive responsibility for promoting and respecting human rights and decent working conditions in the Company, the Company has been assigned the following mandates:

- **Managing Director**
Mandate: Overall responsibility for safeguarding and complying with the Transparency Act in the Company.
- **Managing Director**
Mandate: Overall responsibility for incorporating routines for handling the duty of disclosure and ensuring that these are complied with in the Company.

The Company has introduced guidelines for suppliers and business partners, routines for handling the duty of disclosure and plans for risk analyses and due diligence.

The aforementioned guidelines and procedures will be introduced to specify how the Company shall work with fundamental human rights and decent working conditions, and will enable the Company to work systematically and efficiently with:

- i. Mapping, control and follow-up of internal conditions and the supply chain
- ii. Preparation of risk analyses and due diligence, and
- iii. Handling access requests.

It has been decided that the Board, in accordance with the overall responsible parties (ref. the mandates mentioned), shall update relevant routines and guidelines as necessary.

Mapping and Identification of Risk Within Own Business

We have started mapping and assessing actual and potential negative consequences for fundamental human rights and decent working conditions within the Company.

The areas that we have mapped and assessed in more detail are areas where we believe there is a general level of the highest risk of negative consequences on fundamental human rights and decent working conditions in our industry and in our operations. The list is not exhaustive, but are examples of areas we have mapped and conducted a due diligence assessment of internally:

- Our ethical guidelines and systematic work with human rights
- Physical and psychosocial working environment
- Work with health, safety, and environment
- Respect for the right to join trade unions
- Discrimination
- Whistleblowing systems
- Forms of affiliation - permanent employment, temporary employment, and use of hired labour
- Working hours, salary, and holidays

Based on our mapping and investigation of facts, we are of the opinion that internally in our own operations we do not cause, contribute to, or are directly linked to actual or potential negative consequences for fundamental human rights and decent working conditions. There are generally low risk in the Company.

We operate our business within development, production, sales and maintenance of components, engines, and solutions for maritime and land-based industry. We have several different disciplines represented among our skilled workers. Since we are engaged in industrial production, assembly, and maintenance of electrical and mechanical components, we are part of an industry that has a somewhat elevated risk of negative impact on workers' rights in terms of, for example, working hours, wages, discrimination against foreign workers and contract workers, and breaches of health, safety, and environment legislation. Therefore, it is essential for the Company to have good tools and routines for complying with applicable regulations, and as far as possible reduce the risk of negative impact on the employees.

The Company has, among other things, several safety delegates who help ensure the safety of the employees, we have 6 different collective agreements and a well-functioning employee representative organization that also helps to strengthen the employees' rights. Furthermore, we have nonconformity systems for handling HSE-related nonconformities, as well as routines and systems for reporting censurable conditions pursuant to Chapter 2A of the Working Environment Act, which will help to uncover any negative consequences that may arise in the future. Regarding, among other things, salary, overtime pay, holidays and working hours, we adhere to applicable collective agreements for each of the different employee categories.

Furthermore, we work systematically and continuously with the whole, environment and safety to ensure that all our employees always have a safe and proper physical and psychosocial working environment. Surveys and assessments of actual conditions generally show a low-risk picture internally in the business. No actual or potential negative consequences have been identified, but concrete measures have been proposed to reduce the possibility of the Company's employees being exposed to this. Some measures have already been implemented, and the Company will continue to work on this in 2023.

Among the measures mentioned are efforts to raise awareness among employees about the importance of the Transparency Act and the Company's work with this. The information is available to all employees on the internal company website with information to raise awareness of the Company's whistleblowing systems for employees to use if they experience censurable conditions in their workplace. It is important for the Company that the employees are well acquainted with where they can turn, and that they have knowledge of our routines for handling such reports. It is expected that our work on these measures will contribute to further reducing risk.

METHODOLOGY

THE DUE DILIGENCE PROCESS



At Our Suppliers

We have started mapping and assessing actual and potential negative impacts on fundamental human rights and decent working conditions at our suppliers.

We have conducted a survey of our suppliers to identify which areas pose a risk of negative impact on human rights and decent working conditions.

In this process, we have taken all our suppliers as our starting point in 2022. We have 745 suppliers, of which 267 are resided abroad. In order to determine which of these to turn to for further follow-up under the Transparency Act, we have based our work on country risk, industry risk, product risk and known risk.

With regards to our foreign suppliers, we have looked to recognised indices describing the risk of human rights violations in different countries.² As we have some suppliers resided in countries with an elevated risk of actual negative impacts on fundamental human rights and decent working conditions, we will follow up on these separately and have prior to initial reporting started this work by addressing the individual suppliers from whom we have procured the most.

Based on an analysis of industry risk, we have also roughly sorted the Norwegian suppliers based on whether the supplier is in a risk industry. Since many suppliers belong to the same industry, we have also used other parameters in the selection, including whether the supplier has auditor notes and ratios indicating the supplier's financial condition (so-called z-risk).

This may indicate that the supplier does not adhere loyally to applicable rules, e.g., on workers' rights, but does not have to do so.

Furthermore, we have used other indicators such as the size of the turnover from the individual supplier compared to the turnover from the other suppliers to the Company, in addition to the ratio of the supplier's total turnover compared to the turnover of the Company. The latter gives an indication of the influence we have towards the individual suppliers if we find that, for example, workers' rights are not adequately safeguarded.

Based on the above procedure, we have arrived at a prioritized list. Assessments have then been made as to whether some of the suppliers should be given a lower priority or a higher priority among themselves.

Based on the above, we have pulled some suppliers for further follow-up, and plan to continue with further supplier follow-up in the autumn of 2023.

In our inquiries, we have asked specific questions in relation to the areas we believe have the highest risk of violations of workers' rights, etc. at the selected supplier.

In our due diligence assessments, we have not uncovered actual negative consequences or significant risks of negative consequences for fundamental human rights and decent working conditions.

Summary and the Way Forward

In our work on the Transparency Act, we have so far entrenched accountability in the board, started work on mapping and assessing actual and potential negative consequences for fundamental human rights and decent working conditions internally in the Company, as well as in relation to our suppliers. So far, we have not identified any actual or significant risk of negative consequences for fundamental human rights and/or decent working conditions.

Our work with the Transparency Act is a continuous process, where we will conduct due diligence on a regular basis. Among other things, we plan to follow up the improvement items after the internal review, as well as to follow up responses from our suppliers.

Furthermore, we will continue our efforts to raise awareness among our employees and among our suppliers about the importance of the Transparency Act. One of our most important tools to ensure that we do not attract rogue actors is to have good systems and routines for uncovering actual or significant risks of negative consequences on human rights and decent working conditions at our suppliers, so that we reduce the risk of violations of fundamental human rights and decent working conditions.

² Global rights Index and Global Slavery Index

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A Langley Holdings Company

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