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Author	Jørn K. Løvdal		

Statement according to the Transparency Act Kristiansand, «documents_RevisedDate»

Starting July 1, 2022, the Transparency Act took effect in Norway. Its objective is to foster a culture of respect for fundamental human rights and appropriate working conditions within corporations, specifically regarding their business associates and supply chain operations.

The regulations originate from the OECD's guidelines, obligating companies to conduct assessments of human rights and adequate working conditions throughout their supply chains. The intention is to ascertain that ethical employment standards are upheld at every level.

In this report, we present a review of the due diligence efforts of Umoe Advanced Composites AS (UAC) in the areas of human rights, respectable working conditions, and ethical trade, in accordance with the stipulations of the Transparency Act.

This constitutes the inaugural edition and the first year that UAC has produced such a report. The document spans the timeframe from July 1, 2022, to June 30, 2023. The report will be updated and released yearly by June 30, in line with requirements beginning in 2023.

You can access the statement on our website at www.uac.no

About UAC

UAC stands as a prominent global provider of large Type IV glass fiber pressure vessels and transportation modules for CNG, biogas, and hydrogen.

UAC Vision is:

To be a leading company within lightweight pressure vessels intended for transport on road, railroad, ship, and energy products together with stationary storage of gasses.

UAC Mission is:

To improve our customers competitive power and environmental profile by replacing traditional materials with product solutions based on low-cost composite materials.

Since 2016, we've supplied pressure vessels and transportation modules (in the form of ready-to-use containerized solutions) to a wide array of customers across the globe. Most of these customers are energy providers involved in the transition from fossil fuels to renewable and sustainable energy gases, employed within the mobility, industrial, and maritime sectors.

Our headquarters, engineering, and production facilities are situated in rental premises at Vige Havnevei 64, 4633 Kristiansand, while our development and testing activities take place on Gismerøya in Mandal.

UAC is primarily composed of three departments: the Cylinder Production Department, the Assembly Department, and Administration (which encompasses Engineering, Sales, Purchasing, Accounting, Quality Management and HR).

In July 2021, Umoe Advanced Composites AS established a joint venture company named Umoe Technology Jiaxing Co. Ltd. (UAC JV) in collaboration with Yield Capital and Befar Group. This venture was set up in China's Zhejiang Province, with UAC being the majority stakeholder.



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The factory is projected to be fully operational starting from the first quarter of 2024.

UAC is majority owned by the Umoe Group, which is one of Norway's largest privately-owned investment companies. The group focuses on sectors such as green energy, services, real estate, forestry, shipping, and shipbuilding. More about Umoe Group on: www.um.no.

As of June 30, 2023, UAC employs 55 staff members, comprised of 48 males and 7 females.

In the UAC JV, there are currently 6 employees, of whom 2 are females.

Beyond our regular workforce, UAC has contracted 2 Norwegian experts possessing diverse professional skills to provide assistance in large, strategic ongoing projects.

The CEO of UAC is Øyvind Nicolay Hamre, while the Chairman of the Board is Thomas Moe Børseth.

Risk assessment of UAC's own operations

Our company maintains an open and positive working environment, with workspaces that are neat and orderly. We insist upon treating all employees and other stakeholders influenced by our operations with respect and dignity.

We have identified various risks that warrant attention and proactive steps to minimize potential threats to our employees within the workplace and to guarantee safe and respectable working conditions. To address these risks, we have instituted three primary practices:

- Conducting and reviewing our risk assessments twice a year
- Implementing a comprehensive Health, Safety, and Environment (HSE) framework
- Carrying out safety walks twice a year

Our Quality Management System features a Non-Conformity Report (NCR) module. The NCR module is employed to document and rectify any deviations from established safety protocols or regulatory standards. This system also serves as a mechanism for whistle-blowing in cases of harassment, discrimination, and the like.

In relation to our production processes (specifically within the Cylinder Production Department), we have identified challenges associated with the emission of epoxy fumes during the winding process. If not effectively managed, these fumes could present health hazards to our employees.

To mitigate the risks associated with epoxy fumes, we have put several control measures into action. These include:

- Provision of suitable personal protective equipment (PPE) for our staff
- Routine monitoring of our employees' health through annual health and working environment assessments.
- We prioritize employee training and awareness initiatives to ensure our employees are fully aware of the potential dangers posed by epoxy fumes and adheres to the correct safety procedures.

Our commitment to routine risk evaluations, a comprehensive HSE policy and handbook, incident reporting mechanisms, and control measures for epoxy fumes illustrates our dedication to preserving a safe and respectable work environment for our employees. We remain vigilant in monitoring and mitigating risks, striving for continual improvement, and safeguarding the



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health and well-being of our workforce.

As a result of these measures, the risk of human rights violations and subpar working conditions is considered negligible within our organization and operations in Norway.

In the UAC JV organization and operations – which are currently being established – we are committed to maintaining the same HSE standards and proper working conditions as those in Norway.

Risk assessment of UAC's supply chain

The primary product of UAC is Type 4 fiberglass composite pressure vessels. The manufacture of these pressure vessels makes up approximately 70% of the company's revenue, and the purchases associated with this production constitute roughly 70% of the company's procurement costs. Five key raw materials are involved in this production process:

- Fiber glass
- Epoxy
- Hardener
- Machined stainless steel parts.
- Plastic liners

When the container chassis, into which nearly all our pressure vessels are assembled before delivery to our customers as finished, ready-to-use modules, is included: we can summarize our five key raw materials and containers to account for around 92% of our purchasing costs.

Therefore, UAC will prioritize these raw material suppliers when mapping supply chain risks in relation to the Transparency Act. The long-term objective is to review our entire supply chain to identify any deviations and risks related to human rights, decent working conditions, gender discrimination, etc.

Our suppliers for these raw materials are primarily located within Western Europe, though an increasing number of parts are sourced from China. We have established long-term relationships with all these suppliers and are familiar with their practices, hence the risk of violations concerning human rights and decent working conditions is considered to be low or non-existent. Nonetheless, we plan to investigate the conditions at their sub-suppliers to ensure adherence to fundamental human rights and decent working conditions further along the supply chain.

Currently, our supply chain risk concerning human rights, HSE, and decent working conditions is perceived to be highest in Eastern Europe and China (sub-suppliers). Through audits and visits to our suppliers in Eastern Europe, we are aware that conditions generally fall below the standards of our Western European suppliers. The work environment is often dusty or dirty, facilities tend to be old and inadequately heated or insulated, use of protective equipment is not strictly enforced (or is not consistently adhered to), and the overall focus on HSE and decent working conditions is lessened.

Another aspect of our operations that requires examination and assessment is the transportation involved in our raw materials supply chain. Many of these transportations are carried out by forwarders in Eastern Europe, and we cannot assume that their drivers enjoy the same conditions as their Norwegian or Western European counterparts.

Considering these factors, the current overall risk in our supply chain is deemed to be low to moderate.



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UAC have established the following guidelines, policies and procedures to address actual and potential negative consequences for fundamental human rights and decent working conditions.

- We have established guidelines for ethical trading.
- We conduct due diligence assessments for our own business, supply chain, and partners. This is done on an annual basis.
- We monitor suppliers based on their country and risk.
- During our annual review of suppliers our experience with them are discussed.
- Going forward our yearly supplier review we will include assessments according to countries where the suppliers are localized. Suppliers from countries that are assessed to have higher risk will be sent a supplier declaration. Completed supplier declarations will make it possible to assess further collaboration with the supplier.
- For all new suppliers, the supplier declaration will be a standard requirement starting in autumn 2023.
- UAC will start providing information on the organization, scope of operations, guidelines, and procedures on our website.
- We also refer to UAC annual sustainability report, which is available upon request.

Limiting risks in our supply chain

To enhance our ability to identify and address any potential violations of human rights and unacceptable working conditions within our supply chain, UAC is currently finalizing a questionnaire to be distributed to our suppliers. This questionnaire will ask them to provide information about their working conditions, health and safety measures, ethical business practices, supply chain management, and ongoing improvement efforts. The responses, along with regular external visits and audits of our suppliers and sub-suppliers (as per our audit plan), will provide UAC with a solid foundation for assessing supply chain risks.

Moreover, UAC is in the process of creating our own Supplier Code of Conduct. In all future purchase orders and contracts, our suppliers will be required to confirm their adherence to our Supplier Code of Conduct. To reflect these requirements, we will amend our 'General Terms & Conditions for Purchase of Goods and Services.' Going forward, we will collaborate with our suppliers with the goal that they, in turn, demand the same compliance from their suppliers.

Should any breaches of human rights or fundamental standards for decent work be discovered - or if there's a substantial risk of such breaches - UAC will address such issues through dialogue with the relevant supplier/sub-supplier and stakeholders. Failure to address breaches within a reasonable timeframe may result in the suspension or termination of contracts, and UAC may also have to abandon the supplier/sub-supplier if breaches continue or are repeated.



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Contact

For questions about this statement and our work towards the aspects related to the Transparency Act, please contact our Quality Manager or Head of Procurement & Material Administration by e-mail (tda@uac.no or jkl@uac.no).

Place/Date:

Thomas Moe Børseth,
Chairman of the Board

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Carl Petter Finne,
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Jostein Eiesland,
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