

Novenco AS Transparency Act Declaration

About Novenco

Novenco AS develops and manufactures high-quality heating, ventilation, air-conditioning and refrigeration solutions for marine and offshore applications. With more than 75 years of experience within our field, we are among the world leaders in supplying HVAC&R systems.

Founded in Denmark in 1947, Novenco employs approximately 260 people worldwide and operates across three countries, supported by an international network of agents and partners. Further, Novenco has an extensive range of qualified 3rd party suppliers which, combined with our own range of products, enables the company to select the right solutions for our customers to suit their specific needs. Novenco factories (air and cooling factory and fan factory) are located in China in the Wuxi Jiangsu province. As part of the Hi Air Korea Group, Novenco also has access to several manufacturing facilities in South Korea for the production of its equipment. In addition, Novenco collaborates with a workshop in Norway for manufacturing of its products.

Approach

Novenco has several policies and processes in place in order to make sure that fundamental human rights and decent working conditions within our area of operation are respected. The Novenco Code of Conduct gives guidance and support to all employees to ethically conduct business, comply with the law and maintain reputation. It also provides guidance to all parties that work with Novenco.

Novenco do not accept any form of discrimination or harassment within our organization or within our supply chain. Novenco believes that everyone should have equal opportunities, and we recruit, select, develop, and promote our people on qualifications, performance, and merits. Everyone has a personal responsibility to act ethically, to comply with the law, and with the Novenco policies and procedures, at all times. It is important that everyone, at all levels, familiarizes themselves with our Code of Conduct and complies with it, and regular training is provided.

Novenco is committed to providing and promoting a healthy, secure, and safe workplace, protecting the environment in accordance with applicable laws and in accordance with our QHSE Policy. QHSE responsibilities are integrated into how Novenco conducts its business. Through observance and encouragement of these commitments, we contribute to protecting the environment and the overall well-being of our stakeholders, our employees/consultants, clients, subcontractors, and communities.

Novenco have adapted our operations to the law that came into force on 1 July 2022 and implemented processes to ensure that the company complies with the conditions set by the law. The work is based on the OECD's guide for due diligence assessments for responsible business.

Due diligence assessments

The purpose of due diligence is first and foremost to avoid causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships.

Novenco's well-established and continuously improved [Supplier Code of Conduct](#) are guidelines that all our suppliers agree to work in accordance with if they are to work with Novenco. In this document we describe the requirements for the supply chain regarding decent working conditions, human rights, environment, HSE, compliance with laws, competition, and information security. All contracts entered into with suppliers contain specific reference to our Supplier Code of Conduct, and it is a requirement for suppliers to comply with this document, and the same goes for their sub-suppliers. In short, 100% of the suppliers that we are currently working with have agreed to work in accordance with our Code of Conduct.

Novenco has a dedicated system for qualifying new suppliers where parameters such as health & safety, environment and working conditions, as well as quality, compliance and financial factors are evaluated. This process further includes a review of supplier commitments towards social justice and internationally recognized human and labor rights.

Novenco has categorized its supply chain in order to perform due diligence assessments related to the supplier in the context of what Novenco is procuring. The following categorization is applied:

R1	Not critical suppliers delivering equipment/services not critical for operations, or considered low risk due to location/own requirements/certifications
R2	To be checked due to importance of suppliers (but not because of specific risk identified beforehand)
R3	High possible risk, due to location and/or use of specific suppliers

All details about the suppliers we are cooperating with and recent evaluation are logged in our dedicated Supplier Matrix available to the entire Novenco organization.

Current status

Novenco is continuously doing due diligence assessments of our own business, supply chain and towards parties we cooperate with, and developing the procedures and tools we utilize to improve our processes. Main risks are considered to be related to the supply of goods and services provided to Novenco.

We have built on our established processes for Supplier categorization, approval, and evaluation, updating them to align with Transparency Act requirements. Particular focus has been placed on critical suppliers and those involved in ongoing and planned projects.

The following considerations form part of our risk assessment:

- Suppliers located in the Nordic countries are considered low risk due to current legislation.
- Suppliers operating with their own set of requirements towards their suppliers in the form of code of conduct, guidelines for working environment and HSE are also considered lower risk.

- Suppliers that are working according to or have been certified in accordance with ISO 45001 are considered to have lower risk.
- Findings found through the utilization of risk analytics tools to help manage supplier risks by providing comprehensive checks to ensure compliance and mitigate risks. This further helps to streamline risk management and evaluate environmental, social, and governance factors to enhance supply chain resilience.

Based on these assessments, Novenco has identified no or low risk within our operations and supply chain regarding compliance with fundamental human rights and labor rights.

Where non-compliance is identified, Novenco will take appropriate action. Measures will depend on the nature and severity of the issue and may include dialogue with the supplier, requirement of corrective actions, and ongoing monitoring. All actions are documented, and supplier performance is regularly evaluated.

Conclusion

Novenco is committed to continuous improvement in promoting respect for human rights across our organization and supply chain. This includes ongoing training, communication, and knowledge sharing.

We will further prioritize awareness of human rights risks and due diligence practices, particularly within procurement activities and supplier audits. We also remain committed to ensuring that all future business relationships comply with fundamental human rights and labor standards.

For external inquiries, please contact: NO-Transparencyact@novencogroup.com

This statement is revised annually.

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