

NORTEK GROUP 2022

Due-diligence statement for Responsible Business Conduct



Document information

Company Nortek AS

Prepared by Therese Baas, Karoline Wang Maarud

Reviewed by Finn-Ivar Marum

Approved by Nortek board

Date 28.06.23

Preamble

The actions of companies have significant impact, both positive and negative, on the lives of citizens around the world. Not only in terms of the products and services they offer, or the jobs and opportunities created, but also in terms of working conditions, human rights, health, the environment, innovation, education and training.

For this reason, it's expected that companies understand their positive and negative impacts on society and the environment by doing due-diligence exercises. This enables companies to, identify, prevent, manage and mitigate any negative impact that they may cause, including within their global supply chain. Living up to this duty is commonly known as 'corporate social responsibility' or 'responsible business conduct'¹.



UN's 17 Sustainable Development Goals, the foundation for responsible business conduct.

This report summarises Nortek's due diligence work to promote and ensure fundamental human rights and decent working conditions in the Nortek supply chain, among our business partners and relationships, Ref. LOV-2021-06-18-99.

It's a never-ending journey to advocate on topics such as workers and human rights, the environment, anti-bribery & corruption, and corporate governance. Nevertheless, it's important! We have gained a lot of knowledge during this process and our findings have been turned into actions which in time will push forward incremental steps for more sustainable practices and improve working conditions within our global supply chain.

Report contact person: Therese Baas, Quality and Digital Director

Contact e-mail address: gdpr@nortekgroup.com



The Nortek board signature

The Nortek Board and CEO of the Nortek Group confirm to have received and read the report “Due-diligence Statement for a Responsible Business Conduct – Nortek Group 2022”.

This report is Nortek’s public statement to document the OECD due-diligence work undertaken in 2022.

Nortek Group
28th June 2023, Rud



Atle Lohrmann
Chair of the board



Finn-Ivar Marum
CEO and board member



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LIST OF ABBREVIATIONS

Abbreviation	Full description
ISO	International Organization For Standardization
CSR	Corporate Social Responsibility
ESG	Environmental Social Governance
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HQ	Headquarters
HR	Human Resources
HSE	Health, Safety and Environment
ICT	Information and Communications Technology
KPI	Key Performance Indicator
OECD	Organisation for Economic Co-operation and Development
RBC	Responsible Business Conduct
SDG	Sustainable Development Goals
T&C	Terms and Conditions
UN	United Nations



1. Due-diligence process

This report summarises Nortek Group’s work on transparency and due diligence to promote and ensure fundamental human rights and decent working conditions in the Nortek supply chain, Ref. LOV-2021-06-18-99. The report is based upon the UN’s Guiding Principles on Business and Human Rights² and the OECD Due-diligence Guideline for Responsible Business Conduct³.

The due-diligence process has six steps which describes how companies can implement a more responsible and sustainable practice into their business model, Ref. Figure 1 below.

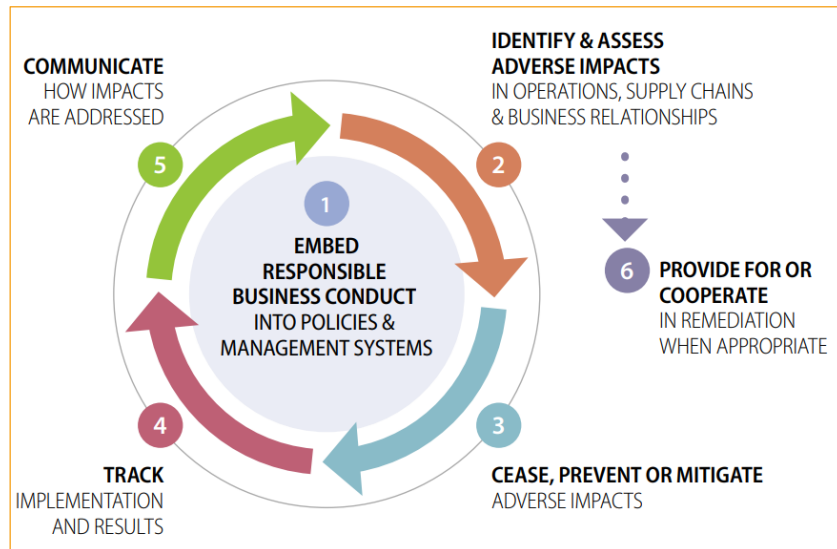


Figure 1: OECD Guideline due-diligence process and supporting measures³. The process should be aligned with the risks and company’s context, such as size, operations, markets and influential power.

Performing a due-diligence process does not necessarily mean the business does not have any negative impact on humans, the society, or the environment. The process both acknowledges the positive contributions businesses make to economic, environmental, and social progress, but also encourages businesses to be open and transparent about their challenges while working to identify and mitigate the adverse effects of their business operations in collaboration with stakeholders.

The report structure is according to the OECD model, featuring individual chapters for each step.

- Step 1:** Embed responsible business conduct into policies & management systems
- Step 2:** Identify & assess adverse impacts in operations, supply chains & business relationships
- Step 3:** Cease, prevent or mitigate adverse impacts
- Step 4:** Track implementation and results
- Step 5:** Communicate how impacts are addressed
- Step 6:** Provide for of cooperate in remediation when appropriate



2. Company overview and key information

2.1 Overview

The Nortek Group, hereafter called Nortek, is an ocean technology company providing oceanographic instruments for currents and waves measurements and underwater navigation systems. In addition to the headquarter and manufacturing site in Norway, the company has a global presence with offices in seven countries and a network of distributors around the world.



Figure 2: Nortek global footprint and presence. 2/3 of all employees are located in Norway.

Nortek is committed to conducting its business in a responsible and sustainable manner and has a strong focus on environmental stewardship and social responsibility. Nortek commits to sustainable operations to benefit people, nature, and the climate, and has established science-based targets for emission reduction. The company's operations are guided by a set of core values, including a commitment to innovation, collaboration, and ethical behavior for employees and the supply chain.

2.2 Key information

The key information is from the Nortek GRI Report 2022⁴, following the GRI 102: General disclosures, Organizational profile section.

102-1 Name of the organization

Nortek AS, org.no. 996 707 415 | Web: www.nortekgroup.com

102-2 Activities, brands, products, and services

Development, production, distribution and service of oceanographic instruments and underwater navigation systems



102-3 Location of headquarters

Vangkroken 2, 1351 Rud, Norway

102-4 Location of operation

Nortek maintains operations/office locations in the following countries: Norway, UK, The

Netherlands, France, USA, Brazil, Japan, China and Australia. The manufacturing site is at HQ in Norway. Visit www.nortekgroup.com/about/contact for office locations and agents.

In 2022 Nortek had 11 agents, business partners re-selling Nortek products. Africa (1), Asia (5), Europe (3), Central America (1) and Middle east (1)

102-5 Ownership and legal form

Nortek is a privately held company owned 100% by General Oceans AS, org. no 927 002 264

102-6 Markets served

Nortek products are sold to customers world-wide through our own sales offices and agents.

102-7 Scale of the organization

Nortek had 156 employees in 9 different countries. The annual revenue for 2022 was 450 mill. NOK.

102-8 Information on employees and other workers

As of December 2022, the number of Nortek's full-time employees was 133, 15 part-time employees, 5 contractors and 3 trainees. A small proportion of the Company's employees have voluntarily chosen to work part-time, and their terms and conditions are otherwise the same as for full-time staff.

Employee distribution: Norway (92), UK (8), The Netherlands (15), France (11), USA (13), Brazil (3), Japan (2), China (9) and Australia (3)

102-9 Supply chain

Nortek has rigorous policies and procedures in place in our certified Management System to select, manage and follow-up suppliers.

Supplier Code of Conduct

Sets out the corporate social and ethical responsibility requirements which applies to all Nortek suppliers. The code includes requirements related to environmental management, governance and fundamental human rights and decent working conditions. These requirements are implemented through Nortek's supplier contracts and followed up on a regular basis through meetings and audits. In 2022 Nortek started to issue updated contracts to all major suppliers including the new Supplier Code of Conduct.

Climate action and the environment

Nortek encourage its suppliers to disclose their carbon footprint, implement environmental management system and set science-based targets to achieve emission reductions. The Suppliers shall also establish own systems for waste management and recycling.

Local suppliers

Nortek supports local communities and local suppliers. Nortek performed an ESG assessment of its 15 largest suppliers which make up more than 70% of supplied goods and services to the company. 80% are local suppliers based in Europe, while 20% are in the USA. Of the suppliers based in Europe, 67% are in Scandinavia (Norway, Sweden and Denmark).

Due diligence

Nortek's suppliers are held to the standards set forth in our Supplier Code of Conduct. In 2022 we started to address the topics in supplier meetings and audits as part of the OECD due-diligence process. The plan is to continue this process and monitor ESG risks with key suppliers.



102-10 Significant changes to the organisation and its supply chain (since last update)

In 2021, Nortek AS became part of the General Oceans Group. The General Oceans Group consists of four operating companies as of December 2022, Nortek, Reach Robotics, Strategic Robotic Systems and Tritech.

Nortek continues the long-term relationships and open dialogue with our key suppliers.

102-11 Precautionary Principle or approach

In 2021, Nortek established the Sustainability Task Force to map, assess and act on the sustainability areas and activities most important to Nortek. In June 2022 we launched our climate strategy at the Sales Summit and began the implementation. Nortek's ambitious climate strategy is based on three pillars:

- 1) Reduce own emissions with 1/3 by 2030.
- 2) Deliver carbon neutral products to our customers.
- 3) Enable healthier oceans through our technology and costal community support.

Throughout the year, ESG risks have been assessed on a regular basis and processes, such as the Supplier Code of Conduct, have been implemented to ensure a responsible supply chain. The work to implement an environmental management system in Nortek has begun, and the plan is to become ISO 14001 certified in 2023.

102-12 External initiatives

Nortek has adopted or endorsed external sustainability principles, standards and regulations including, but not limited to:

E=Environment | S=Social | G= Governance

Description	Type	Implementation
ISO 9001 Quality Management System	E,S,G	Nortek's overall management system to ensure quality and customer satisfaction.
ISO 14001 Environmental Management	E	New environmental management system integrated with the Management System.
Paris Agreement	E	Our climate goals and plans are based on the Paris agreement ⁵
Greenhouse Gas Protocol	E	The climate reporting/ CO2 accounting and statistics are based on this framework.
GRI Standards	E,S,G	Nortek's ESG reporting follows the GRI framework.
Norwegian Transparency Act	S,G	New law enforced 01.07.22 to ensure human rights and decent working conditions in the supply chain. Covered by the Supplier Code of Conduct, due-diligence process and management system.
Norwegian Accounting Act, § 3-3c – Corporate social responsibility	E,S,G	Covered by several company policies and the new sustainability processes embedded in the management system.
United Nations Sustainability Development Goals	E,S,G	Even though we contribute to several SDG's, Nortek has selected 5 to concentrate on.
International Labour Organization (ILO) standards	S,G	Supplier Code of Conduct is based upon ILO principals.
United Nations Universal Declaration of Human Rights	S,G	The Code of Conduct and Supplier Code of Conduct are based upon these principals.
Report waste consumption to SSB (Norway)	E	Nortek has a waste handling system with tracking of the amount in all waste categories produced.
GRI standards	E,S,G	Nortek has decided to report according to the GRI standards and will issue a yearly GRI report.



3. Supply chain overview

3.1 Description of purchasing model and supply chain

The central purchasing department at HQ in Norway handles all material and parts purchases for the manufacturing site. The department uses the company standardised procurement process managing a global supply chain.



Figure 3. Overview of top-level procurement process

- The process documents the requirements and qualification of new suppliers incl. ESG risks and documentation.
- Management of the supplier contractual framework and Supplier Code of Conduct
- Supplier risk management
- Purchasing and managing competitive bids
- Management and follow-up of key material and parts suppliers incl. forecasting

The Group Management Team at HQ is responsible to manage and follow-up local service suppliers.

Local management at each office location follow-up local service suppliers and business partners, in collaboration with the HQ.

Procurement of goods, services and parts are for the most part exposed to competition.

NOTE: Service suppliers have been exempted from the 2022 assessment as they pose less risk to the business. These suppliers are mostly local, and the purchase value is minor compared to the material/parts suppliers.

3.2 Key information

Nortek's suppliers provide materials, parts, and services to the company. While the services are mainly provided by local partners where our offices reside, the materials and parts are sourced worldwide following global supply chain patterns.

Table 1: Overview of supplier relationships

Category	Type	Comment
Number of suppliers the company had a commercial relationship with in 2022 (> 100k NOK)	426	Subsidiaries not included
Type of supplier	60% Material and parts suppliers 40% Service suppliers	

3.3.1 Key global supply chains used by Nortek

Table 3: Supply chain examples

#	Material/part	Supply chain	Processing	Adverse impacts and industry risks
A	Metals and minerals	Mining, extraction of minerals/metals and smelting to pure metal/mineral bars.	<ol style="list-style-type: none"> 1. Mining and crushing mineral/metal ore into smaller pieces 2. Chemicals, additives and high heat are used to extract the pure, raw materials which are melted at the foundry into bars. 3. Raw materials are purchased as bars or granulate. 4. Is milled into final parts or treads for further use in e.g. electronics 	<ul style="list-style-type: none"> • A1) Mineral extraction and processing are associated with a broad range of human rights risks, including forced displacement, land grabbing, environmental destruction, dangerous working conditions and child labour violations. Conflict minerals incl. tin, tantalum, tungsten and gold have been linked with funding killings, violence and other human rights abuses in conflict zones of the world. • A2) Risk and concerns within the chemical industry include, among other, dangerous materials such as explosives, gases, inflammable liquids, toxic and oxidizing substances.
B	Plastic	Oil/natural gas extraction, refining for polymerization to plastics.	<ol style="list-style-type: none"> 1. Fossil feedstock, extractions from oil/gas reservoirs (wells). 2. Raw materials mixed and refined into Ethane and Propane at the refinery. Then treated with heat and chemicals in a process called “cracking” which turns them into ethylene and propylene. 1. Ethylene and propylene are combined with a catalyst to create a polymer which are fed into an extruder to create plastic tubes. Sold as tubes or granulate. 2. Milled or further processed into final parts 	<ul style="list-style-type: none"> • B1) Oil & gas are a non-renewable resource, which contributes to high carbon emissions and adverse climate impacts. Waste mismanagement and pollution of plastic in the sea and land. • B2) The exploration and development are associated with several risks such as land grabbing, geopolitical unstableness over the fight for energy, disruption of animal habitats and oil spills which affects animals/nature/humans who depend on these ecosystems. • B3) Workers face dangerous working conditions (risk of fire and explosion) and toxication due to high use of chemicals (see A2) and additives.
C	Electronics	A + B + Manufacturing of electronic components	<ol style="list-style-type: none"> 1. The raw materials are purchased and made into circuit board components (micro chips, resistance etc.). Circuit board components are purchased and printed into electronic boards. 2. The electronic boards are sold as final parts. 	<ul style="list-style-type: none"> • See A1, A2, B1, B2, B3 • C1) The electronics industry is exposed to excessive working hours, poverty wages, forced labour, and dangerous working conditions. The sector also drives mineral mining expansion. The industry consumes an estimated 35% of global copper production and 9% of total gold production. • C2) Chemicals can be found in almost every aspect of the production process of electronic products manufacturing.
D	Batteries	A + B + Manufacturing of batteries	<ol style="list-style-type: none"> 1. The raw materials, plastic, chemicals and electrical components are purchased by sub-suppliers to manufacture the batteries. 2. The batteries are sold typically through distributors to the end users. 	<ul style="list-style-type: none"> • See A1, A2, B1, B2, B3, C1

The supply chains for materials and parts may consist of a combination of the above and with several distribution channels before reaching Nortek.

4. Due-diligence plans

The 3-year plan to assess the different areas of our supply chain are based on an overall risk assessment considering:

- Suppliers which we purchase in volume from on a regular basis.
- Suppliers and business partners we may influence the most based on revenue.
- Area of the world where the supplier or business partner is located.

The risk and influential powers increase with the amount purchased. Suppliers and business partners with a revenue below 1 mill. NOK are not included in the assessment at this stage as their contribution to the total supply chain risk picture is considered low.

Nortek has the most influence over the suppliers whom we purchase in volume from on a regular basis and with the highest revenues.

The focus in this report has been the top tier suppliers > 1 mill. NOK.

4.1 Goals and progress 2022

Table 4: Goals and progress 2022

Year 1	Goal	Status
1	Perform due-diligence of top 15 material and parts suppliers > 1 mill. NOK	Completed
2	Establish templates and framework for the OECD due-diligence process within Nortek	Completed
3	Include ESG topics in the supplier risk assessment process	In progress

4.2 Plans for the coming years

Table 5: Due-diligence plans

Timeline	Supply chain area	Comment
Year 2: 2023	<ul style="list-style-type: none">• Perform due-diligence of all material and parts suppliers > 1 mill. NOK• Perform due-diligence of top tier services suppliers > 1 mill. NOK• Integrate ESG into supplier audits	The top tier service suppliers are primarily in Norway or Scandinavia and as such considered low risk suppliers in terms of ESG aspects.
Year 3: 2024	<ul style="list-style-type: none">• Perform due-diligence of top business partners (agents/re-sellers) > 1 mill. NOK	Business partners are primarily considered to be the network of re-sellers selling Nortek's products in areas of the world where we are not present.

Continue the OECD due-diligence process and the supplier/business partner risk assessment for all suppliers and partners above the 1 mill. NOK threshold.



5. Step 1: Embed responsible business conduct into policies and management system

5.1 Policy

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 1.1³.

A Responsible business conduct has been an integrated part of Nortek's Group Policies for several years. Currently, we operate seven policies and one whistleblowing procedure:

- Code of conduct
- Supplier code of conduct
- Health, safety & working environment.
- Quality
- Privacy & GDPR
- External environment & sustainability
- Communication
- Whistleblowing procedure

Social responsibility and governance topics are part of all the policies. The policies are available from Nortek's website, www.nortekgroup.com and to all employees in the Management system.

The Supplier Code of Conduct is based on the UN declarations, core ILO conventions, UN Global Compact's 10 principles for sustainable development and the OECD Anti-Bribery Convention. It addresses the following topics:

- Laws and regulations
- Labor rights and working conditions
- Child labor
- Forced labor
- Freedom of association and the right to organize
- Corruption, business integrity and reporting
- Environment, environment permits and reporting
- Resource efficiency, recycling, and clean energy
- Hazardous and restricted substances
- Responsible materials sourcing and conflict minerals
- Information disclosure
- Cooperation
- Non-compliance
- Supplier's declaration

Nortek's major suppliers must sign the Nortek Supplier Code of Conduct or document they have the appropriate systems in place to meet the requirements of the Nortek Supplier Code of Conduct.



Specific ESG KPI's have been established and are followed-up by the Group Management Team and respective departments.

Risk management is handled by the Group Management Team and mitigating actions are initiated when potentially adverse effects are detected. It's the Group Management Team's responsibility to establish plans, stop or mitigate activities which are not in line with Nortek's ESG framework, company policies, laws or local regulations.

5.2.3 Sustainability

Nortek is committed to sustainable operations and to manage the business and activities to promote sustainability. Nortek conducts a materiality assessment every other year to prioritize the issues that have the biggest impact on the business, communities, and the environment. To achieve long-term sustainability for the business, a responsible supply chain is essential. A responsible supply chain ensures ethical and sustainable sourcing of materials and components, thereby minimizing the negative impact on the environment. By adhering to responsible practices, such as reducing carbon emissions, conserving natural resources, and promoting eco-friendly manufacturing processes, Nortek can contribute to mitigating climate change.

A responsible supply chain also involves social and governance topics promoting social responsibility by upholding fair labour practices and ensuring welfare of workers. The business strives to work with suppliers and partners to provide safe and healthy working conditions, fair wages, and respect for workers rights through Nortek's Supplier Code of Conduct, external ESG audits, supplier follow-up meetings and supplier qualification process.

Thirdly, a responsible supply chain enhances our resilience and reduces supply-chain risks. By holding suppliers accountable for compliance with quality standards, ethical conduct, and legal requirements, Nortek can minimize the potential risks associated with poor supplier practices, such as product defects, legal liabilities, and reputational damage. Nortek therefore values a responsible supply chain as extremely important in terms of both internal and external relations.

5.2.4 Organisation and internal communication

Functions, departments and roles involved with the due-diligence assessments.

Quality department:	Responsible for the company's policies and due-diligence process, overarching ESG strategies, plans and risk management process.
Central purchasing department:	Responsible for implementing sustainability and due-diligence into the procurement framework. Actively perform due-diligence when exercising procurement activities.
Marketing department:	Responsible for ensuring that Nortek is compliant with the communication requirements set forward by the Transparency Act through the company website.
Management and subsidiaries:	Monitor and follow-up own service suppliers and business partners on a regular basis and, where necessary, perform due-diligence assessments.

A key group consisting of the Group Management Team, the Quality Department and the Purchasing Department has been established. The group has received information and training on the Transparency Act and due-diligence process and will further provide support to the organization.



5.3 Engagement with suppliers and other business relationships

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 1.3³.

The company's supplier qualification process considers several parameters concerning quality, costs, and supply chain risks incl. ESG topics. The ESG topics are addressed in the Supplier Code of Conduct⁷ and in the supplier audit program.

The procurement department has regular supplier meetings with its key suppliers to mitigate risks in the supply chain to sustain a responsible production. These operational meetings are also used to discuss ESG topics with Nortek's suppliers when found relevant.

Nortek's business relationships will be addressed at a later stage, see section 4 for the due-diligence plan.

6. Step 2: Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products and services

6.1 Scoping exercise to map and prioritise

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 2.1³.

The exercise is performed in Nortek's due-diligence tool based upon the requirements of the OECD due-diligence guidelines³. The overall risk mapping as shown in the dashboard on the next page, cover risks related to the geographical location of the supplier, exposure by industry sector, purchasing volumes and certifications/policies. Publicly available information sources and supplier feedback have been used in the assessment.

The primary focus has been on the top 15 material and parts suppliers > 1 mill. NOK, Ref. section 4.

The risk is further broken down and presented in the following sections:

- RBC risks concerning primary suppliers based on geographical location
- RBC risks concerning primary suppliers based on industry. Also addressing the complexity of the supply chain and parts/materials used.



Figure 6: Nortek's Supplier due-diligence dashboard 2022

6.2 Identify and assess specific actual and potential adverse RBC impacts

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 2.2 and 2.3³.

6.2.1 RBC risk assessment based on supplier geographical location

In 2022, Nortek’s top 15, primary suppliers were from countries in Europe and the USA. 73% of the suppliers came from very low-risk countries such as Norway, Denmark, Sweden and Switzerland, while 27% came from medium risk countries such as the UK and the USA according to the Global Rights Index⁸.

On a general basis, human rights violations in the USA may include limitations on certain working groups in terms of union organisation, collective bargaining and the right to strike.

Nortek’s primary suppliers have several sub-suppliers and business partners of their own. 1/3 of all purchased materials and parts came from Norwegian, primary suppliers.

6.2.2 RBC risk assessment based on sourced parts/materials and industry

Table 6: RBC risk assessment

Industry	Risk assessment	Adverse impacts
Electronics	<p>The complex supply chain of electronics is one of the fastest growing industries globally. Lack of effective regulations means that assembly workers’ human rights are not effectively protected further down in the supply chain. The sector also drives mining expansion for minerals such as gold and copper. Mineral extraction comes with a broad range of human rights risks including forced displacement, land grabbing, environmental destruction, dangerous working conditions and child labour violations⁹.</p> <p>Additionally, chemicals can be found in almost every aspect of the electronics production process that involves mining. Many workers are thus exposed to significant health risks, such as miscarriages and cancer. Several of the chemicals still used in Asia are banned from the electronics industry in Europe and the USA.</p> <p>Lately, the dramatic growth of e-waste has turned into a growing environmental concern.</p>	Ref. Table 3, #C
Milled parts (minerals, metals)	<p>The supply chain for milled metal parts is less complex and can often easily be traced back to the raw material extraction from the metal bars. Metal extraction drives mining with the same challenges as previously described.</p>	Ref. Table 3, #A
Milled parts (plastic)	<p>Plastic is made from hydrocarbons such as oil and gas in different polymerisation processes. It’s often difficult to trace the full supply chain back to the origin country as the raw oil/gas are sold on the stock exchange, and different qualities from different fields are mixed at the terminal prior to arriving at the refinery. Oil and gas are in many cases extracted from wells in non-democratic countries with risks for human rights breaches, land exploration, extensive use of chemicals, and associated health risks and environmental concerns regarding fossil fuels.</p>	Ref. Table 3, #B
Chemicals	<p>Nortek uses very small amounts of chemicals. However, there will always be health risk and environmental concerns with the production of chemicals.</p>	Ref. Table 3, #A-A2
Cables	<p>Consist of metals, plastic and chemical coatings. See risk assessment above.</p>	Ref. Table 3, #A, #B



Industry	Risk assessment	Adverse impacts
Ceramics	Industrial ceramics contain lead oxide, which in a free form is a toxic compound. About 50% of all lead is mined in Asia. See risk assessment of mining.	Ref. Table 3, #A
Battery	Batteries contain chemicals and rare metals such as e.g. lithium. Non-rechargeable batteries contribute to the growth of EE-waste which in turn is a growing environmental concern, while rechargeable batteries are an important source for storage of renewable energy.	Ref. Table 3, #D
Packaging	Packaging materials used are mainly paper/ cardboard, plastic and re-usable wood boxes. Wood is a renewable resource and trees are important to absorb the carbon dioxide. See risk assessment of plastic.	Ref. Table 3, #B

6.3 Risk evaluation and prioritisation

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 2.4³.

Based on the risk evaluation of adverse impacts we have taken into consideration the geographical location, parts/materials industry, supply chain complexity and ESG. In addition, we have prioritised based on:

- Purchased volume
- What we can influence
- What we think our external stakeholders are concerned about when it comes to products and services we provide

The suppliers have been plotted in the diagram in Figure 7 to identify where to prioritise our efforts and to single out suppliers or industries which are found to be material with respect to RBC.

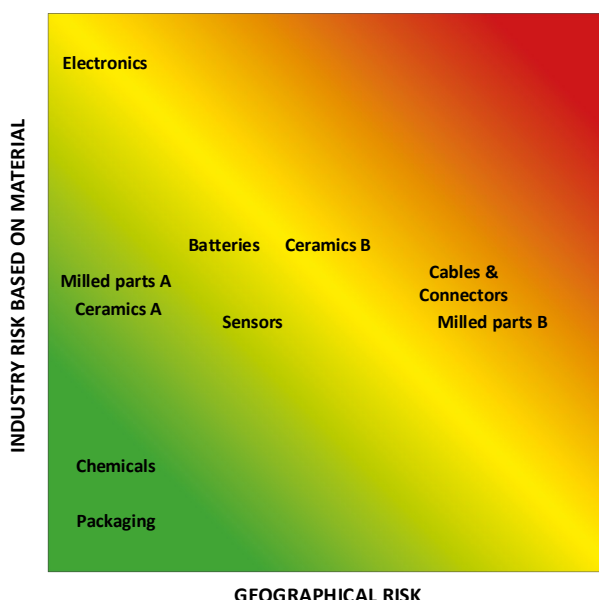


Figure 7: Material risk plot. A and B is used when the same material/part is supplied from different geographical locations of the world.

The outcome of the evaluation is what we will focus on going forward. In the 2023/2024 time frame we plan to complete an assessment of working conditions in the USA, where several of our primary suppliers are located.

6.3.1 Adverse impacts not prioritised

There are several ethical and human rights dilemmas connected to the extraction of raw materials used in the production of Nortek instruments. Raw materials such as oil/gas (plastic), titanium, lithium, copper, tin, gold, tantalum, cobalt, are all in general mined or extracted from countries with increased risk profiles. Some raw materials are sourced from a diverse group of countries, while others are only found in specific geographical locations. Child labour and forced labour are two serious risks associated with raw material extraction. In addition, loss of lives as a result of poor HSE, serious pollution affecting human health and deterioration of the natural environment are all known risks.

Nortek's suppliers are required to follow the Nortek Supplier Code of Conduct when sourcing raw materials and to obtain sourcing certificates.

Given the limited possibility of influence and access to information, the risks associated with the extraction of raw materials are not further prioritised in Nortek's further work.

7. Step 3: Cease, prevent and mitigate adverse impacts

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 3.1³.

7.1 Mitigation plan

Table 7: Mitigation plan

What	Cease, prevent, mitigate - Goals	Status
Supplier Code of Conduct	The Code of Conduct is created for the purpose of ensuring that Nortek's suppliers adhere to high RBC standards including safe working conditions, workers rights, human rights, anti-corruption, and other ethical practices.	2022 All top 15 tier primary suppliers have signed the document.
ESG audits	An ESG audit evaluates the environmental, social and governance risks from a supplier or business partner's operations. It's a tool used to provide assurance that the information reported is correct.	2022 One ESG audit performed 2023/2024 Start to perform ESG audits as a tool to assess working conditions with key suppliers in North-America.
Conflict Minerals	Nortek has established a process for handling of Conflict Minerals ⁹ . Raw minerals are only indirectly sourced as part of other components. The process is used to provide assurance that the minerals indirectly sourced do not come from conflict	2022 Top primary electronics suppliers address Conflict Minerals 2023/2024



What	Cease, prevent, mitigate - Goals	Status
	areas, where armed groups often use forced labour to mine minerals, they then sell those minerals to fund armed activities.	We will re-assess the process.
Training and improve procurement	Training of the central Procurement Department to enhance due-diligence and RBC understanding, improve procurement process and establish good practices.	2023/2024 Update procurement process based on due-diligence assessment

See also the due-diligence plan in section 4.

7.2 Other actions initiated to mitigate adverse impacts

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 3.2³.

Other cross-cutting measures to stop, prevent, or reduce negative impact on people, society and the environment in the supply chain.

7.2.1 Sustainability and climate action

- Nortek is currently formalizing our environmental commitment with the environmental certification of ISO 14001.
- We are committed to developing durable and repairable instruments of high quality with a long life expectancy.
- The ocean is the world's largest eco system. Nortek's technology is used to measure adverse climate impacts from currents and waves, erosion, ice melting, water management and increased temperatures. Helping scientists and nations know more about the ocean and how ocean systems influence humans, livelihoods, species and climate.
- Nortek has set science-based climate targets following the Paris agreement's goal of limiting global warming to 1.5 degrees.
- The climate accounting satisfies the requirements of the GHG Protocol for the entire company's operation and was first published for the years 2019-2022 last year.

7.2.2 Combating corruption and bribery in own business and the supply chain

- Nortek has zero tolerance for corruption and bribery. This is clearly stated in the Group's policy.
- The Code of Conduct applies to all employees. Yearly training and signing the code is mandatory.
- Violations are notified in the Group's Integrity Line channel and followed up.
- The Central Purchasing Department works to ensure that our suppliers sign and comply with the Supplier Code of Conduct.

7.2.3 Procurement of products and services

- The Purchasing Department sets the requirements for relevant certifications and product requirements in the purchasing processes based on input from other departments.
- Sustainable products and services are preferred.



8. Step 4: Track implementation and results

Ref. OECD Due Diligence Guidance for Responsible Business Conduct section 4.1³.

The OECD due-diligence process has been implemented into Nortek's certified Management System. Implementation and results are followed up through the Plan, Do, Check, Act cycle in the same way as other management processes.

Nortek expects that the sum of the measures described in this report will continuously reduce the risk for violation of human rights and poor working conditions in our value chains. We believe active assessments and approval schemes linked to risk suppliers will give greater effect and improved control, than sending out "general questionnaires" to all.

The Group also expects to gain increased knowledge and thus increased opportunities to implement appropriate measures through:

- Dialogue with stakeholders (e.g. suppliers, customers, partners and employees)
- Regular reviews against the Group's KPI's
- Audits and third party assessments

8.1 Responsibilities and who does what

8.1.1 Senior management

The ESG strategy, due-diligence KPI's and results are reviewed by the Group's Senior Management annually. Based on the review, plans are made and adjusted accordingly. The results and future plans are presented to the Nortek board.

Training in the Group's Code of Conduct is placed with the Senior management.

8.1.2 Purchasing department

The central purchasing department monitors risks associated with the purchasing process and supplier T&Cs incl. the Supplier Code of Conduct. Both Central Procurement, local procurement and procurement contract owners must follow up on measures concerning supplier risks according to the due-diligence and supplier qualifications processes.

8.1.3 Quality department

The Quality Department is the central department for governance, compliance, risk management and internal control. Responsible for the Nortek Group's Sustainability and ESG work incl. the due-diligence process. The department looks after the Group's Management System, ESG audits, climate accounting and HSE, in addition to the quality assurance. It's responsible to drive the implementation, compliance, reporting and follow-up. The department also follows up projects and initiatives to ensure that the Group achieves its targets in collaboration with other departments.

The department monitors risks and work preventively according to regulations such as the Working Environment Act¹⁰, the Internal Control Regulations¹¹, Fire and Explosion Protection¹², Transparency Act⁶, environmental regulations and several more.

The department presents the due-diligence report and risk assessment to the Nortek Board.

8.1.4 HR department

The function operates an internal whistleblowing channel for the Nortek Group, the Nortek Integrity Line in collaboration with an external partner. The department is also responsible for the annual Working environment survey within the company.



11. References

- ¹ European Commission, “Corporate social responsibility & Responsible business conduct”, *Internal Market, Industry, Entrepreneurship and SMEs* https://single-market-economy.ec.europa.eu/industry/sustainability/corporate-social-responsibility-responsible-business-conduct_en
- ² UN. Office of the High Commissioner for Human Rights (2011), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*. New York; Geneva.
- ³ OECD (2018), *OECD Due Diligence Guidance For Responsible Business Conduct*.
- ⁴ Nortek Group (2022), *Nortek GRI Report 2022*.
- ⁵ UN (2015), *Paris Agreement*.
- ⁶ Act 18. June 2021 nr. 99 relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>
- ⁷ Nortek Group. *Nortek Group Policy: Code Of Conduct*.
- ⁸ ITUC (2022), *2022 ITUC Global Rights Index*.
- ⁹ Make ICT Fair (2021), *Human rights risks in the ICT supply chain*.
- ¹⁰ Act. 17. June 2005 nr. 62 relating to the working environment, working hours and employment protection, etc. (Working Environment Act) <https://lovdata.no/dokument/NLE/lov/2005-06-17-62>
- ¹¹ Regulation 6. December 1996 relating to systematic health, environmental and safety work in businesses (Internal Control Regulation) <https://lovdata.no/dokument/SF/forskrift/1996-12-06-1127>
- ¹² Act 14. June 2002 relating to protection against fire, explosion and accidents involving dangerous substances and about the fire service's rescue tasks (Fire and Explosion Protection Act) <https://lovdata.no/dokument/NL/lov/2002-06-14-20>





Public information about Sustainability and the Transparency Act is available on www.nortekgroup.com.
External inquiries can be sent to: gdpr@nortekgroup.com