



SERVI GROUP'S WORK ON DUE DILIGENCE IN ACCORDANCE WITH THE TRANSPARENCY ACT

2024

GENERAL INFORMATION

Reporting Period

This report covers the period from 1 January 2024 to 31 December 2024.

Organisation of Servi Group AS

Until 20 December 2024, Servi Group AS was wholly owned by the Norwegian investment company Ferd AS. On 20 December 2024, the Faroese company Tjaldur acquired a significant share of the company. The subsidiaries Servi Ulsteinvik AS and Norsk Coating AS were merged into Servi AS for accounting purposes as of 1 January 2024.

Servi Group is located in the following places: Ski (head office), Trondheim, Bergen, Kongsberg, Kristiansand, Rissa, Ulsteinvik, and Sandnes. The head office in Ski was relocated to Vinterbro in March 2025.

Business Operations

Servi Group possesses Norway's largest centre of expertise in hydraulics and related technologies. Servi Group's components, systems, and services are used for a wide range of purposes, including deliveries to hydropower systems and offshore wind installations, as well as to the defence sector, smelting plants, ships, and oil platforms. In systems where heavy elements need to be lifted or where advanced control systems are required, hydraulic systems from Servi Group are utilised.

All of Servi Group's operations are located in Norway, including both administration and production. As of 31 December 2024, the company had a total of **352** employees. Servi Group has a large production facility for cylinders in Rissa and system assembly at several of the other locations. The main warehouse is located at the head office in Ski/Vinterbro, with smaller warehouses at the other sites. Service departments are present at six of the locations.

Servi Group's services can be divided into three main activities:

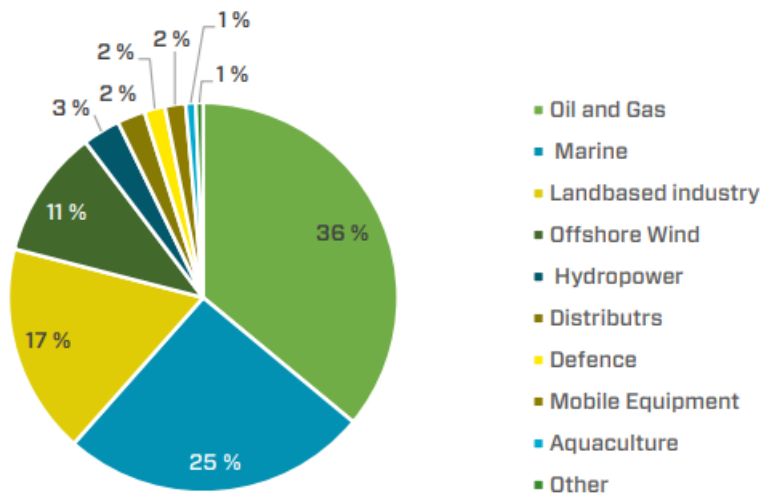
- 1) System integration, including design, production, testing, and assembly.
- 2) Sales and distribution of technical and hydraulics-related components. We also supply a broad range of electromechanical components, control systems, and automation. Additionally, we have a dedicated industrial technology department that delivers testing equipment for construction, plain bearings, and pneumatics.
- 3) Service and aftermarket, which includes upgrades, overhauls, and repairs of hydraulic systems and associated parts. This helps to extend the lifespan of the systems.

In 2024, Servi Group had a turnover of 937 MNOK.

Markets

Servi Group has long been a major supplier to the oil and gas, marine, offshore wind, hydropower, land-based industry, and defence sectors. The majority of turnover comes from Norwegian customers. A significant portion of these deliveries ultimately go to end customers abroad. The diagram below shows how Servi Group’s turnover is distributed across the various market segments. In 2024, oil & gas was the largest market segment, accounting for 36% of total turnover. Marine and land-based industry accounted for 25% and 17%, respectively.

Figure 1: Servi Group's market segments 2024.



Servi Group AS’ Suppliers

Servi Group has two main categories of goods procurement: the purchase of steel and the purchase of technical and hydraulics-related components.

Steel is Servi Group’s most important raw material. The company has approximately 20 steel suppliers in total. Most of the steel is purchased from wholesalers in Europe, who in turn source from various steel mills. Some steel is also purchased directly from producers. The majority of the steel is produced in Europe. As for the procurement of technical and hydraulics-related components, most of these are purchased directly from manufacturers.

In total, Servi Group used approximately 660 suppliers of steel and components in 2024. Suppliers are categorised based on their strategic importance to the company. The table below shows the distribution of suppliers across four categories, where Category 1 includes the most strategically important suppliers. Categories 1 and 2 mainly consist of suppliers with whom we have worked for many years and with whom we have close and solid relationships. Category 4 includes many suppliers with few deliveries and low purchase values. The figures for Categories 3 and 4 vary somewhat from year to year. The vast majority of our suppliers are based in Europe. Of the 22 suppliers located outside Europe, 13 are in the USA, three in China, one in Japan, one in South Korea, one in India, and three in Canada.

Strategic importance	Total amount	Located in Norway	Located in Europe	Located on other continents
1	9	1	7	1 ¹
2	50	7	38	5 ²
3	74	47	27	-
4	524	331	177	16 ³

Embedding Human Rights and Decent Working Conditions in Internal Guidelines and Procedures

The Board of Directors acknowledges Servi Group's responsibility to comply with the Transparency Act. Ethical guidelines, the compliance policy, and the HSE policy are embedded in the Board and group management.

Ethical Guidelines for Own Operations and Compliance Policy

Servi Group has zero tolerance for corruption and other illegal or unethical behaviour in its operations. The company's ethical guidelines represent our commitment to comply with applicable laws and regulations in the countries in which we operate, including internationally recognised human rights. The guidelines are based on the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and relevant conventions and recommendations from the International Labour Organization (ILO), as well as Norwegian and international anti-corruption laws (e.g. the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act).

The ethical guidelines apply to Servi Group's board members, managers, and all employees. They provide guidance on how we should relate to colleagues, customers, suppliers, shareholders, and society at large. While the ethical guidelines offer detailed direction, the compliance policy summarises our obligations at a higher level.

Training in the compliance policy and ethical guidelines is an important measure to prevent breaches of responsible business conduct, including human rights. The ethical guidelines are part of the onboarding programme that all new employees must complete. In addition, all employees must complete an annual refresher course on the topic via a digital platform. This is mandatory and monitored by our HR department. The ethical guidelines are readily accessible to all employees via the intranet. All managers are responsible for ensuring that their staff comply with the guidelines.

Read our ethical guidelines [here](#) (in Norwegian).

Read our compliance policy [here](#) (in Norwegian).

¹ United States

² United States and Republic of Korea

³ United States, Japan, India, China, and Canada

Policy and Guidelines for HSE in Own Operations

At Servi Group, health, safety and the environment (HSE) are an integral part of the business and how we work. As a responsible employer, Servi Group works actively and systematically to create an environment that promotes a safe and healthy workplace for our employees. Measures are implemented to prevent work-related injuries and health issues.

The HSE manual contains detailed guidelines and procedures. All employees in production receive the necessary training in machinery and safety. As a manufacturing company, it is particularly important to ensure that all production employees receive the training they need in accordance with the Working Environment Act.

Read our HSE policy [here](#) (in Norwegian).

Guidelines for Servi Group's Suppliers

All suppliers (with the exception of Norwegian suppliers in Category 4) are required to sign Servi Group's Supplier Declaration.

Read our Supplier Declaration [here](#).

Responsibilities and Roles

The responsibility for conducting due diligence assessments of suppliers lies with the procurement department. Responsibility for work related to human rights concerning our own employees lies with the HR department. We also have a dedicated HSE department, which ensures that all our workplaces comply with all HSE requirements.

Servi Group conducts all its operations in Norway and complies with all laws and regulations relating to employee working conditions and other professional areas relevant to our industry.

Internal Whistleblowing Channels and Mechanisms

Servi Group has several channels through which employees can express concerns. The most important of these are the whistleblowing channels. All employees at Servi Group, including temporary staff, third-party personnel, and apprentices, may use the internal whistleblowing channels.

We have three whistleblowing channels:

1. An internal whistleblowing committee, consisting of the Head of HR, a representative from group management, and one employee
2. An anonymous whistleblowing channel administered by a law firm
3. Safety representatives, who forward the matter to the whistleblowing committee

Regardless of the channel chosen, Servi Group ensures secure handling of reports, in line with fundamental principles of confidentiality, impartiality, and the right to be heard. Whistleblowers at Servi Group should feel confident that they are protected. The whistleblowing procedures are described in the employee handbook and are also easily accessible on the intranet.

Whistleblowing Channel for External Parties

For external parties, a dedicated contact button has been set up on our website, which can be used to report concerns related to unethical behaviour in connection with Servi Group's operations.

ADVERSE IMPACTS AND POTENTIAL RISKS

Regarding our own operations, our assessment is that the risk of breaches of labour and human rights is very low. All of Servi Group's operations are located in Norway, and we comply with all relevant legislation. We operate in accordance with the guidelines of ISO 45001, which means we have robust HSE systems in place. We have both an HSE manual and an employee handbook, in which all procedures are well documented. In addition, as previously described in this report, we have an HSE policy, a compliance policy, and ethical guidelines.

When it comes to the supply chain, we assess risk based on geography, industry, and product. In terms of geography, Servi Group primarily sources from suppliers in Norway and other European countries. Geographies such as Sweden, Germany, and Italy, from which the company makes significant purchases, are considered low-risk for human rights violations according to the CSR Risk Check Tool.

Steel is Servi Group's most important raw material, and we also purchase a number of components where steel is a key input. The supply chain for steel is often long and complex, with risk increasing the further back in the chain and the closer to raw material extraction one goes. However, it is our interpretation of the law and general practice that a company of Servi Group's size does not have the influence or internal resources to trace the supply chain that far back. In most cases, our purchases represent a small share of the supplier's total sales, which gives us limited leverage. We have therefore, for the time being, limited our due diligence assessments to our first-tier suppliers.

When we purchase steel through agents, we have limited insight into the sub-suppliers. When we purchase directly from steel mills, these are located in Europe. All of them are able to account for safe and secure working conditions, so the risk here is considered low. The major component suppliers, from whom we purchase a large share of our components, are large international companies operating under the same international standards and requirements as Servi Group.

Identified Adverse Findings

An investigation of the suppliers performing block machining for Servi Group revealed that two of these suppliers have certain deficiencies in their guidelines and procedures for human rights within

their own **operations** and supply chains. This was discovered late in 2024 and will be followed up in 2025.

Beyond this, no further adverse findings were identified in 2024.

IMPLEMENTED AND PLANNED MEASURES

Despite being a relatively small company in an international context, which means we have limited influence, we believe it sends an important signal that we set requirements for our suppliers. Among other things, we require that they in turn impose the same requirements on their own suppliers.

General Preventive Measures

To reduce the risk of engaging with suppliers who violate human rights, we have implemented a number of general, preventive measures.

Servi Group has a general requirement that we work with solid and reputable suppliers who uphold the same ethical standards as we do.

Servi Group conducts a pre-qualification process for suppliers:

- All new suppliers must complete a dedicated form providing information about their practices related to quality, HSE, and responsible business conduct.
- All suppliers must sign the Supplier Declaration.
- For potential new customers and suppliers located in countries with a score below 55 on Transparency International's Corruption Perception Index, we also conduct a background check before entering into an agreement, to uncover whether the company has been involved in any form of financial crime.
- We use a compliance screening tool that checks a range of risk factors, including sanctions lists, enforcement lists, legal proceedings, politically exposed persons, state-owned enterprises, and adverse media coverage.
- The final decision regarding entering into an agreement is made by the CEO.

Servi Group maintains strong relationships and close dialogue with all major suppliers. We consider this extremely important for preventing adverse incidents. A good relationship with suppliers allows us to visit them and follow up closely, and over time, mutual trust is established. This makes it easier to raise any concerns or issues and to find good solutions together.

Measures Implemented in 2024

Own Operations:

- An anonymous whistleblowing channel was established for employees.
- A new HSE system was acquired, making it easier to report observations related to unsafe conditions. Employees can now report by scanning a QR code with their mobile phones.

- Two managers completed **diversity management certification**.
- An improved sick pay scheme was introduced for employees.

Supply Chain:

- Evaluation forms were sent to a number of suppliers: steel suppliers, transport providers, block suppliers, and suppliers of HPU shells. We asked a range of questions about labour rights, human rights, supply chain compliance, and HSE.
- With the exception of two block suppliers, all confirmed that they have management systems and guidelines in place to respect human and labour rights within their own operations, and that they follow up and place similar requirements on their own suppliers.
- Furthermore, we observed that many suppliers provide good information on their websites, where they publish policies and reports on their sustainability efforts. For example, we noted that Norwegian suppliers have published reports in accordance with the requirements of the Transparency Act on their websites.
- We conducted 13 audits of suppliers, including audits of suppliers in Bosnia & Herzegovina.

Planned Measures in 2025

- Continue following up with more suppliers through audit visits and evaluation forms.
- Assess whether we should introduce stricter procurement requirements with clearer criteria. Such guidelines could make it easier to prioritise suppliers who actively work to reduce the risk of breaches of human and labour rights.
- Implement a new Supplier Declaration.
- Implement a more automated process for distributing Supplier Declarations and following up with suppliers who do not respond.
- Gain better insight into where agents source their steel, both to better understand potential risks and to obtain more information about the greenhouse gas emissions associated with the steel we purchase.