

# Gram Car Carriers Transparency Act Report

## About this report

This report has been prepared in accordance with section 5 of the Transparency Act and summarizes the approach taken by Gram Car Carriers ASA and its wholly owned subsidiaries (together referred to as "**GCC**" or "**Gram Car Carriers**") to identify and assess actual and potential adverse impacts to fundamental human rights and decent working conditions (together referred to as "**human rights**" in the following) in our own operations, supply chain or business partners.

Gram Car Carriers ASA is a holding company, and the Group's operations are carried out through its subsidiaries. The majority of GCC's operations are carried out by Gram Car Carriers Shipowning AS, whereas the subsidiaries Gram Car Carriers Leasing 1 AS and Gram Car Carriers Leasing 3 AS solely own vessels. GCC's employees in Norway and Singapore are employed by the subsidiaries Gram Car Carriers Management AS (Norway), and Gram Car Carriers Services Pte. Ltd. (Singapore), respectively.

Each of the subsidiaries Gram Car Carriers Shipowning AS, Gram Car Carriers Leasing 1 AS and Gram Car Carriers Leasing 3 AS individually fulfil the relevant thresholds for being subject to the Transparency Act. This report thus also covers the reporting obligations of these subsidiaries, as well as Gram Car Carriers ASA, in satisfaction of their obligations to publish an account under section 5 of the Transparency Act.

GCC publishes its annual accounts in English, and this report is therefore also in English.

This report covers the period 1 July 2022 –30 June 2023.

## Policy statement

Gram Car Carriers pride ourselves in being a sustainability-focused company, with focus given to formally managing material environmental, social and governance performance.

We are committed to respecting fundamental human rights as set out in, amongst others, the International Bill of Human Rights and the International Labour Organization's (ILO) Core Conventions. We strive to act in accordance with the UN Guiding Principles on Business and Human Rights. GCC is also committed to respecting decent working conditions, meaning working conditions that safeguard fundamental human rights and health, safety and environment in the workplace, and that provide a living wage.

GCC is committed to actively manage and monitor our human rights impacts in accordance with the human rights due diligence expectations laid out in the Transparency Act. We seek to continually improve human rights performance across all our operations and business relationships.

## About Gram Car Carriers

Gram Car Carriers is the third-largest Pure Car Truck Carriers ("PCTC") tonnage provider in the world, with a strong industry name having been engaged in car carrier investments since 1982. GCC provides modern fuel-efficient vessels and logistics solutions to operators, enabling precise and safe shipment with maximized cargo capability. GCC's operations are headquartered in Oslo, Norway, with an additional office in Singapore, though our vessels trade worldwide.

GCC is the operator and commercial manager of 19 owned vessels. The company is also the commercial manager of one existing vessel and four newbuilds owned by Global Auto Carriers (GAC). The newbuilds are four 7,000 CEU dual fuel PCTC under construction in China with options for two additional vessels.

GCC has an extensive and long history of chartering vessels to all major global operators and key regional operators worldwide. The company's vessels are all chartered out on time charter contracts, predominantly to well-established

car carrier operators. Gram Car Carriers' customers enter into contracts with car manufacturers for the transportation of cars from production areas to market areas, and provide shipping and logistics services including distribution, terminal services and technical services to the car manufacturers and logistics companies. The routing of vessels, choice of port and time in port is generally the choice of GCC's clients.

GCC's key supply chains include crewing services, technical management, shipyards, main parts to vessels (including engines, tanks and fuel gas supply systems, automatizations systems etc.), oil lubrication, as well as other services such as paint, installations, cargo handling and engineering. GCC's suppliers are located mainly in Europe, USA and Asia.

Crewing and ship management for the vessels owned and managed by GCC are outsourced to reputable service providers on a contractual basis. Service providers must meet GCC's ESG standards and requirements.

GCC's most relevant business partners, as defined by the Transparency Act, are located primarily in Norway as well as, for our subsidiary in Singapore, in Singapore. Key business partners include providers of office space, facility management, office supplies, as well as financial and advisory services.

As of 15 December 2022, Gram Car Carriers ASA is listed on Euronext Oslo Børs.

Please see our Annual report 2022, available [here](#), for further information about GCC.

## **GCC's approach to preventing adverse impacts on human rights**

### *Policies and procedures*

GCC has in place several policies and procedures relating to ensuring respect for fundamental human rights and decent working conditions.

GCC's commitment to human rights is anchored in the "Human and labour rights" section of our Code of Conduct. In addition, the Code of Conduct's sections on "Health and Safety" and "Human Capital" contain further relevant commitments and guidelines relating to human rights. The Code of Conduct is distributed across the organization and is available online, see [here](#). It was last approved by the Board of Directors of GCC on 7 April 2023.

Our explicit commitment to respect human rights extends to all employees/staff, everyone employed or operating on board Group vessels, as well as the Board of Directors of GCC. GCC also expects our ship and crew managers, contractors and those who act on behalf of or represent us and third-party personnel, throughout our supply and value chains, to abide by similar principles in their own operations as those outlined in our Code of Conduct.

In addition, our human rights expectations are further outlined in GCC's Supplier Code of Conduct, available [here](#). On top of the rights set forth in GCC's own Code of Conduct, suppliers are explicitly tasked with ensuring that they follow relevant laws and human rights prohibiting child and forced labor, and ensure freedom of association, equal pay and non-discrimination in their workforce. Additionally, suppliers are expected to comply with all applicable laws, with a special emphasis made on labor laws for the purpose of working against slavery and human trafficking. Where human rights set a higher standard than national law, the human rights standard should be followed.

The Supplier Code of Conduct also sets out expectations that suppliers follow safe work procedures and practices and standards as set out in the Code of Conduct section 4 ("Health and safety"). We expect our suppliers to abide by local laws as a minimum and maintain a high level of safety in their facilities, products, and services, with particular attention to protecting employees, contractors, customers and the local environment.

The Supplier Code of Conduct, which is signed by the CEO of GCC and approved by the Board, prescribes that the Chief Compliance Officer has ownership to the policy and has the responsibility for its implementation.

As anchored in our Code of Conduct, GCC has a consistent focus on health and safety for our employees and everyone employed by us or operating on board Group vessels. GCC is committed to seeking zero harm by maintaining a safe environment and protecting people's health, and operates all vessels in accordance with GCC's Health & Safety Policy. GCC has also established a set of clear health and safety principles to guide our operations, which is referred to in the Code of Conduct section on "Health and Safety":

- Commercial considerations will never come before the safety considerations of personnel
- Ensure all our operations are undertaken with due regard to safety requirements
- Personal incidents are unacceptable and should be always prevented
- We consider regulatory requirements to be a minimum standard

In relation to the Transparency Act specifically, the CEO has the overall responsibility in GCC for ensuring adherence to the act. The chief compliance officer, chief financial officer and HR manager have key responsibilities for conducting human rights due diligence regularly and as required, with the involvement of other relevant personnel in the company as necessary. Further, GCC has implemented a specific process for how to handle information requests. Information requests under the Transparency Act will be directed to the CEO`s office, who is responsible for ensuring that such requests are handled in accordance with the law. The CEO's office will, after an initial review of the request, delegate the responsibility for responding to the request to the relevant department manager within GCC. CEO`s office may decide to involve the management group in its review as appropriate.

In order to ensure that our employees understand our commitment to respect human rights and their responsibility, we provide training on relevant human rights topics for our employees.

#### *Procedure for reporting concerns*

In order to actively maintain open and transparent communication channels, we have implemented a thorough procedure for complaints that ensures employee confidentiality when desired. All reports filed, whether via management channels or via the whistleblowing mechanism, are handled according to the principles of confidentiality, objectivity, impartiality and contradiction.

Specifically, GCC encourages all employees, including non-permanent/temporary staff, and everyone employed or operating on board Group vessels, to report their concerns of any misconduct related to our business operations that should be prevented or corrected. This encouragement is contained in our Code of Conduct, as well as our "Procedure for Reporting Concerns". The "Procedure for Reporting Concerns" also underlines the duty to report concerns regarding dangers to life or health, harassment or discrimination in the workplace, as well as injury or illness from work or conditions in the workplace.

## **Assessment of actual and potential impacts on human rights and decent working conditions**

#### *Approach, methodology and key findings*

GCC has carried out due diligence according to section 4 of the Transparency Act and in line with the OECD Guidelines for Multinational Enterprises. A key objective has been to identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that GCC has either caused or contributed towards, or that are directly linked to GCC's operations, products or services via the supply chain or business partners, and to mitigate and remedy any such adverse impacts and relevant risks.

GCC has in this respect firstly carried out a broad scoping exercise to identify all our business areas across our operations and relationships, including in our supply chains and amongst our business partners, where human rights risks are most likely to be present and most significant. We have further done a more thorough assessment of our suppliers and business partners, identifying key risk areas including most prevalent human rights risks.

The inherent risks of adverse human rights impacts in the shipping industry have formed the backdrop to GCC's own assessment.

The most significant risks identified in GCC so far relate to the following supply chains: Crewing services, technical management, shipyards (newbuilds and repairs), as well as main parts (including engines, tanks, fuel gas supply systems etc.).

GCC has further identified the following areas of human rights and working conditions as prioritized, taking into account the highest severity and likelihood of a potential adverse impact on people:

- Modern slavery, forced labour and child labour abuse
- Right to health and safety
- Decent working conditions, relating to both physical and psychological conditions
- Principles of freedom of association and collective bargaining
- Freedom from discrimination

Going forward, GCC will conduct more in-depth assessments in particular of selected suppliers that so far have been identified as higher risk, as described in more detail in the sections on "Mitigating actions and tracking progress" and "Priorities for the next reporting period" below.

As part of the Annual report 2022, available [here](#), GCC has published an ESG report which presents the environmental, social and governance (ESG) performance of Gram Car Carriers ASA more generally. The ESG report also contains further information about GCC's sustainability efforts including social aspects.

#### *Outcome of assessment of actual and potential adverse impacts in GCC's own operations*

Crewing and technical management services are vital to the operations of GCC, and risks in this respect are as such closely linked to and intertwined with risks in GCC's own operations. However, and as noted above, as these services are outsourced to third party providers, risks in this respect are considered under the section on suppliers and business partners below.

GCC has so far not identified any actual adverse impacts on human rights in its own operations as far as concerns its own employees. GCC's assessment has further concluded, based on operational, geographical and sectoral factors, that there is a low risk of potential adverse impacts on human rights of its own employees, which are based in Oslo and Singapore. This conclusion is based on the fact that there in general is a low risk for office workers in these geographies in terms of physical and psychological working environment. Also, the work from our offices in Norway and Singapore primarily involves high-salaried/high-skilled labour.

GCC's operations or projects could in some cases have a potential impact on external stakeholders. As generally in the shipping industry, operations may cause oil spills, chemicals leaking into the sea from the ship and other ship-related incidents which could have a negative impact on a local community in terms of pollution. However, GCC has not had any such significant incidents to date.

GCC further recognize that ship recycling is linked to serious human rights and environmental risks, which is addressed both in our Code of Conduct and our Ship Recycling Policy. However, GCC does not recycle our ships after use, as we sell them to other ship owners for further, long-term trading.

#### *Outcome of assessment of actual and potential adverse impacts in GCC's suppliers and business relationships*

GCC has considered whether there has been any *actual adverse impacts* on human rights in our supply chain or business partner relationships. In particular as relates to our supply chain and crewing and vessel management services, in the reporting period, there were no serious marine casualties or fatalities on our vessels, as we have maintained our unwavering focus on creating a safe work environment for our crews and supporting their well-being. The company has recorded three injuries that caused loss of ability to continue work (on a scheduled shift) in 2022. These were minor physical injuries. Compared to the shipping industry at large the number of incidents and severity is low for the GCC fleet. There were no reported injuries in the first quarter of 2023. During the second quarter and up until 15 June 2023, three minor injuries for stevedores working onboard the vessel has been reported.

As regards mental health, this has been identified as a significant concern for many of our crew, due first to Covid and now – and relevant for this reporting period - the Russian invasion of Ukraine, meaning that many of crew members, in particular those from Ukraine, have had to either stay on ships for longer than usual, or not return home.

GCC has further identified a number of categories of supply chains where we consider there to be a *significant general risk of adverse impacts* on human rights. Specifically, we consider the following supply chains as being high risk: Crewing services, technical management, and shipyards (newbuilds and repairs). Further, we consider the supply chain relating to main parts (including engines, tanks, fuel gas supply systems etc.) as being moderately high risk.

In terms of business partners (i.e. partners that supply goods or services to GCC's own operations), our assessment has so far not identified actual adverse impacts or significant risks connected with any of our business partner relationships.

## **Mitigating actions and tracking progress**

GCC has undertaken specific actions to prevent and/or mitigate risks as referred to in the previous section. These include:

- All employees and crew on board vessels are covered by insurances ensuring, amongst others, economic compensation relating to injuries.
- Contractual obligations for our suppliers of crew and technical management services relating to respect for fundamental human rights and decent working conditions.
- Facilitating an inspection of our chosen ship yards before every docking, to ensure that our human rights expectations are met.

- Placing increased focus on supporting our seafarers in mental health issues, due to challenges resulting from first Covid and later the Russian invasion of Ukraine. As such, we have introduced initiatives to help our crew maintain healthy mental health.
- Introducing a hardship allowance for Ukrainian crew. Although not a result of our own actions, the Russian invasion of Ukraine has had a serious adverse impact on our Ukrainian crew members. Our Ukrainian crew has been unable to return home, with several of our Ukrainian officers now living in European countries with their families. It remains an important priority for us to maintain our Ukrainian crew base, in particular given our long-term commitment to the education of seafarers through our cooperation with the Odessa Maritime Academy. To support our Ukrainian crew, GCC has decided to allocate around USD \$200,000.

In addition to these specific actions, GCC will use our best efforts to further strengthen contractual commitments for high risk suppliers, with a particular focus on influencing our suppliers to include similar human rights and labor rights requirements in its contracts with sub-suppliers. GCC will also seek to engage in dialogue with high risk suppliers in order to further assess actual or potential adverse impacts on human rights, and to further identify targeted and effective measures that could be taken to protect human rights. A primary focus will be on our suppliers of crew and technical management, where GCC is likely to have greatest leverage (based on spend and relation to the relevant suppliers). We will further explore how GCC can best contribute to strengthen respect for human rights as regards the suppliers of shipyard services.

GCC will also continuously and unwaveringly work on creating and maintaining a safe and healthy workplace for all employees as well as all persons working on our vessels.

The overall intention and expected result of these measures are to mitigate the adverse impacts on humans as identified through our human rights due diligence described above.

We will be tracking the progress of our already implemented and soon to be implemented measures to prevent and mitigate adverse impacts throughout 2023. We expect to report on the outcome of these measures and any progress as part of the publication of our Transparency Act report in 2024.

## **Priorities for the next reporting period**

Human rights due diligence is not a one-off exercise, and accordingly, GCC is committed to continuing to improve our practices. In the coming reporting period, we will conduct a more thorough assessment of our potential impact on human rights to continually improve our assessment and to ensure that there are no blind spots in our understanding of our human rights impact.

Part of GCC's commitment to continued human rights due diligence includes our commitment to quickly work towards remedying any affected stakeholders in the event of an actual adverse human rights impact. GCC remains vigilant in reviewing our current policies and practices to better identify both potential and actual human rights impacts in our own operations or value chain.

Furthermore, GCC seeks to continue to improve our stakeholder engagement in our prioritized human rights issues, to ensure all relevant voices are included in our due diligence processes. To further continue improving our practices in the coming year, we will strive to, amongst others:

- Continue to anchor human rights due diligence within our operations.
- Continue to communicate our human rights policy internally and externally, including to suppliers and business partners. We will also seek to engage in further dialogue to assist specific, high-risk suppliers in better understanding and implementing GCC's requirements and expectations.
- Continue mapping our supply chain and our business partners to better understand the human rights impacts within them, with a particular focus on high risk supply chains.
- Implement specific measures to address identified risks, including taking further steps to influence suppliers to include similar human rights and labor rights commitments in their agreements and to enhance traceability by cascading requirements to sub-supplier-
- Where relevant, revise internal GCC processes and procedures to include requirements relating to fundamental human rights and decent working conditions as appropriate.

## Requests for information

Requests for information regarding this Transparency Act Report or GCC's human rights due diligence policies and practices at large can be made to [ir@gramcar.com](mailto:ir@gramcar.com)

## Signatures

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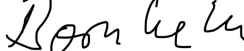
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### Gram Car Carriers Shipowning AS

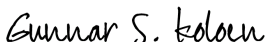
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