



## 2022 ANNUAL ACCOUNT GEARBULK'S WORK TO PROMOTE FUNDAMENTAL HUMAN RIGHTS

### 1. Background and Introduction

Gearbulk (or the "Company") is an international shipping company, which provides an indispensable link in the worldwide industrial product chain. Gearbulk's business areas consist of Shipowning and Commercial, Fleet Management and Terminals. Gearbulk, together with its affiliate, G2 Ocean, operates the world's largest fleet of open hatch gantry and jib craned vessels; purpose-built to carry forest products and other unitized breakbulk cargoes.

Gearbulk operates a fleet of 61 vessels which carried more than 30 million tons of cargo in 2022 and conducted a total of 880 voyages in 2022. Most of the vessels are open hatch vessels or bulk vessels of which 55 are operated or owned. The Company also has three liquid pitch vessels which are specifically designed to transport high temperature liquid products, such as liquid pitch and one conventional vessel which has been converted to carry liquid caustic soda as well as dry bulk cargo, rather than containerized or unitized cargo. Furthermore, one of the vessels which the Company operates has been converted to operate as a floating storage facility in Papua New Guinea. The Company also time charters semi-open hatch vessels. The majority of the Company's vessels are employed into G2 Ocean, in either the open hatch or bulk pool. They are primarily designed and equipped to transport unitized cargoes, which consist of forest products (principally wood pulp, lumber, plywood, and different types of paper and paperboard) and other unitized products (principally aluminium, steel and granite).

In addition to providing its customers with a more complete package of transportation services, the Company owns, or has interests in, certain terminal operations in Brazil, which are used to handle, store and distribute cargoes. This account focuses on the shipping activities of Gearbulk, and the terminal activities are therefore considered as part of the supply chain to the extent used by the vessels. As of today, the Gearbulk fleet do not call the terminal in Brazil.

The Company conducts its operations through a global network of offices in Brazil, Japan, Norway, Singapore, Switzerland, and United Arab Emirates. The Company has a total of 127 onshore employees of which 44% are female. 1533 seafarers are employed by Gearbulk. During 2022 the Company assessed all business segments and growth attributable to these segments. A strategic decision was taken to divest our terminal business in the United States, where the business was sold to an external partner.

### Joint Ventures

G2 Ocean is a joint venture of Gearbulk and Grieg Shipholding and set up as a pool company. As a pool participant, Gearbulk has nominated the vessels into the pool, whereby Gearbulk Fleet Management provides technical management as a Document of Compliance holder for vessels owned by -or on bareboat to Gearbulk. This include all aspects of technical management such as manning, fleet performance and optimization, maintenance, and docking, as well as projects like vessel conversion, fuel



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optimization and decarbonization. Gearbulk Fleet Management is managed from our Bergen office in Norway. The joint venture G2 Ocean provides the commercial management for the fleet.

High Heat Tankers is a joint venture between Gearbulk and Trafigura to service the coal tar pitch, bitumen and other specialized high heat cargo markets. The Company operates 4-6 vessels and is based in Dubai. Gearbulk provides fleet management services including crew. High Heat Tankers provide commercial management for the fleet.

GBSMT Limited is a joint venture between Gearbulk and SMT Shipping. It is in the business of self-loading / unloading dry bulk carriers primarily in the Americas and the fleet consists of 14 vessels which one vessel is ex-Gearbulk. Commercial and technical management including crew are performed by SMT Shipping. GBSMT is based in Panama, however, do not have any employees. SMT Shipping is based in Cyprus and crew is recruited from Philippines, Poland, and Ukraine.

In 2022 a project has been carried out to further strengthen Gearbulk's work to promote fundamental human rights and decent working conditions in alignment with the introduction of the Norwegian Transparency Act, which entered in to force 1 July 2022 (the "Transparency Act").

## 2. Policies and Procedures

Gearbulk supports internationally recognised human rights, including the International Bill of Human Rights and other relevant human rights conventions, and the International Labour Organisation's core conventions on fundamental principles and rights at work.

Gearbulk has prepared and launched a Human Rights Policy describing the Company's commitment to respect and protect human rights. The Human Rights Policy is part of Gearbulk's Compliance Program which applies to employees and business partners to the Gearbulk group, including suppliers, manning agents, and crew onboard Gearbulk vessels.

Gearbulk has further implemented an enterprise risk management system which has been used to assess actual and potential adverse impact. By using the enterprise risk management system, Gearbulk effectively ensures that the risks are monitored and followed up as part of the regular business process.

Gearbulk has further updated its Supplier Code of Conduct and standard terms and conditions of Gearbulk as well as its Vendor Self-Assessment Questionnaire form to reflect the requirements of the Transparency Act.

The ESG and Risk Manager has been appointed responsible for the Transparency Act and will keep the Board of Directors, the Compliance and ESG Committees and the Gearbulk Leadership Team informed, as and when relevant.



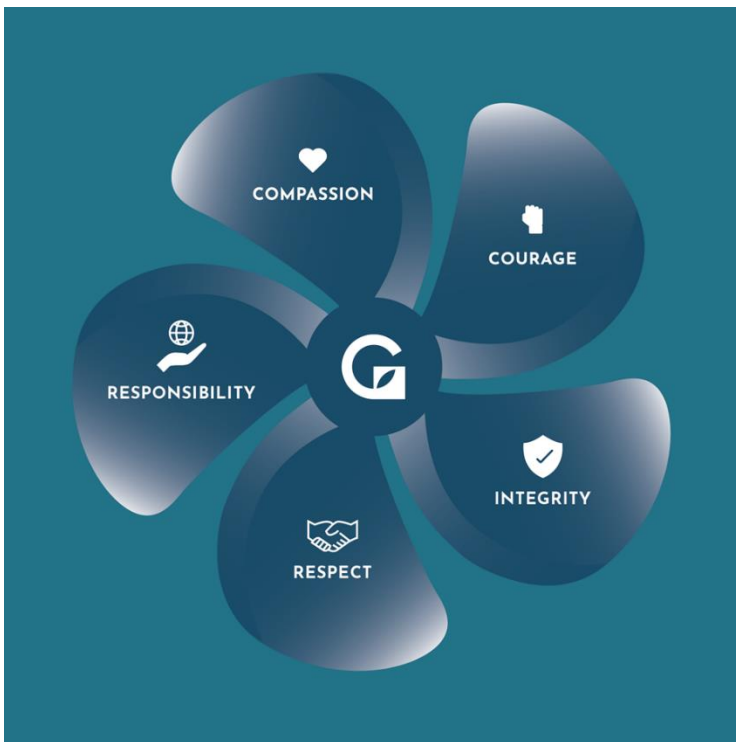
### 3. Embedment of Responsible Business Conduct

#### 3.1 The Board of Directors and executive management

The Gearbulk Board of Directors is actively involved in the process of promoting basic human rights and decent working conditions hereunder through the Compliance Programme as described above. The project and process regarding the implementation of the Transparency Act's obligations and expectations has been presented and discussed at several board meetings in 2022.

#### 3.2 General principles and procedures

Gearbulk's commitment to respect human rights and standards advised by the International Labour Organisation is anchored in its corporate aspiration and values:



The commitment is also reflected in its Code of Ethics and Business Conduct. In addition to the Human Rights and Decent Working Conditions Policy, which is described above, Gearbulk has implemented Human Rights Due Diligence Guidelines which sets out the process for due diligence. Gearbulk's Code of Ethics and Business Conduct and the Human Rights and Decent Working Conditions Policy may be requested via [stakeholderrelations@gearbulk.com](mailto:stakeholderrelations@gearbulk.com)

These policies and procedures are hereinafter collectively referred to as the "Gearbulk Human Rights Procedures."



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As outlined in the Gearbulk Human Rights Procedures, Gearbulk is fully committed to respecting internationally recognized standards for human rights and decent working conditions and will comply with all applicable laws and regulations in countries where it operates.

### 3.3 Internal accountability and operationalisation

The Board of Directors has the overall responsibility for the human rights' due diligence assessments in Gearbulk. The operational responsibility for execution and continuous follow-up rests with the CEO. The ESG and Risk Manager, with mandate from and regular review by the CEO and Board of Directors, will lead and coordinate the internal work.

The ESG and Risk Manager will report the status of the due diligence process, including the status of implemented risk measures, to the Global Leadership Team and to the Board of Directors twice per year.

### 3.4 Internal information and training

Gearbulk has provided information about the Transparency Act to all employees on its intranet page. A multi-disciplinary project group has worked on the implementation of the Transparency Act and provided input to the due diligence assessment.

Gearbulk provides digital e-learning for employees where information regarding the Gearbulk Human Rights Procedures is described, as well as further information regarding the whistleblowing process in Gearbulk. The e-learning covers the main principles on fundamental human rights and decent working conditions.

As of end February 2023, the completion rate for the e-learning was 80%.

### 3.5 Gearbulk whistleblowing and grievance mechanism

Gearbulk has established several channels for raising questions or concern about ethical matters. Gearbulk has implemented a whistleblowing channel for external reporting by anyone having a question or concern which allows for anonymous reporting.

Gearbulk did not receive any reports regarding concerns about human rights or decent working conditions in 2022.

### 3.6 Suppliers and business partners of Gearbulk

Gearbulk expects its suppliers and business partners to apply equivalent high standards of ethics and business conduct when conducting business for or with Gearbulk. Suppliers are vetted through a Supplier Qualification Program. The due diligence of suppliers and business partners is risk-based and may include questionnaires, site visits, audits etc. Gearbulk will not engage with a supplier or business partner who is non-compliant with the principles described in Gearbulk Human Rights Procedures.



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Further developing the integrity due diligence program, including the Supplier Qualification Program, is a priority for Gearbulk in 2023.

### 4. Human Rights Due Diligence Process in Gearbulk

#### 4.1 The human rights' due diligence process

As part of the due diligence process in Gearbulk, the following overall goals have been set in alignment with the Transparency Act:

- Ensure that the business or operation does not have a potential or actual negative impact on basic human rights or decent working conditions in connection with Gearbulk's business and operation.
- Inform the public through an annual report.
- Provide information upon request.

The main principles behind the due diligence assessments are:

- Preventive
- Risk-based
- Based on priorities with a focus on severity and probability
- Dynamic processes and ongoing follow-up
- Involvement of stakeholders
- Continuous communication and dialogue

#### 4.2 Information regarding actual adverse impacts and significant risks of adverse impacts and measures to cease, prevent and mitigate adverse impact.

Gearbulk has performed an overall risk mapping of human rights and decent working conditions. The assessment of negative impact was initiated by a broad risk scoping exercise. The purpose of the scoping exercise was to enable the Company to carry out an initial prioritisation of the most significant risk based on industry, geography, company and type of services to identify areas where the risk of negative impact on human rights and decent employment is most likely and most significant.

The following departments in Gearbulk were involved in the mapping process:

- Procurement
- Technical
- Legal / compliance
- HR
- HSEQ
- ESG and Risk



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The risks identified as significant during this initial prioritization were subject to more detailed analysis. The handling and follow-up of such risks is part of Gearbulk's enterprise risk management system and includes reporting of controls, planned actions, dedicated responsible persons and deadlines.

### Industrial risks

The following risks are considered key for the shipping industry:

- HSE culture
- Fatalities
- Personal injuries
- Forced labour / illegal recruitment fee / debt bondage.
- Child labour
- Working and living conditions for crew
- Decent pay
- Excessive working hours
- Temporary and migrant workers
- Discrimination
- Harassment / brutal treatment

The following activities typically involves salient human rights issues for shipping<sup>1</sup> :

- Shipbuilding, ship repair and ship recycling
- Cargo management and relations
- Supply chain management
- Seafarers and workers
- Terminals and ports
- Search and rescue
- New and emerging risks and opportunities

Gearbulk considers fatalities, personal injuries, working / living environment onboard vessels and harassment / brutal treatment to be the most significant industry risks for shipping.

The operations of Gearbulk entail an inherent risk for fatalities and personal injuries for individuals involved in the operations (crew, stevedores, workers at shipyards etc.). Gearbulk applies controls to prevent such risks from materializing, including but not limited to strict HSE policies and procedures, incident reporting and follow up and safety evaluation of suppliers. In 2022, Gearbulk has launched a safety culture program in cooperation with key business partners. The aim of the safety culture program is to raise awareness and authorize all personnel to intervene in case of HSE risks. The safety culture program is expected to reduce the risk of fatalities and personal injuries. Gearbulk monitors its HSE

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<sup>1</sup> [Human rights - Danske Rederier \(danishshipping.dk\)](https://danishshipping.dk) and [Shipping | Institute for Human Rights and Business \(ihrb.org\)](https://ihrb.org)



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statistic continuously and implements mitigating controls as and when appropriate. The safety culture program will be evaluated to assess its effect.

The risk related to working and living conditions onboard the vessels is also an inherent risk for shipping as seafarers spend lengthy periods onboard. Gearbulk is mindful of the physical and mental implications this may have on the crew. Gearbulk complies with the Maritime Labor Convention (“MLC”) for all vessels and has also implemented campaigns for its crew focused on mental wellbeing and physical exercise. The working and living conditions are monitored in several ways including but not limited to internal audits, internal inspections, inspections by flag state, port authorities, various vetting agencies, and classification societies as well as by employee surveys.

Gearbulk considers the risk of harassment / brutal treatment to be a significant industry risk. Physical, sexual, psychological, or verbal harassment, abuse, violence, or intimidation may take place at the workplace both at shore and at sea. The risk is more salient at sea and more so for vulnerable groups (immigrant workers, women etc.). The management of Gearbulk is strongly committed to preventing harassment and brutal treatment. Gearbulk has implemented zero tolerance policies and procedures to prevent harassment / brutal treatment. Campaigns have been launched to raise awareness on the topic and Gearbulk aims to recruit a diverse workforce to reduce the risk of vulnerable individuals / groups being marginalized. Gearbulk has further implemented a whistleblowing system to encourage reporting of concerns and incidents. No reports have been received on harassment / brutal treatment in 2022. The topic is also monitored via the employee survey.

The salient human rights issues shipbuilding, ship repair and ship recycling, cargo management and relations, supply chain management and terminals and ports are addressed below under Product and Service Risks. The salient human rights risks of seafarers and workers are relevant as an Industry Risk, Product and Service Risk and Company Specific Risk.

### **Geographical risks**

To assess general country risk, Gearbulk has used the Rule of Law Index and the Global Rights Index<sup>2</sup>.

The Rule of Law index measures countries’ rule of law performance across eight factors: (1) Constraints on Government Powers, (2) Absence of Corruption, (3) Open Government, (4) Fundamental Rights, (5) Order and Security, (6) Regulatory Enforcement, (7) Civil Justice, and (8) Criminal Justice. The index is a good indication of the level of protection of human rights in a country.

The ITUC has developed the Global Rights Index. The ITUC’s primary mission is the promotion and defence of workers’ rights and interests, through international cooperation between trade unions, global campaigning, and advocacy within the major global institutions. Its main areas of activity include the following: trade union and human rights; economy, society, and the workplace; equality and non-

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<sup>2</sup> <https://worldjusticeproject.org/rule-of-law-index/country/2021> and <https://www.globalrightsindex.org/en/2021/countries>



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discrimination; and international solidarity. The ITUC Global Rights Index provides relevant information regarding the general protection of labour rights in a country.

From a geographical point of view, the following countries of relevance to Gearbulk are considered high risk: Brazil, China, India, Papua New Guinea, and the Philippines. Gearbulk has decided to collect further information about the human rights and decent working conditions in the high-risk areas in 2023 to assess the need for further mitigating controls.

Gearbulk has offices in various locations, however its human resource policies and procedures are applied globally. The working conditions for Gearbulk shore employees are hence not considered a high risk regardless of where the employee is located.

Gearbulk recruits crew from China, India and the Philippines and has a special focus on the crewing agencies in these countries. The HR department of Gearbulk controls the recruitment and uses certified agencies only. Long-term agreements are entered into with a limited number of agencies, and an integrity due diligence check is performed for these agencies. The agencies are also periodically audited. Gearbulk has decided to review its terms and conditions with recruitment / manning agencies to emphasize the importance of human rights and decent working conditions for crew.

For the supply chain, geographical risks have been considered for the top ten suppliers based on spend in 2021. China is identified as the key geographical risks for the supply chain and Gearbulk have implemented measures to alleviate this risk:

- Adoption of a global sourcing strategy helps to minimize our exposure to supply risk.
- When it comes to selecting a supplier, Gearbulk has a rigorous process which includes an assessment of the suppliers' compliance with Gearbulk ESG-standards.
- Gearbulk conducts supplier audits in China to ensure that suppliers adhere to Gearbulk's ethical and sustainable business practices. These audits review human rights practices and labour standards, and Gearbulk works collaboratively with our suppliers to ensure compliance.

Finally, Gearbulk is enhancing its third-party risk management system in 2023 to inter alia further assess geographical risk for the supply chain.

In the specific countries listed above the risk of material adverse impact on human rights and decent work conditions are considered high and will be prioritized in Gearbulk's further risk analysis and implementation of relevant measures.

### **Product and service risks**

Product and Service specific risks focuses on the risk of the supply chain violating human rights or decent work conditions. This could be a supplier or sub-supplier. Gearbulk continues to map and assess the risks related to its supply chain. Gearbulk uses a screening provider Refinitiv to screen key suppliers. Gearbulk has already retained a tool (Refinitiv) for dedicated screening of any third party - corporations, supplier, government, and individuals. Gearbulk will only need to input the name once, and the tool will





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check it 24/7/365 automatically and continuously. The tool also allows for ad hoc screening as well. For human rights and decent work conditions specifically, Gearbulk has a special focus on the risk related to shipbuilding, ship repair and ship recycling as these are known to be salient risks in shipping. As of the publication of this report, shipbuilding and ship recycling is not relevant, hence it is the use of shipyards for maintenance and classification that currently represents the highest risk. Gearbulk performs verifications of shipyards for maintenance and classification and has on-site supervision / surveillance. It has also revised its Supplier Code of Conduct to emphasize the importance of human rights and decent working conditions. For 2023, Gearbulk will further develop its integrity due diligence program and collect more information about shipyards used.

Further, Gearbulk focuses specifically on recruitment of crew. There is an inherent risk related to recruitment of seafarers, including but not limited to the risk of forced labour / modern slavery. Reference is made to the measures implemented and planned for manning agencies as described above.

Further, cargo management and relations are considered as a service risk. Cargo management risks relate to health and safety as a result of dangerous cargo or cargo handling. Cargo relations risks relate to the owners of the cargo and their impact on human rights and decent work conditions. For 2023, Gearbulk is further developing its integrity due diligence program as well as sourcing information about actual and potential impact on human rights and decent working conditions.

### Company specific risks

The key company specific risk identified for Gearbulk is limited resources to handle incidents and projects such as human rights impact assessments etc. outside daily business. To mitigate this risk, Gearbulk has appointed an ESG and Risk manager as the responsible person and engaged external support. E-learning on human rights and decent working conditions has been launched to all employees to raise awareness about the topic and ensure that issues related to human rights / decent working conditions are raised.

The work continues in 2023 to map company specific risk for suppliers and business partners. In 2022 there were no hits related to human rights or decent working conditions in the screening by Refinitiv. This will be an integral part of the development of Gearbulk's integrity due diligence program.

### 4.3 Information regarding tracking of implementation and results, communication and remediation

The tracking of implementation and results related to the specific risks of adverse impact is done through Gearbulk's enterprise risk management system as described above and as set out in detail in the Gearbulk Human Rights Procedures. The ESG and Risk Manager will assess the need for annual verification of the Human Rights Due Diligence process, using internal and/or external resources. During the verification process, employee representatives and unions should be consulted if relevant, as well as other stakeholders as deemed necessary. Specifically, consideration shall be given to involving industry associations or other external resources in the verification process.



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Gearbulk communicates externally relevant information on Human Rights Due Diligence policies, processes, activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. Gearbulk has also established specific guidelines for handling any information requirements in accordance with Section 6 of the Transparency Act. Furthermore, communication with affected parties and stakeholders are be given priority. The communication of human rights and decent work conditions issues will be incorporated into Gearbulk's communication plans.

Gearbulk is committed to providing or cooperating in remediation where appropriate. If actual adverse impact has occurred, the ESG and Risk Manager will as soon as possible coordinate an action plan to consult involved parties and follow up the specific case. The plan shall include evaluating whether those who have complained are satisfied with the process that has been implemented and the result of the process. Gearbulk will consider whether to use existing complaints mechanisms in the specific case. Potential complaints mechanisms may include the OECD Contact Point in Norway and / or trade unions or workers' representatives.



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### 5. Summary and Way Forward

Gearbulk continues the focus on strengthening its due diligence process for human rights and decent working conditions. Enhancing governance by updating and implementation of policies and procedures to reduce potential negative impact will continue in 2023 with a particular focus on business partners and the supply chain. Other focus areas for 2023 includes tracking implementation and results, involvement and cooperation with relevant stakeholders and further communication about the impacts. Gearbulk is also focusing on digitalizing its business process to improve risk-based decision making. These initiatives are expected to reduce the risk of negative impact on human rights and decent working conditions.

This annual report is made pursuant to the Norwegian Transparency Act section 5. The account was approved by the Board of Directors of Gearbulk Norway AS on 14th April 2023.

#### **Gearbulk Norway AS**

Bergen, April 14<sup>th</sup> 2023

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Kristian Jebben  
Chairman

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Ketil S. Andreassen  
Board Member

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Hans Petter Aas  
Board Member

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Sjur Gjerde  
General Manager