

1. About this report

Scanmatic publishes this report on June 30th, 2024, in accordance with the Transparency Act. Fundamental human rights and decent working conditions are deeply rooted in our material topics that constitute Scanmatic`s sustainability efforts: Environment, Great Place to Work, Ethical Business Conduct and Secure Products and Operations.

2. About Scanmatic

Scanmatic was established in 1971. From our facilities in Arendal, Vestby and Ockelbo (Sweden) we supply robust and reliable technology within instrumentation, control systems and advanced signal processing.

Since 1971 we have delivered high-end solutions to demanding customers within Renewable Energy, Environmental Monitoring, Intelligent Traffic Solutions, Offshore and Defense

3. Location and sectors served

Scanmatic operates in 5 main fields, Renewable Energy, Environment, Traffic (ITS), Defence and Offshore. Our 60 employees are based in Arendal, Vestby and Ockelbo. Our customers are industrial and professional companies mainly based in Norway and Sweden.

4. Corporate governance

At Scanmatic the leader group is responsible for managing and ensuring compliance with all relevant regulations and laws. The purchasing leader is tasked with ensuring that these processes are meticulously followed at every stage. Ultimately, the Managing Director holds overall responsibility, overseeing the entire framework to guarantee that our operations consistently meet and exceed ESG standards, reinforcing our dedication to sustainable and ethical business practices.

5. Risk assessment in accordance with the Transparency Act

In accordance with the Norwegian Transparency Act (Åpenhetsloven), Scanmatic performs risk assessment of its suppliers that include the following

- A general description of the supplier`s company`s structure, location, business and area of operations.
- Supplier providing adequate proof of guidelines and procedures for handling actual and potential impacts on fundamental human rights and how suppliers ensure decent working conditions.

6. Roles and Responsibilities

For Scanmatic the Head of Procurement & Logistics manages relationships with suppliers and subcontractors, ensuring their adherence to the Supplier Code of Conduct.

7. Current procedures and Routines

Scanmatic has implemented a process with our ISO 9001 certified QA-system for qualifying and evaluating its suppliers. Part of the supplier evaluation is to have the Scanmatic Code of Conduct signed by the suppliers.

We evaluate all suppliers with a revenue with Scanmatic of more than 500K NOK. In addition, we strive to have all our suppliers from high risk areas, with ITUC rating higher than 4, to sign the Scanmatic Code Of Conduct.

8. Mapping of Suppliers and Business Partners

The mapping process involved extracting information from ERP (Enterprise Resource Planning) systems.

The identified companies have been categorized into separate groups based on the nature of the goods or services they provide to Scanmatic. The distribution of companies within these designated groups is visually presented in the following figure:

Business Partner or supplier	Type of companies	# of companies
Business Partner	Service Provider	2
	Computers	1
Supplier	Sensors	12
	Dataloggers	1
	Cameras	2
	Cabinets	2
	Traffic Radars	1
	Electrical Components	4
	PLS	1
Total companies mapped in Scanmatic		26

9. Risk Assessment of Suppliers

A thorough risk assessment of the identified suppliers has been conducted for Scanmatic. The companies have been categorized based on the country where their headquarters are located. Subsequently, each country has been assigned a ranking within one of three risk groups: low risk, medium risk, or high risk. These rankings are determined by referencing the rating of each country in the ITUC (International Trade Union Confederation) Global Rights Index 2022

We have grouped the countries in the following groups:

ITUC Rating	Description	Value's Risk Assessment of suppliers
Rating 5+	No guarantee of rights due to the breakdown of the rule of law	High Risk
Rating 5	No guarantee of rights	
Rating 4	Systematic violations of rights	
Rating 3	Regular violations of rights	Medium risk
Rating 2	Repeated violations of rights	
Rating 1	Sporadic violations of rights	Low Risk

The suppliers have been grouped by country and ITUC rating to obtain the risk profile of each company. The results are presented in the below table.

Supplier Category	Norway	Finland	Germany	France	UK	USA
Electrical Components	3					1
Traffic Signs						
Cabinets	2					
Sensors	2	1	3	1	1	3
Circuit Boards						
Dataloggers					1	
Cameras and Network	2					
PLS	1					
Traffic Radars					1	
Computers	1					
Industrial Desing	1					
System Integrators	1					
	Low risk			Medium risk		High risk
Total number	17			4		4

Out of the 26 suppliers associated Scanmatic, only 4 are categorized as falling within the High-Risk category, while 4 are classified as Medium Risk. This demonstrates a significant majority of suppliers, totalling 17, being located in countries deemed to have a low risk profile. As a result, Scanmatic considers that the supply chain maintains **a low risk profile**.

10. Individual assessment of high-risk suppliers

The suppliers/subcontractors identified as high risk are to be individually assessed.

And will be asked to sign the Scanmatic Code of Conduct and in that way comply with labor rights and working conditions. As well as Health and Safety regulations.

As of 21st of May we are still missing the signatures on the Code of Conduct of 3 of the High-Risk suppliers. They have been given a deadline of 1st of June 2024.

11. Dialogue with suppliers and corrective actions

If the High Risk suppliers fail to report back on the Code of Conduct Scanmatic will enter dialog with the suppliers to solve the issue and assist in whatever way we can to make sure that the supplier complies. However, should a supplier demonstrate a lack of cooperation or unwillingness to rectify the identified irregularity, Scanmatic will make decisions on a case-by-case basis regarding the next steps to improve

the situation. These actions may range from initiating a temporary ban period, during which any commercial relationship with the supplier will be suspended until the observation is permanently resolved, to the termination of the supplier relationship altogether.

12. Next Steps

Scanmatic has made considerable progress building up a solid foundation for the yearly report of the Transparency act by mapping companies and establish a risk assessment process and will continue moving forward with the next steps.

Upon the conclusion of data collection, Scanmatic will initiate individual contact with suppliers to address any identified irregularities, and apply corrective actions as described previously. Scanmatic aims to finalize these discussions with the suppliers and corrective action plans by September 30th, 2024.