

Report on Transparency Act

2022

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1 Addovation group reporting on Transparency Act for 2022

1.1 Introduction

Addovation has started the process to conduct risk and due diligence assessments of suppliers in accordance with the Transparency Act and will now provide an account of this process, the risk assessment, and the supplier assessments. The report also includes measures and procedures implemented to reduce the risk of negative consequences related to human rights and labor conditions.

1.2 Contact Information

Questions regarding the report can be directed to:

Addovation AS

Martin Hjerpe, Chief Financial Officer (CFO)

Email: martin.hjerpe@addovation.com

1.3 Reporting Obligation

The company is a private company headquartered in Drammen, Norway. Therefore, the company is obligated to report according to the Transparency Act.

2 About the Company's Operations

2.1 Group organization and geographical spread

Addovation is a Scandinavian IT company that provides businesses with the tools customers need to streamline processes, improve decision-making, enhance customer experiences, manage IT infrastructure, and create a flexible and productive digital workplace. Addovation operates in various industries, including manufacturing, oil and gas, defense, power supply, and services. Addovation has around 200 employees and offices in Norway, Sweden, Finland and Sri Lanka.

2.2 Internal Guidelines

Addovation has started to establish internal processes and procedures to safeguard human rights and decent working conditions. These procedures will be fully implemented in Addovation Group and include risk and due diligence assessments of suppliers, subcontractors, and business partners. The procedures will be embedded in the company's guidelines and will be accessible to all employees.

2.3 Objective and Progress

Addovation aims to continuously assess risks associated with activities and business relationships and implements measures to achieve its goals.

2.3.1 Measures implemented in 2022

Addovation is a relatively small company with limited resources to assess and implement guidelines, policies and verify its compliance. With the company growth this has become more important and has started in various areas such as HR, IT, and Information security.

In 2022, the company mapped out all suppliers and business partners and the significance of each supplier to Addovation's services and operations. We have also started to assess the procurement process, including ethical guidelines for suppliers.

2.3.2 Targets for the coming year

Specific goals for the coming years include:

Target	Status
Develop and adopt a group wide procurement policy	Started
Unify procurement process and procedures in all of Addovation Group	Started
Perform due diligence on all material suppliers, especially around medium and high risk areas	To be performed
Review all recurring business partners	Started
Further development of due diligence assessments	To be performed
Implement agreements with all major suppliers	To be performed

3 Transparency Assessment

Addovation assesses the risk of negative consequences for human rights and labor conditions in its and in its suppliers' operations. We aim to conduct risk and due diligence assessments by embedding accountability in the guidelines, mapping and assessing consequences, implementing measures, following up, and communicating with stakeholders.

3.1 Addovation Group's suppliers and business partners

Addovation has commercial relationships with over 34 suppliers and 240 business partners. We engage in dialogue with direct suppliers and utilize subcontractors. Suppliers and partners are located in the following countries:

Country	Number of suppliers ¹	Number of Business partners ²
Sweden	16	154
Norway	8	79
Poland	2	2
Spain	2	0
UK	1	2
Denmark	1	1
The Netherlands	1	1
USA	1	1
Finland	1	0
Ireland	0	1

3.2 Evaluation of Addovation Group's services

Addovation is an IT company that develops and delivers services related to Business solutions, integrations, software and managed services. Managed services are provided in the cloud or historically in on-prem at customers sites. The only hardware related to services provided are computers required for consulting services.

These services have a low risk of human rights and labor violations internally and among their collaborators.

3.2.1 Addovation services - consulting

Addovation provides various services for business solutions: upgrades and implementation, project management, collaboration, customer care, development and innovation. The risk of human rights and labor violations is low within their own operations, value chain, and collaborative, local partners.

3.2.2 Addovation services – cloud services

Addovation offers services related to cloud platforms and utilizes international suppliers. There is concern that some of these suppliers may not comply with requirements for wage and working conditions and freedom of association. Addovation is working to improve assessments of suppliers and services.

¹ Supplier (Norwegian: Leverandør) indicates any party in the chain of suppliers and sub-suppliers that supply or produce goods, services or other input factors that are part of a company's supply of services or production of goods from the raw material stage to the finished product, with reference to Norwegian Transparency Act (Åpenhetsloven) § 3 d.

² Business partner (Norwegian: Forretningspartner) indicates any party that deliver goods and services directly to the business, but is not part of the supply chain, with reference to Norwegian Transparency Act (Åpenhetsloven) § 3 e.

4 Result of Evaluation

Addovation assesses that there is a low risk of violations in key areas such as privacy, business conduct, health and safety, human rights, and labor conditions within its industry and locations. Hardware suppliers pose a high risk, and this will be followed up according to the company's planned procedures.

Main findings:

Services	Supplier	Risk assessment	Materiality
Sales of professional competence in consultancy services	Own employees	Low	High
Sales of professional competence in consultancy services	Suppliers	Medium	Medium
Managed services	Suppliers	Medium	Low

- Sale of expertise by company employees has a low risk.
- Consulting firms and the sale of expertise have a low risk.
- Cloud platforms pose a medium risk of human rights and labor violations.
- Hardware suppliers pose a high risk.

The risk assessment has identified risks of violations of human rights and labor conditions related to worker rights in the production of mobile phones, laptops, and computers. There is also a risk associated with the use of cloud platforms depending on the location of services provided.

5 Measures to Stop, Prevent, or Mitigate Negative Consequences

Addovation has implemented the following measures to prevent, mitigate, or stop the identified negative consequences and risks:

5.1.1 Mapped risks

Violations of worker rights in the production of mobile phones, laptops, and computer screens. Violations of freedom of association, wage conditions, working hours, health and safety, and employee monitoring by international cloud service providers.

5.1.2 Implemented measures

Mapped and categorized suppliers and business partners. Identified risk areas and suppliers where due diligences are needed. Incorporated sustainability and respect for human rights as evaluation criteria in both purchase and sales processes.

5.2 Goals

Implement a new procurement policy for all types of suppliers.

Reduce purchases of mobile phones, PCs, and computer screens to minimum.

Improve assessment of suppliers and services for both customers and Addovation.

5.3 Status

The measures are in progress. Additional measures to be performed can be seen in section about targets for the coming year in the text above.

5.4 Monitoring of measures

The CFO in Addovation AS is responsible for monitoring the implementation and results of the measures.

At least annual assessment of suppliers, ongoing assessment during changes and contract renegotiations.

Continuous monitoring of relevant information sources and industry reports.

Internal and external audits of results.

5.5 Recovery and Compensation

No identified cases requiring recovery.