

An aerial photograph of a river delta, likely the Amazon, showing a complex network of water channels and sediment bars. A semi-transparent circuit board pattern is overlaid on the image, centered around the text. The sky is cloudy and the horizon is visible in the distance.

TRANSPARENCY ACT REPORT 2022

NORBIT
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REPORT UNDER THE TRANSPARENCY ACT 2022

1. ABOUT NORBIT ASA

NORBIT is a global provider of tailored technology to selected applications. We support our customers and partners in solving demanding challenges through sustainable innovation.

Today we are structured in three business segments to address our key markets: Oceans, Connectivity and Product Innovation & Realization (PIR). The Oceans segment delivers tailored technology solutions to global maritime markets. The Connectivity segment provides tailored wireless solutions for identification, monitoring and tracking. The PIR segment offers R&D services and products, and contract manufacturing to key customers.

We are ~ 450 explorers, headquartered in Trondheim, with R&D and manufacturing in Norway and Hungary, and a worldwide sales and distribution platform.

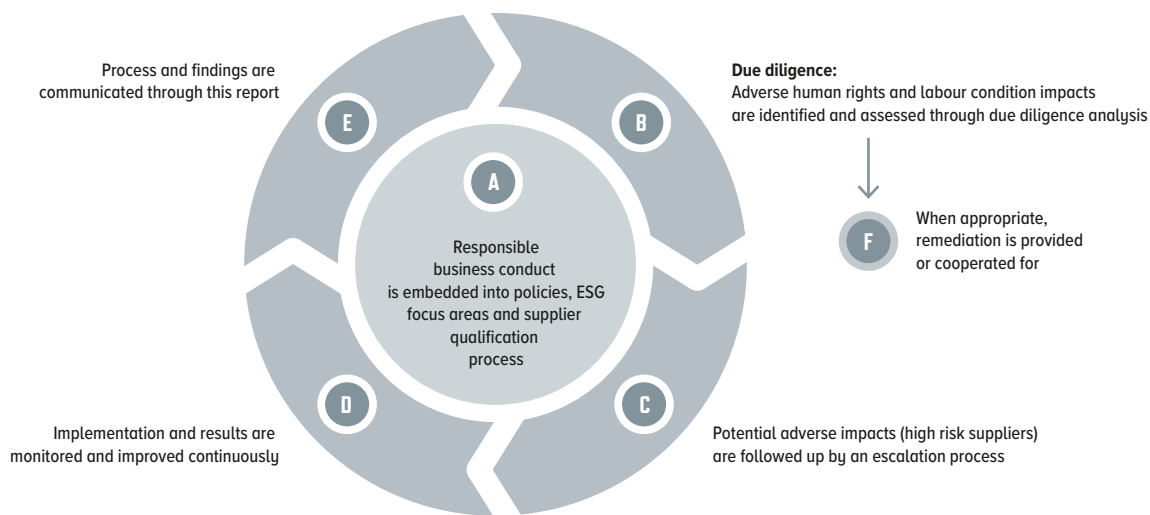
2. ABOUT THE TRANSPARENCY ACT

The Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act, hereafter named the Act) entered into force 01.07.2022 in Norway. The Act shall “*promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions*”.

The Act applies to larger enterprises that are resident in Norway and that offer goods and services in or outside Norway. NORBIT falls under the category “larger enterprises” in this context. This means that NORBIT has three duties under the Act:

1. Carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises on a yearly basis. The process is illustrated in the figure below.

NORBIT’s adapted process following OECD’s Due Dilligence Guidance For Responsible Business Conduct:



¹ <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>

2. Account for the due diligence by publishing an updated report on the company’s website.
3. Give information about how NORBIT addresses actual and potential adverse impacts upon written request from any internal or external stakeholder.

3. STEP A: EMBEDDING RESPONSIBLE BUSINESS CONDUCT IN POLICIES

NORBIT’s policy and strategy hierarchy related to human rights and decent work conditions is illustrated in the figure below and described in the following.

This document covers point 1 and 2 – i.e. describes how steps A to F in the figure below are conducted in NORBIT.

NORBIT’s policy and strategy hierarchy related to human rights and decent work conditions:

Level	Document type	Title	Description
1a	Policy	Code of Conduct	Set of rules outlining norms and proper practices
1b	Policy	Whistleblowing Policy	Set of rules outlining norms and proper practices
2	Strategy	ESG Focus Areas	Overall focus areas, objectives and actions
3a	Procedures	Supplier Qualification Process	Process for selecting suppliers
3b	Procedures	Supplier Score Card	Monitoring of suppliers
3c	Procedures	Self Assessment Questionnaires	Templates for gathering supplier information

3.1. Policy documents: Code of conduct and Whistleblowing policy

Code of conduct

The Code of Conduct is NORBIT’s key governing document. It sets out important principles and expectations, commitments, and requirements for ethical conduct in the company’s business. The full Code of Conduct can be found on our webpage www.norbit.com.

The Code of Conduct describes NORBIT’s policy towards both human and labor rights. NORBIT supports and respects the protection of internationally proclaimed human rights, including but not limited to right to equality before the law and non-discrimination, and elimination of all forms of forced and compulsory labor, including child labor. NORBIT shall have no form of human rights abuse in any stage related to production of its products.

NORBIT supports and respects internationally recognised labor rights. NORBIT employees shall have the right to join or form trade unions of their own choosing and to bargain collectively.

The employer shall not interfere with, or obstruct, the formation of unions or collective bargaining. Worker’s representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace. Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers representation and negotiations.

Whistleblowing policy

Whistleblowing is an important channel for receiving information about negative issues so that they can be properly handled and followed up. NORBIT encourages its employees to report suspected or actual occurrences of inappropriate, unethical, or illegal behavior or breaches of the Code of Conduct. NORBIT has therefore drawn specific guidelines for whistleblowing, including whom to report to, how to report and how the company is required to act on the report.

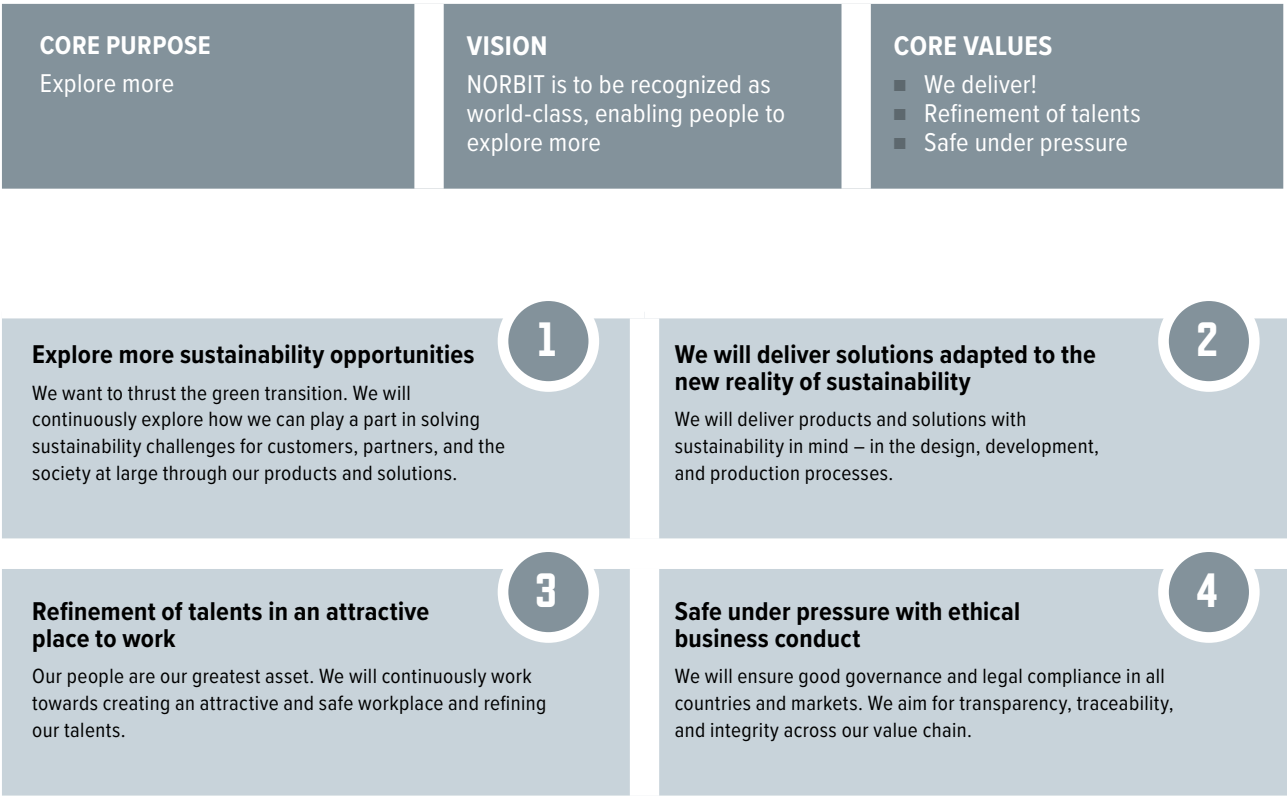
3.2. Strategy documents: ESG focus areas

In 2022, NORBIT established an ESG strategy. The process followed the materiality methodology described in the draft Environmental Sustainability Reporting Standard (ESRS) from the EU commission and was carried out in two steps. Firstly, relevant sustainability matters were identified using different lenses. Secondly, the identified sustainability matters were prioritised based on the double materiality principle; both evaluating actual or potential impact by NORBIT on people or the environment, and the financial impact on NORBIT.

The material topics identified were summarised into four overall sustainability topics for NORBIT to focus on, illustrated in the figure below. The areas are connected to NORBIT’s overall values and vision.

Responsible business conduct is embedded in the ESG strategy through focus area 4 “Safe under pressure with ethical business conduct”. A more thorough description of each of the four focus areas and the methodology behind identifying them can be found in NORBIT’s latest annual report on our webpage www.norbit.com.

NORBIT’s vision and ESG focus areas:

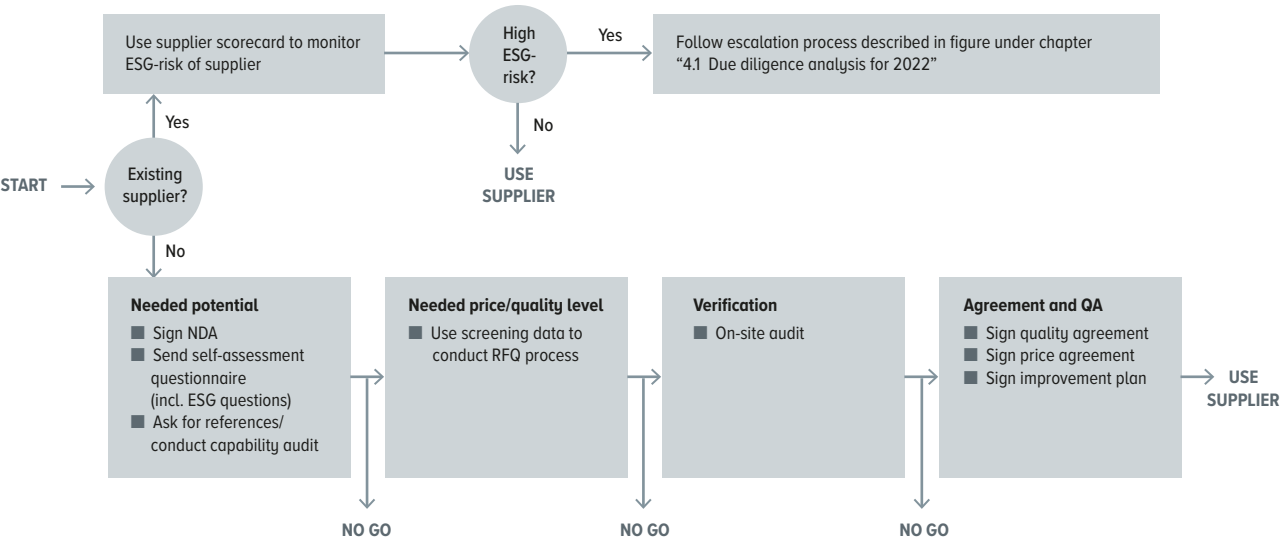


3.3. Procedures: Supplier quality management

In general, all NORBIT subsidiaries follow supplier quality management processes. This includes, among other areas, procedures of how to evaluate existing and qualify new

suppliers. The most important elements regarding ESG related topics in these processes are described in broad outlines in the figure below.

Supplier selection process described in broad outlines:



If an existing supplier with low ESG risk can be used, this is often preferred. A scorecard is used to monitor the most material existing suppliers. Risk for breach of human rights and labour conditions based on international recognised indexes² is to be implemented as a separate risk score in this scorecard. If the risk is evaluated as high, an escalation process to get more information will be followed (see bottom part of next figure).

If there is not possible to use an existing supplier, the potential supplier will need to go through a qualification process. This includes (among other activities) self-assessment questionnaires including ESG questions, reference checks, on-site audits, and quality agreements. The self-assessment questionnaires include four main ESG topics:

- Overall ESG policies and strategies
- Environmental management
- Labour practices and human rights
- Health and safety

4. STEP B, C, D, E, AND F: DUE DILIGENCE ANALYSIS

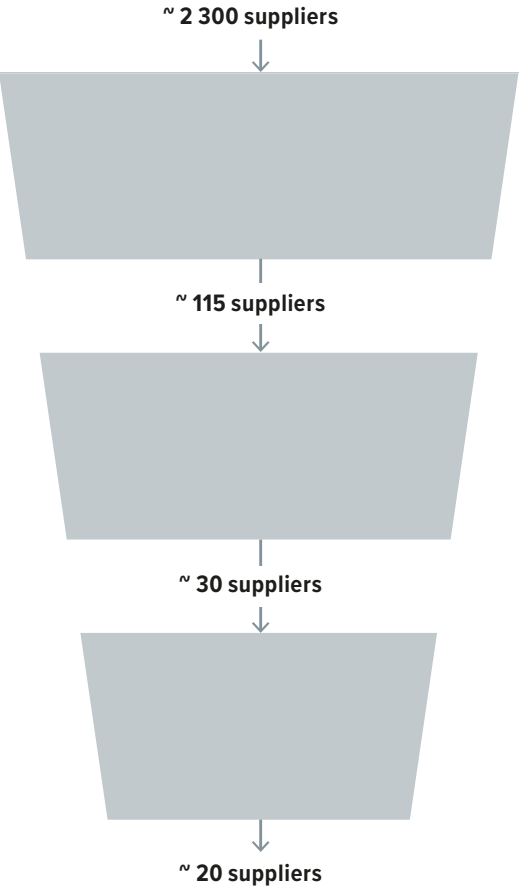
4.1. Due diligence analysis for 2022 (step B)

The Norwegian Agency for Public and Financial Management (DFØ) describes that the most common human rights issues for value chains related to electronics are problems with employee rights in factories, especially in the form of low wages, forced overtime, abuse of students as labor, and termination of union leaders. Human rights risks are assumed to be somewhat lower for assembly than for component production³.

NORBIT conducted a due diligence assessment of all active suppliers in 2022 during spring 2023. As large parts of NORBIT’s value chain are related to production or compilation of electronics, all suppliers for all NORBIT companies (except for sales and distribution offices) were analysed. The process is illustrated and described in the figure below.

² Global slavery Index and Global rights Index
³ <https://anskaffelser.no/berekraftige-anskaffingar/menneskerettigheter/hoyrisikolisten/kjop-av-elektronikk-og-ikt-sosialt-ansvar>

Due diligence analysis conducted for FY 2022:



- All suppliers of all NORBIT companies excluding sales and distribution offices enter the funnel. Sales and distribution offices have in general few suppliers with low spend.
 - Following the materiality principle, a Pareto analysis of the rest of the suppliers is conducted.
 - 5% of the suppliers represent 80% of the total spend in 2022. Suppliers representing less than 20% of total spend in 2022 are excluded from further analysis.
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- The remaining suppliers are given a risk score (low, medium, high) based on country location. The risk score is based on the internationally recognised Global Slavery Index (human rights) and Global Rights Index (labour conditions).
 - Following a risk-based approach, all suppliers located in low risk countries are excluded from further analysis.
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- The risks of the remaining suppliers are discussed on a case by case basis.
 - The suppliers whom NORBIT recently has recieved self-assessment questionnaires from, has discussed human right related topics with, or has visited, are excluded from the list.
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- The remaining suppliers are followed-up based on an escalation process:**
1. Self-assessments are requested filled out. If no or unsatisfactory answers, point 2;
 2. Online interviews/meetings are set up. If unsatisfactory findings, point 3;
 3. Audits are conducted. If unsatisfactory findings or not allowed, point 4;
 4. Discussions on goals and improvements are conducted and action plans are established together with the supplier in order to improve. Can include a timeline. If no progress, point 5;
 5. End of supplier relationship.

Information about company names, geographical location and spend for the suppliers were collected and compiled. A Pareto analysis was conducted, finding that only 5 per cent (~115) of the suppliers constituted 80 per cent of the total supplier spend in 2022. Following a materiality approach, these suppliers were analysed further.

50 per cent (~60) of these were based in Norway. Of the remaining 50 per cent (~60), 50 per cent (~30) were based in high-risk countries in terms of potential human rights and labour conditions breaches. The risk score was calculated based on recognised indexes for human rights and labour conditions based on geographical location.

4.2. Following up high risk suppliers (step C, D, E and F)

The remaining ~30 suppliers were discussed on a case-by-case basis, where the escalation process in the figure above was used as a starting point for those suppliers where more information was needed. This work is still progressing and is considered important to follow up on a regular basis.

5. NEXT STEPS

2022 is the first year NORBIT conducts a due diligence analysis of the company's suppliers. The process has shed light on our supplier base and the risks associated, and our processes related to evaluating this risk. In 2023 we will continue the work so that we move closer to our aim of transparency, traceability, and integrity across our supply chain. To reach this long-term objective, we will in 2023 strive to:

- Harmonise and implement supplier quality management processes and self-assessment questionnaires across NORBIT's subsidiaries.
- Refine the questions we ask, criteria we evaluate the suppliers by, and the escalation process described above.
- Continue the work on following up suppliers with identified heightened human rights and labour conditions risk.
- Refine our yearly due diligence analytic approach. For instance, since some of our suppliers based in low-risk countries are distributors and hence might be part of a high-risk value chain, these will be evaluated regardless of location for the next year's analysis.
- Continue with regular Culture Workshops both on group and business unit level to ensure that the company's values and ethical principles is understood by our employees.
- Develop and conduct trainings in Code of Conduct, providing guidelines and concrete examples of behavior and social norms.

Do you have any questions about how we work with the Transparency Act or other related ESG topics?

Get in touch!

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