

Scana ASA – Transparency Act Report 2022

This report has been prepared, according to the requirements in the Norwegian Transparency Act (the "Transparency Act") section 5 and summarizes the policies and procedures in Scana ASA with respect to safeguarding of human rights and decent working conditions and provides information on the implementation and results of Scana's due diligence. The report covers the accounting period Y2022.

1. About Scana ASA

Scana is a listed industrial owner company in the ocean industries creating value through active ownership in market-leading portfolio companies. Our vision is to accelerate decarbonization of the maritime and offshore sector by being a driving force in electrification and emission reduction solutions. Scana's portfolio companies have a solid innovation and commercialization history based on core competence in selected niches. Scana is headquartered in Bergen and has around 400 employees at the time this report was published in June 2023.

1.1. Business areas

Scana's subsidiaries are sorted into three divisions:

Offshore

Throughout the entire lifetime of offshore assets, we provide products, services and life-time extensions to critical equipment within several segments of the offshore industries.

PSW Technology – PSW Solutions – Subseatec

Energy

All the way from shoreline to seabed, we power the ocean industry with sustainable energy solutions – providing complete solutions within electrification and renewable energy to offshore, marine and shore-based activities

PSW Power & Automation – Trans Construction ATC

Maritime

We supply sophisticated and dependable valve remote control systems and mooring solutions to vessels, rigs, and floating structures serving the shipping, oil and gas, aquaculture, and energy industries.

Seasystems - Skarpenord

See the business areas in Scana ASA and the portfolio companies below in more detail in *attachment A*.



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2. Our human rights due diligence process

During 2022, Scana assessed the efforts to safeguard human rights and decent working conditions in the parent company and in our subsidiaries. While ethical guidelines had been in place, there was some need for further strengthening policy knowledge. Also, new procedures and tools for human rights risk assessment were prepared and implemented.

The process for implementation of the new Act was anchored within Scana ASA management and board, as well as management and boards in the subsidiaries.

Scana ASA and the subsidiaries performed a human rights risk analysis in Q4-2022 and is planning further human rights training for employees.

2.1. Governing documents

Our [Ethical Guidelines](#) ensure that our values and codes of conduct are communicated and integrated in all companies in the group. Scana, and our subsidiaries, have the same expectations of ethical conduct towards our suppliers and their subcontractors. A supplier code of conduct is currently under implementation and will be implemented in 2023. This document will apply to all companies that supply products and/or services to Scana and/or our subsidiaries.

In 2023, Scana will introduce a separate group policy for human rights with follow-up measures to ensure that human rights and labor law requirements are followed in the supply chain. It is expected that the risks that have been uncovered through due diligence assessments will set new requirements for the subsidiaries' supplier assessment activities. This will be considered as part of the ongoing work on continuous improvement.

We continuously work to anchor the requirements in our Ethical Guidelines and the policies in our business, among other things through e-learning, and by including human rights and decent working conditions in our internal routines and guidelines.

In brief:

- We have drawn up a human rights policy at Scana ASA level, which is to be implemented in all subsidiaries. The ultimate responsibility for implementation and follow-up rests with the company's management and board. Accountabilities related to this policy are anchored in the company's management system and routines.
- We communicate the policies to own employees and other relevant workers, e.g. during staff orientation, training and e-learning periodically as needed to maintain awareness
- We have established routines for carrying out due diligence assessments, including for our supply chain and business relationships.
- We follow up information on consequences and significant risks for employees and others affected by negative impacts of our operations

Read more about the implementation activities in Scana ASA and the portfolio companies in *attachment B*.



2.2. Responsibility and accountability

The Board of Directors in Scana ASA have the over-all responsibility of the management of the company, including oversight of risks related to adverse impact on human rights and decent working conditions. The board strives to ensure that respect for human rights and decent working conditions are systematically integrated into our policies, investment decision-making and in the active monitoring of the subsidiaries.

Our Audit Committee supports the Board in executing oversight over the management of the company and has been given a review role related to ESG topics, including risk of adverse impacts on human rights and decent working conditions. ESG topics are included in the annual report.

The responsibilities and the implementation processes of the new Transparency Act in 2022, were anchored with-, and approved by the Board, in Scana ASA and in the subsidiaries, and status is regularly reported to enable monitoring of progress.

The CEO in Scana ASA is responsible for the daily operations of the company, including policy implementation and ensuring that ESG impacts are taken into consideration as part of the company's daily work.

The more detailed implementation processes, including supporting the implementation activities in the subsidiaries, training activities and establishment of risk-based assessment, monitoring and control procedures are managed by the QHSE and Sustainability Manager.

Scana's QHSE and Sustainability Manager is responsible for handling of information requests under the Transparency Act, as per the new Information Request Procedure implemented in May 2023, as part of the implementation process of the Transparency Act.

A notification channel has been put in place with a notification process where the person responsible in the group monitors submitted e-mails daily.

2.3. Mapping and assessment of negative impacts

We investigate potential risks related to the industries in which we operate, and products which we provide. We observe that risks of adverse impact on human rights and decent working conditions are highly country specific.

- With regards to the industries in which we operate, our exposure is centered around the maritime industry, oil and gas industry, renewable energy industry and by providing climate solutions (e.g. solar panels, battery solutions).
- Some of the subsidiaries have included a country risk assessment in their supplier risk assessment, to give an indication of the related risks for certain sectors and countries. This needs to be implemented routinely in all subsidiaries, to understand the inherent country-sector risk for human rights and decent working conditions.



As a part of our Supplier Due Diligence improvement process, the supplier due diligence is planned to be performed in all subsidiaries during 2023 and will include the following:

- Supplier information (products, no. of employees, place of business)
- Financial issues
- Quality, HSE and Environmental systems implemented
- Corporate Social Responsibility
- Conflict Minerals
- Country risk

Suppliers will be assigned risk scores based on the assessment, as well as a risk score based on the countries in which the company, production and subcontractors are located.

The process is being developed and improved in 2023, so that the subsidiaries' risk assessments will be better calibrated over time and more accurate.

Scana ASA – status of risk assessment

Scana ASA's core business is to invest in new companies, as well as own and operate companies. Routines are developed for how to evaluate and monitor actual or potential negative impact on human rights and decent working conditions in relations to potential new investments. Scana ASA has conducted a due diligence on our business partners and on our own suppliers in Q4-2022. On Scana ASA level, the most prominent Human Rights related risk lies with our suppliers of consulting services.

- **Consulting services:** the supplier does not- or insufficiently safeguard(s) employee rights, such as the right to enough time off (working and rest time), employment contracts in accordance with laws and regulations, rights to notice and stop work, right to safe work and health-related follow-up, this could indirectly affect Scana ASA, particularly in terms of reputation. The suppliers to Scana ASA are exclusively Norwegian suppliers. Some breaches of the Norwegian Labor Law may occur, but we do not consider there to be any need for immediate measures against these suppliers.

As part of selection of- and cooperation with our suppliers, we shall review the likelihood of these risks occurring. We have prepared an overview of plausible risks in that may affect our business. Risks like the violation of human rights, discrimination, violation of the Working Environment Act are included in the assessment.

Scana Subsidiaries – status of risk assessment

In our subsidiaries, the most prominent Human Rights-related risks are working environment-related conditions at suppliers and subcontractors. Providing external influence, supplier assessment and follow-up will act preventively to prevent the occurrence of violations of human rights.

As a part of the ISO certification, the subsidiaries have established follow-up systems for their suppliers. The largest part of the direct suppliers are from the Nordic countries and the EU, however some components are procured from outside the EU. Going forward, a «Supplier Code of Conduct» will be drawn up in 2023 and implemented in all portfolio companies. Through the «Supplier Code of Conduct», we will clearly communicate the expectation that our suppliers follow the UNGP, the OECD's guidelines for responsible business and the ILO's core conventions for decent working conditions. Our expectation is that our suppliers will require the same from their suppliers.



The following Human rights related risks can be summarized for Scana ASA's subsidiaries:

- **Labour intensive, project related work:** In projects there is inherent risks of adverse impacts due to labor intensive working periods often executed with contracted workforces.
- **Raw materials / Conflict Minerals:** Mining and processing of minerals and metals are associated with high inherent risk of adverse impacts due to the nature of such operations and its locations.
- **Country risk:** Adverse impacts associated with the supply chain of renewable energy, and in particular any exposure to high-risk markets.
- **Procurement:** involvement in- and delivery of products and/or services from countries with weaker human rights and worker conditions regulations, including higher inherent risk due to higher use of hire-ins and contracted workers.
- **Transport:** Adverse impacts may occur in a global supply chain, where materials, components and finished products are transported across national borders. This is an area that is little mapped and documented, mainly because in many instances the customer is responsible for shipping and transport.

2.4. Mitigation of risk and our way forward

The group's QHSE & Sustainability Manager has carried out the initial due diligence assessments and risk assessments, which were presented to group management. The QHSE functions in the subsidiaries carry out Human Rights Due Diligence, Supplier risk assessments, random sampling from suppliers' management systems and supplier audits according to local routines.

Inquiries

Inquiries and questions related to Scana's work with human rights and decent working conditions may be addressed to the company via a dedicated e-mail address on our internet homepage and will be answered no later than three weeks after the inquiry is received, according to our procedure for this. <https://scana.no/sustainability/transparency-act/>

Whistle blowing and notification

We have internal tools in place that enable our employees to report internal violations of human rights and decent working conditions. The whistle-blowing policy will provide guidelines for anonymous notification, but it is desirable to resolve cases at the lowest possible level. We have internal routines and resources in place to reduce and stop negative impacts and damage. In 2023, a group-wide whistle blowing and notification portal was established, published on our corporate homepage: <https://scana.no/sustainability/transparency-act/>

If violations of human rights or decent work are discovered by a supplier or subcontractor, we require to be informed of this immediately. This requirement shall be included as an expectation in new contracts with suppliers.

If possible or actual breaches in the supply chain are discovered either by us or by the supplier, we follow up through dialogue with the supplier in question and possibly affected stakeholders. If the breach is not addressed within a reasonable time, this should lead to contractual consequences.

Scana ASA and the subsidiaries work closely with their suppliers and will take an active role in dialogue around the expectations of the fulfillment of basic human rights.



Cooperation

We support the work for increased transparency and combating human rights violations in local and global supply chains, and we will cooperate with industry organizations, authorities and civil society where this is relevant.

On an annual basis, we will go through our due diligence assessments, and compare these with actual events and new knowledge regarding violations of human rights and decent working conditions.

We will follow up on the implementation and results of measures and target achievement in due diligence assessments and assess the effect of the measures. We will collect and analyze feedback and experiences that have been made in the work with due diligence assessments, to improve the process and results in the future. We aim to establish collaborative projects with business partners and the unions' representatives where relevant to mitigate adverse impact in challenging areas.

2.5. Communication of adverse impacts on Human Rights

We will communicate relevant information about our work with Human Rights Due Diligence assessments internally and externally, including on our websites.

We will annually summarize the results in a report (this document). This document will include information on implementation status of policy and systems, prioritized risk areas and explain the reason for prioritization. We will also mention measures to manage risk and rectify damage, how it is followed up and the results of the work that has been done.

2.6. Process for remediation of adverse impacts on Human Rights

If Scana ASA or one of the subsidiaries finds that the company has caused or contributed to actual adverse impacts, the damage must be dealt with by ensuring restoration and compensation of this damage cooperating with relevant third parties where relevant.

Concrete examples of this can be through support and help, a public apology, or that damage is rectified in some other way. In cases where there is an impact on human rights that we have caused or contributed to, we undertake to include the affected stakeholders in the dissemination of the information that concerns them.





Scana ASA and the subsidiaries have established grieving mechanisms for internal and external parties, for example internal complaint mechanisms for employees (Non-conformance reporting systems, whistle blowing system) or complaint mechanisms via a third party (e.g. company health service) and handling of complaints from customers or other interested parties. Employee representatives and trade unions, legal and non-legal parties are typical stakeholders who take part in cooperation on recovery, compensation and grievance arrangements.

Bergen, 26 June 2023

CEO Scana ASA

Oddbjørn Haukøy

Chairman of the board

Pål Selvik



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Attachment A: Scana ASA activities and subsidiaries' activities

Business area	Description of activities	Responsible
Finance	Capital management, fund management, risk management, investment management.	Executive Director
Purchasing	Purchasing and hiring on behalf of Scana ASA. Establish framework contracts for the companies and contracts for own purchasing at Scana ASA level.	Executive Director
IT Systems	Purchase of IT equipment and IT services (cloud-based services) for Scana ASA	IT Manager, Executive Vice President
HR	Employment and follow-up of permanent and temporary employees in Scana ASA.	Executive Director
Subsidiary Subseatec	Risers – SCR & TTR Pipe & flow lines Bodies Subsea engineering	Managing director Subseatec
Subsidiary Seasystems	Mooring systems for floating wind , oil & gas and fish farming.	Managing director Seasystems
Subsidiary Skarpenord	Actuators Solenoid valve cabinets, Hydraulic power units Computerized valve control	Managing director Skarpenord
Subsidiary PSW Solutions	Sandblasting and surface treatment Metallization Repair of buoyancy equipment Complete NDT (non-destructive testing) services Inspection of lifting equipment both onshore and offshore	Managing director PSW Solutions
Subsidiary PSW P&A	Topside products and power systems Electrical infrastructure and energy solutions Specialists within the offshore, yard, marine and land-based industry Onshore power systems and energy storage systems	Managing director PSW P&A
Subsidiary PSW Technology	Rig services Capping services Equipment support Make and break services IMR lifecycle services Weld Asset integrity management	Managing director PSW Technology



Attachment 2: Implementation activities in Scana ASA and the Subsidiaries

Business area	Description of activities	Responsible
Scana ASA Corporate governance and strategy	<p>Scana ASA follows the UN's guiding principles on businesses and human rights, and the OECD's guidelines for responsible business conduct.</p> <p>In our human rights policy, we have clearly stated that we shall not contribute to violations of human rights, we shall safeguard workers' rights and comply to relevant national- and international legislation. In addition, policies have been drawn up for ethical behavior (ethical guidelines), anti-corruption and a sustainability.</p> <p>In order to prevent negative impact or breaches of policies and guidelines, we have routines for handling reports of concern (Whistle Blowing), as well as routines for notification of unwanted events.</p>	CEO, Sustainability Manager
Finance	We are in the process of preparing a "conduct for business connections" which will be implemented in 2023. We consider our impact on business relationships and the potential violation of human rights of business relationships as limited to indirect effects in the form of effects on reputation.	Executive Director, CFO
Scana ASA Purchasing	We are in the process of preparing a «supplier code of conduct» which will be implemented in new purchases in 2023.	Executive Vice President, Sustainability Manager
Scana ASA IT Systems	The supplier of IT services and -equipment is selected based on its commitment to sustainable procurement and supplier follow-up.	Executive Director, IT Manager
Scana ASA HR	We comply with regulatory requirements in all stages of the HR process, from employment, employee follow-up, mobility, to end of employment. We have routines in place for notification ("whistle blowing policy").	Executive Director
Scana ASA Sustainability	We have prioritized four of the UN's sustainable development goals; including the goals 5 – gender equality, 8 – decent work and economic growth, 12 – responsible consumption and production and 13 – climate action. Sustainability policy is developed and communicated, and sustainability is a part of our annual report. Several KPI's are in place to work towards the goals.	Sustainability Manager
Subsidiary Subseatec	Scana ASA policies are implemented, and the companies have identified sustainability goals as an integral part of the companies strategies.	Managing director Director of Subseatec



Subsidiary Seasystems	The companies have prepared an assessment of their stakeholders as part of their ISO certification (ISO 9001:2015)	Managing director of Seasystems
Subsidiary Skarpenord		Managing director in Skarpenord
Subsidiary PSW Solutions	Scana ASA policies have been implemented and ethical guidelines and anti-corruption training is in place, communicating expectations of ethical behavior to the company's employees.	Managing director in PSW Solutions
Subsidiary PSW P&A	Sustainability is an integral part of the company's strategy.	Managing director in PSW P&A
Subsidiary PSW Technology	The companies have Safety Delegates, Shop Stewards, and established Working Environment Committees (AMU) to ensure dialogue between employees and management. The companies are certified according to the ISO standards 9001 (quality), 14001 (external environment) and 45001 (working environment).	Managing director in PSW Technology



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