

ScanSource, Inc.'s Supply Chains Report (2023)

ABOUT THIS REPORT

ScanSource, Inc. ("**ScanSource**"), ScanSource Canada Inc., and RPM Software LLC (collectively, the "**ScanSource Reporting Entities**") have prepared this joint report (the "**Report**") being submitted pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the most recent complete fiscal year, which was July 1, 2022, to June 30, 2023 (the "**Reporting Period**"). In this Report, unless the context indicates otherwise, references to "**ScanSource**", "**we**", "**us**", "**our**" and similar expressions refer to the ScanSource Reporting Entities.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.¹

The Report has been prepared by a cross functional team and the information provided in this Report generally applies to all ScanSource Reporting Entities except where otherwise indicated.

COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Company Structure

ScanSource is at the center of the technology solution delivery channel, connecting businesses and providing solutions for their complex needs. Using a channel sales model, ScanSource brings technology solutions and services from the world's leading suppliers of point-of-sale, payments, barcode, physical security, unified communications and collaboration, cloud, and telecom services to market. ScanSource is committed to helping its customers create, deliver, and manage solutions for end users across almost every vertical market in the United States, Canada, Latin America, and Europe. Founded in 1992, ScanSource is headquartered in Greenville, South Carolina.

ScanSource Canada Inc. and RPM Software, LLC are wholly owned subsidiaries of ScanSource and are incorporated pursuant to the *Business Corporations Act* (Canada) and the laws of South Carolina, respectively.

As of June 30, 2023, we have approximately 2,300 employees, of which approximately 1,500 are in the United States and 800 are located internationally, including in Canada and the United Kingdom. We have no organized labor or trade unions in the United States. As of June 30, 2023, we have 10 office locations and three distribution centers in the United States, eight office locations outside of the United States, and we have a remote employee presence.

Activities

We are a leading hybrid distributor connecting devices to the cloud and accelerating growth for customers across hardware, Software as a Service ("**SaaS**"), connectivity and cloud.

¹ ScanSource does not report in other jurisdictions under similar regimes.

ScanSource enables customers to deliver solutions for their end users to address changing buying and consumption patterns.

Our customers are businesses of all sizes that sell to end-customers across many industries. We enable our customers to create, deliver and grow hybrid technology offerings for end-customers across almost every vertical market in the United States, Canada, Brazil and the United Kingdom.

Supply Chains

ScanSource markets more than 65,000 products from our extensive network of trusted suppliers ranging from industry giants to niche innovators. We sell products and services in the United States and Canada from our facilities located in Mississippi, California and Kentucky.

We expect our suppliers to operate responsibly in the areas of human rights, health and safety, the environment, and business ethics. ScanSource provides products manufactured by other companies and does not directly purchase any conflict minerals from any source. We support the objectives of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* to identify, reduce, and eliminate the use of conflict minerals. This includes expecting our suppliers to make a commitment to promote conflict-free sourcing of metals and proactive elimination of conflict minerals from products.

During the Reporting Period, we contracted with approximately 500 suppliers who supplied us with hardware, software, and related services in the following technology segments: mobility, barcode, point-of-sale, payments, physical security, networking, unified communications, collaboration, connectivity and cloud services ("**Suppliers**").

Of our top 100 Suppliers by spend (the "**Top 100**"), the majority, approximately 77%, are headquartered in North America. Specifically, 7% of the Top 100 are headquartered in Canada and 70% are headquartered in the United States. Despite this, we appreciate that some of our Suppliers may supply us with products that originate from other jurisdictions.

POLICIES AND DUE DILIGENCE

At ScanSource, we understand that our successful business operations and reputation is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a regard for the highest standards of conduct and personal integrity.

In furtherance of our commitment to fostering an inclusive culture, respecting human rights, and supporting ethical labor practices, we have the following policies and procedures in place:

[Code of Conduct](#)

The Code of Conduct sets clear expectations for our executive officers and employees to operate with integrity and make ethical decisions. ScanSource employees are regularly trained on and confirm compliance with the Code of Conduct, and our internal audit function actively monitors internal compliance with the Code of Conduct.

As a multinational company, ScanSource is committed to protecting and promoting human rights throughout our global operations. All employees are expected to treat coworkers, partners, and suppliers with dignity and respect. ScanSource cultivates a diverse and inclusive work

environment with equal employment and advancement opportunities for all persons, regardless of race, age, gender, national origin, sexual orientation, or other factors.

Business Partner Code of Conduct

We are committed to building a supply chain that is focused on shared values and sustainability. ScanSource's continued success is built on being a values-driven company, which is understood by all members of the ScanSource team.

Our Business Partner Code of Conduct requires that our Suppliers and partners throughout the supply chain are dedicated to the values of corporate social responsibility, fairness, and ethics.

Human Rights Policy

ScanSource is committed to the protection of human rights for all individuals. We recognize the inherent dignity and respect that every human should be guaranteed across the globe, and we intend to do business with those that share this mindset. Therefore, ScanSource expects employees, contract and temporary workers, suppliers, and customers throughout our supply chain and regardless of location to respect all rights and freedoms to which each individual is entitled and to follow our Human Rights Policy.

Under our Human Rights Policy, ScanSource prohibits human trafficking and the use of child, forced, or slave labor. As an Equal Opportunity Employer, we protect the rights of vulnerable groups around the world, such as women and minority groups. We do not tolerate unlawful discrimination, including but not limited to, discrimination based on gender, gender identity, ethnicity, nationality, race, sexual orientation, disability, or other protected category.

Ethics Hotline

ScanSource encourages employees to bring to management's attention any potential unethical or illegal activity or violations of ScanSource policy. ScanSource engages an independent third party to provide a global ethics hotline that is available 24 hours a day, seven days a week, in multiple countries and languages. The global ethics hotline is available for anyone to use to anonymously report any questionable activity. Both the toll-free numbers and access to our third-party website are displayed on ScanSource's public website, and in each physical company location. ScanSource takes all reports seriously and does not tolerate retaliation against any employee for reporting a concern or potential violation of ScanSource policy or applicable law. The ScanSource Board of Directors (the "**Board**") reviews reports of hotline communications.

Employees who report possible problems should not fear retaliation as we do not tolerate any form of retaliation against an employee who asks questions, makes a report of actions that may be inconsistent with our Code of Conduct, policies, laws or regulations or assists in an investigation of suspected wrongdoing.

POTENTIAL RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS

In 2023, as part of ScanSource's efforts to prevent and reduce the risk of Modern Slavery in our supply chains, we, among other things:

- Reviewed our Business Partner Code of Conduct;

- Had employees complete their annual training on the Code of Conduct; and
- Reviewed and considered governmental guidance relating to the Act.

Potential Risks in Our Operations

Our operations primarily consist of two segments: (1) sales; and (2) warehouse and shipping. In each of those segments, we consider the risk of Modern Slavery occurring to be low.

Sales

Our sales organization consists of skilled employees and field sales representatives located in the United States, Canada, the United Kingdom and Brazil.

Warehouse and Shipping

We operate a 741,000 square foot distribution center in Southaven, Mississippi, which is located near the FedEx hub facility in Memphis, Tennessee, and primarily serves North America. We also have warehouses in California and Kentucky.

Potential Risks in Our Supply Chains

We recognize that the risks of Modern Slavery are inherent to all supply chains. Further, we understand that particular regions, products and raw materials carry a higher risk of Modern Slavery because of the prevalence of Modern Slavery in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of child and forced labour.

ScanSource, however, is a distributor only, and does not manufacture any goods. Our top Suppliers are prominent companies based primarily in the United States. Accordingly, the risk of Modern Slavery associated with our direct Suppliers is low. Given the complexities of global supply chains, we have limited visibility into second tier Suppliers and below.

As mentioned above, however, as part of our Business Partner Code of Conduct, ScanSource expects business partners to require their suppliers and other partners in their supply chain to comply with our business partner expectations and should make reasonable efforts to utilize ethical suppliers and businesses in their sourcing and business practices. Accordingly, we consider the risks in our supply chains to be low.

Based on our assessment of our operations and supply chains as it relates to the risk Modern Slavery being part of our supply chain, we did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

Risk Management

The Board, as a whole, actively oversees the risk management of ScanSource. The specific financial, operational, business, and strategic risks that we face, whether internal or external, are identified by the Board and management together, and then each risk is assigned to either the full Board or a Board committee for oversight in accordance with its charter. Certain strategic and

business risks, such as those relating to our products, markets, and capital investments, are overseen by the entire Board.

In addition, each of the Board committees oversees risks relevant to its scope of review. Management regularly reports to the Board or appropriate committee on actions that we are taking to mitigate these risks. Our internal audit department conducts independent assessments of department- and enterprise-level processes and controls and is directly involved in reviewing reported or suspected unethical behavior. Our internal audit department reports directly to the Audit Committee of the Board, which oversees financial and operational risk.

TRAINING

All employees are trained annually on our Code of Conduct and our Human Rights Policy that specifically addresses issues of child and forced labour. We intend to consider, where appropriate, implementing additional training based on our assessments of our supply chains and operations.

ASSESSING EFFECTIVENESS

As we continue to evaluate our compliance measures that are designed to prevent and reduce the risk of Modern Slavery, we intend to consider, where appropriate, implementing measures to assess the effectiveness of any of our processes.

APPROVAL AND ATTESTATION

This Report was approved by ScanSource on behalf of ScanSource Canada Inc. and RPM Software LLC.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

DocuSigned by:



I have the authority to bind ScanSource, Inc.

Name: Michael L. Baur

Position: Chief Executive Officer and Chair of the Board of Directors, ScanSource, Inc.

May 28, 2024