



# HUMAN RIGHTS IN KONGSBERG AUTOMOTIVE



**KONGSBERG**  
AUTOMOTIVE





## HUMAN RIGHTS IN KONGSBERG AUTOMOTIVE

Kongsberg Automotive ("KA") endorses human and labor rights and is committed to ensuring healthy, decent, and safe working conditions. This statement sets out the commitment and measures KA has taken during the financial year 2024 to ensure that human and labor rights are respected in all parts of its business and the supply chain.

This report is prepared in accordance with the Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions of June 18, 2021 ("Transparency Act") section 5 and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act assented to on May 11, 2023 (the "Forced and Child Labour in Supply Chains Act"). KA further wishes to promote and facilitate transparency under the United Nations (UN) Guiding Principles on Business and Human Rights (UNGPs), the UN Universal Declaration of Human Rights, the Core Conventions of the International Labour Organization (ILO), and the ILO Declaration on Fundamental Principles and Rights at Work, as well as other recent examples of anti-forced labour initiatives such as the United States' Uyghur Forced Labour Prevention Act ("UFLPA"), the United Kingdom's 2015 Modern Slavery Act, the European Union's deforestation regulation, the Regulation (EU) 2024/3015 prohibiting products made with forced labour from being sold on the Union market and the European Union's Corporate Sustainability Due Diligence Directive ("CSDDD"). Although KA is not directly subject to the German Supply Chain Act ("LkSG"), this report also serves as reference for KA's customers and suppliers who are subject to the obligations contained therein.

### ABOUT KONGSBERG AUTOMOTIVE

The Kongsberg Automotive group is a global automotive and industrial applications provider founded in Norway in 1987. The company is headquartered in Kongsberg, Norway, and is listed on the Oslo Stock Exchange. KA operates in 17 countries with 31 locations worldwide and employs ~ 4,700 employees. Its 2024 revenues amount to 788 M€. It operates two business units, namely Drive Control Systems (producing pneumatic and electric actuation systems for gear control and clutch actuation, steering column modules, pedals and throttles for off-highway applications) and Flow Control Systems (producing couplings and pipes for air management circuits, systems for powertrain fluid management, thermal management systems for ICE and BEV). The group operates 22 plants and 6 technical centers. The plants are located in Norway (Kongsberg, Raufoss, Hvittingfoss), Sweden, UK, France, Spain, Poland, Slovakia, India, China, South Korea, Canada, USA, Mexico and Brazil. Kongsberg Automotive ASA, the ultimate mother company, runs the three facilities in Norway. The other plants, facilities and offices are being run by subsidiaries incorporated in the respective country. The Kongsberg Automotive group of companies generates 47% of its revenues in Europe, 37% in North America, 12% in Asia-Pacific, 4% in South America. It supplies to the automotive industry (OEMs, Tier1 and aftermarket) and to non-automotive industries such as agriculture, construction and industrial areas.

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<sup>1</sup> Kongsberg Automotive is not considered a reporting entity under the Forced and Child Labour in Supply Chains Act since for the financial year 2024 it did not exceed the thresholds set forth by the Act.



## **KA'S PRINCIPLES ON HUMAN RIGHTS AND WORKING CONDITIONS - GUIDELINES AND PROCEDURES FOR HANDLING ACTUAL AND POTENTIAL ADVERSE IMPACTS ON FUNDAMENTAL HUMAN RIGHTS AND DECENT WORKING CONDITIONS**

Since 2008, compliance with human rights and working conditions has been addressed in Kongsberg Automotive's Code of Conduct ("CoC"). This requirement has been further developed in later revisions of the CoC, the latest in 2024 that requires respect for human rights and specifically addresses, inter alia, the following principles:

- Non-discrimination and equal opportunities
- Non-tolerance for harassment
- Respect for other people
- Safe workplace – Health Safety & Environment
- Protection of personal information
- Non-tolerance of child labor and forced labor
- Freedom of association
- Protection of the environment
- Non-tolerance of any form of bribery or corrupt practices
- Free and fair competition

Everyone at KA is trained at onboarding on the CoC, and subsequent repeat trainings are conducted by e-learning, webcasts, distribution of written material, and classroom training. In 2024, the completion rate of the Code of Conduct training was 64%.

KA respects the right to collective bargaining and association – by the end of 2024, 50% of the employees were covered by collective bargaining agreements. Most KA employees work in countries where this topic is also locally regulated under labor rights. KA's Incident Rate (per million hours worked) for the direct workforce in 2024 was 1.36.

Locations worldwide have implemented Human Resources (HR) policies and practices concerning human and labour rights. Furthermore, all KA locations comply with local legislation that respects the guidelines of the International Labor Organization (ILO).

Additionally, through

- Continually improved and formally certified health and safety management systems
- Transparent recruitment, career management and remuneration systems and processes
- Yearly regular performance and career management review and
- Training and development opportunities

KA not only provides safe and healthy working conditions but also contributes to the well-being of its employees.

Discrimination and harassment are not tolerated. KA is committed to providing equal opportunities to all employees. KA ensures equal pay for equal work, the ratio of basic salary and remuneration of women to men was 69% at the end of 2024.

- KA applies the same standards for working conditions in all its plants worldwide, also considering that the policies are issued on a global level and apply to all locations of KA. Local adaptations comply with the applicable country laws. KA has a communication channel -



SpeakUp® - operated by a third-party allowing anyone (both internal, such as employees, and external, such as suppliers, customers, stakeholders) to report incidents, breaches or suspected breaches of KA's Code of Conduct, or policies and regulations, corruption, including bribes and facilitation payments, human and labor rights violations, discrimination or harassment, misuse of insider information, fraud, theft and/or embezzlement via phone or web in any language spoken at the KA locations. Anonymous reporting and subsequent communication are made possible. This whistleblowing tool is routinely audited and accredited by global privacy and security standards. These standards are relevant to regulations like the EU Whistleblowing Directive. All concerns reported are received and managed by KA's Compliance Committee consisting of KA's CFO, CHRO and General Counsel. In 2024, KA received 5 reports through such platform.

In 2024, KA published a specific Human Rights Policy and intends in 2025 to further strengthen its due diligence within its operations. All applicable policies are published on our website: <https://www.kongsbergautomotive.com/company/cr-reports--certificates/>

## **KA'S RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT**

We refer to KA's Sustainability Statements contained in the published 2024 financial report of Kongsberg Automotive, with relevant extract to be retrieved at:

[https://www.kongsbergautomotive.com/globalassets/company/corporate-responsibility/reports/all-sustainability-reports/kongsberg\\_automotive-annual\\_report\\_2024-sustainability.pdf](https://www.kongsbergautomotive.com/globalassets/company/corporate-responsibility/reports/all-sustainability-reports/kongsberg_automotive-annual_report_2024-sustainability.pdf)

KA has 1,475 (2023: 1,590) direct material suppliers in 38 (39 in 2023) countries and 5,881 (6900 in 2023) indirect suppliers in 43 (44 in 2023) countries. With the strategic aim to work with global and local suppliers and build a diverse supplier portfolio, in 2024, KA had a footprint of almost 520 (approx. 600 in 2023) direct material suppliers in the Americas, 272 (approx. 300 in 2023) suppliers in the Asia Pacific region, and 683 (approx. 700 in 2023) suppliers in Europe.

KA's strategic supplier portfolio aims to balance global and local suppliers across diverse business sizes, from micro to large enterprises. Local suppliers account for 88% of direct material purchase spend (up from 86% in 2023) and 97% of indirect spend. KA is proud to contribute to local economic development, and local employment, and decrease KA's environmental impacts through local purchasing (defined as a supplier located in the same geographical region – the Americas, Europe, Asia Pacific). KA plans to measure the same local purchasing footprint for indirect purchasing.

About 80% of the annual purchasing spend is with around 7% of the suppliers, representing approximately 300 direct material suppliers and approximately 200 indirect suppliers. The procurement of components, goods, and services in KA is managed and coordinated by a central corporate purchasing function supported by colleagues at KA's global locations.



## Requirements towards suppliers

Human rights and decent working conditions throughout the supply chain are of utmost importance to KA. The sustainability team in KA's Purchasing department regularly evaluates the company's approach, conducts due diligence, and works towards expanding the company's approach.

KA works to identify relevant human and labour rights issues based on the applicable international and local regulations and guidelines, its corporate responsibility strategy, industry and customer requirements, and benchmark analyses.

KA focuses on the following human and labour rights when determining the requirements that the company puts on suppliers and while carrying out supplier risk assessments:

- Child labour and young workers
- Wages and benefits
- Working hours
- Modern slavery (i.e. slavery, servitude and forced or compulsory labor and human trafficking),
- Ethical recruiting
- Freedom of association and collective bargaining
- Non-discrimination and harassment
- Women's rights
- Diversity, equity, and inclusion
- Rights of minorities and indigenous peoples
- Land, forest and water rights and forced eviction
- Use of private or public security forces

Suppliers are required to adhere to the same high standards as KA applies on itself. The relevant principles and requirements are set out and communicated to the supply chain in KA's Supplier Declaration (commitment to the Supplier Sustainability Manual), which all suppliers are required to commit to by signature as part of the contracting/supplier onboarding process. Over the course of 2024, the requirements towards our suppliers have increased by introducing, compared to the previously valid version of the Supplier Declaration, a higher standard in terms of:

- human and labour rights (requiring the suppliers to set up policies and management systems to identify and effectively prevent, mitigate and escalate human and labour rights related risks, continual monitoring and transparent reporting on risk and breaches);
- ethical employment (safe and non-discriminatory work environment, upholding workers' rights to freedom of association and collective bargaining, fair wages, reasonable working hours, and prevention of any form of harassment or discrimination, respect and dignity for all employees);
- data privacy and cyber security;
- sustainability (action regarding climate change, extended minerals); and
- sustainable supply chain management (adopting policies and management systems to manage environmental, social and ethical risks, setting binding and ambitious sustainability requirements toward suppliers, increasing supplier diversity and inclusivity initiatives, social investments and improving local employment, economic and social development as well as wellbeing).

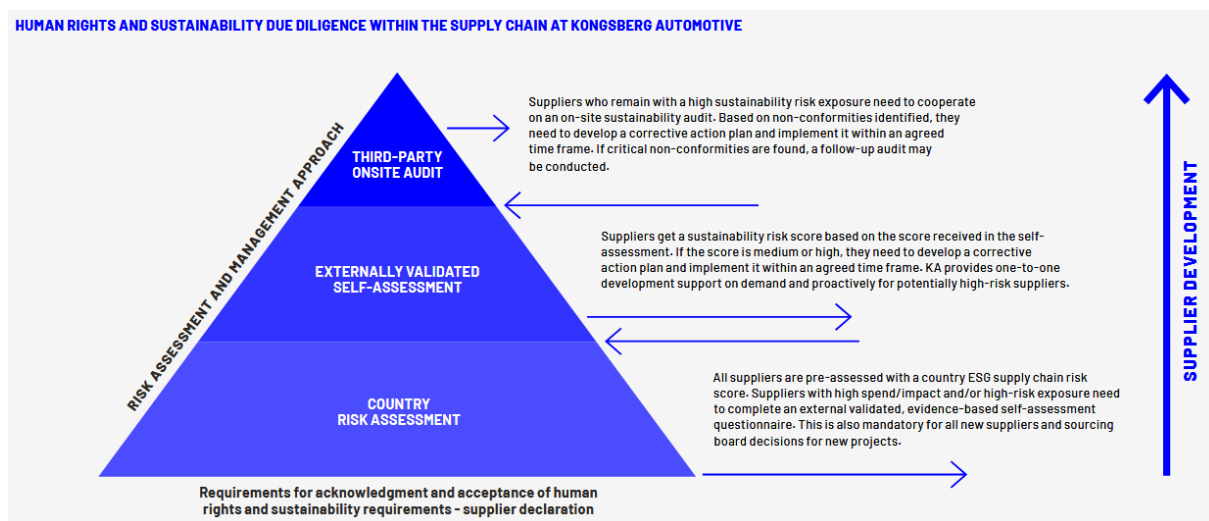


As of end of year 2024 86% (84% in 2023) of the annual yearly direct material purchase spend was with suppliers who formally signed or acknowledged the Supplier Declaration. On the indirect supplier side, the ratio was 9%, where continual improvement is aimed for. KA has committed to responsible mineral sourcing. In 2023 KA has enlarged its due diligence scope and added cobalt and mica to the already examined minerals tin, tungsten, tantalum, gold. KA has published a position statement on conflict minerals, has extended due diligence activities and conducts an annual data collection process for smelter validations. The response rate was 90% (85% in 2023) on CMRT and 68% on EMRT (64% in 2023). KA has identified smelter of concerns and continues to take appropriate measures to escalate and improve.

In the future, KA will work on further strengthening the risk mitigation process via user defined reporting and supplier engagement. KA has joined the Responsible Mineral Initiative in 2022 to support the abolition of human and labour rights violations regarding conflict and extended minerals in the supply chain.

## Supplier sustainability risk management

KA's supplier sustainability risk prevention and mitigation approach in the areas of human and labour rights, responsible employment, health and safety builds upon three levels:

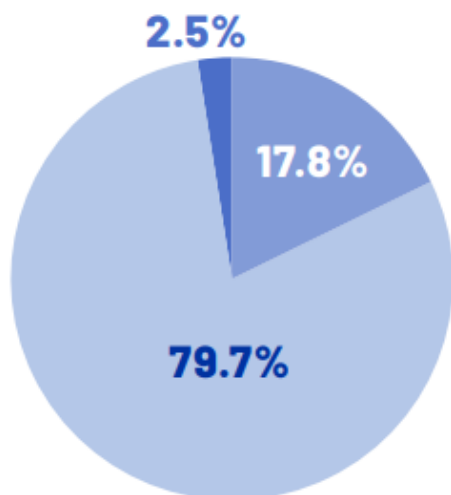


This approach provides KA with insights into risk exposures and enables to prevent and mitigate effectively not only human rights related, but also environmental and ethical risks.

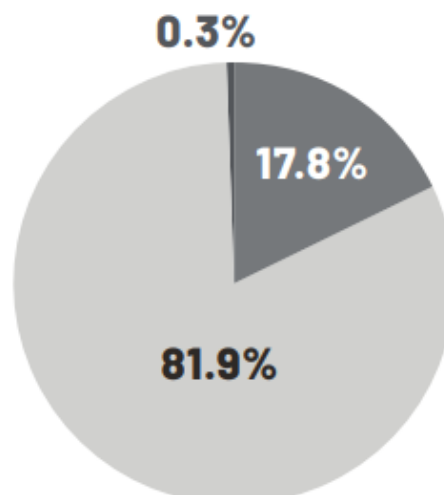
**Country risk assessment.** Most of KA's suppliers are located in low-risk countries (level A). In case of suppliers in high-risk countries (level C), KA is identifying the related risks and taking steps to improve performance.



#### DIRECT SUPPLIERS' COUNTRY RISK SCORE BY SPEND



#### INDIRECT SUPPLIERS' COUNTRY RISK SCORE BY SPEND



LEVEL A      LEVEL B      LEVEL C

**Assessment.** KA requires direct material suppliers to report on their governance and management approach, corporate sustainability, environmental, social, and ethical issues, with a special focus on human rights, labor rights, and working conditions. KA expects its suppliers to have an effective policy and management system for fundamental human rights and decent working conditions, to offer training for their workforce on the relevant issues, and to communicate the necessary requirements to their own suppliers. This information is collected from suppliers through a standardized, evidence-based self-assessment questionnaire. The questionnaire has been developed and promoted by CSR Europe and Drive Sustainability and is widely used in the automotive industry (SupplierAssurance), and KA also accepts other similar sustainability assessments such as e.g. EcoVadis. This assessment enables KA to identify gaps in suppliers' existing governance and management approaches to human and labor rights, working conditions, health and safety, environment and energy management, business ethics, and responsible sourcing.

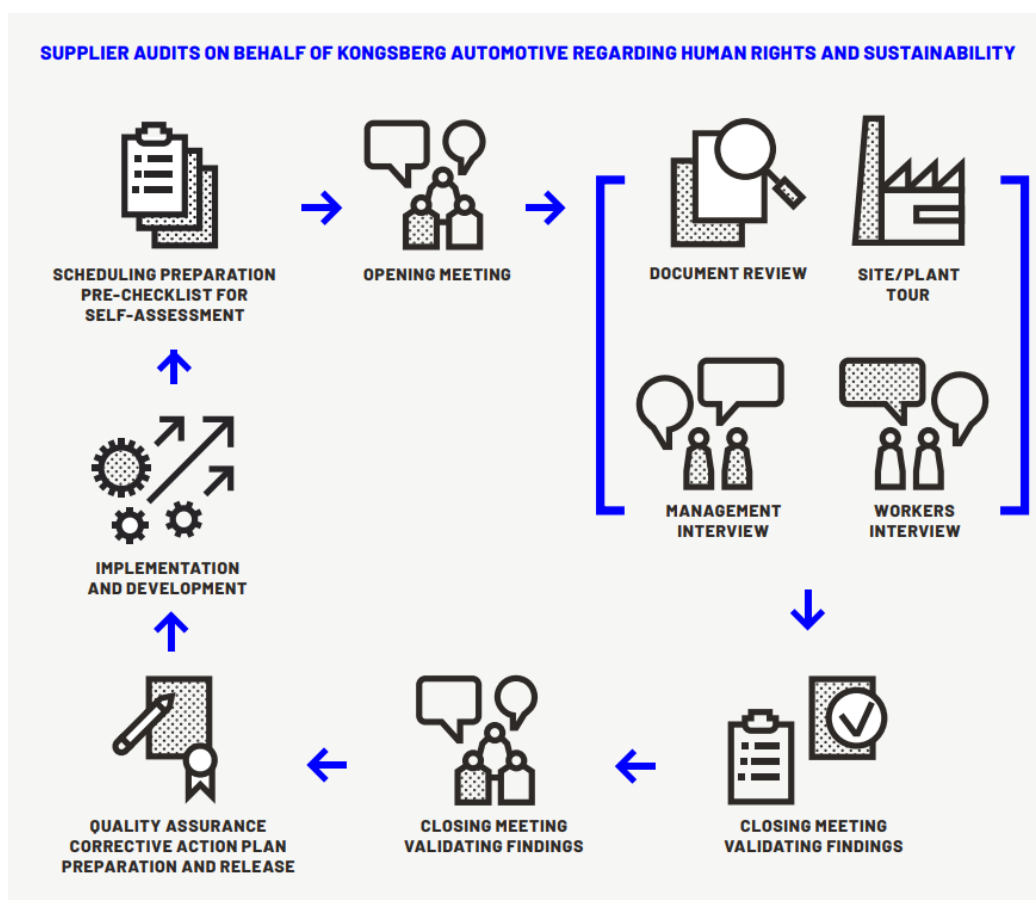
By the end of 2024, more than 460 (350 in 2023) suppliers, covering 88% (78% in 2023) of KA's yearly direct material purchasing spend, shared or conducted risk assessments with KA. The information and evidence provided were validated by an independent third party. All suppliers are provided with feedback and recommendations on how to improve their governance and management systems following the assessment of their questionnaires.

In sourcing, KA is committed to giving precedence to suppliers with low sustainability risks, including human rights. Suppliers that are classified by the Purchasing department as having high or medium sustainability risks are supported in their development and low risk suppliers are preferred in future business decisions.



KA approaches its Tier 1 suppliers directly and regularly and expects them to roll down supplier sustainability requirements to their own suppliers.

**On-site audits.** Where appropriate, KA conducts third-party on-site sustainability audits to ensure effective implementation of sustainability-related management systems and performance in accordance with KA's requirements. The following illustration summarizes the process steps and topics. The audits also allow for validation of self-assessment results and provide additional insights into risk assessment gaps. In 2024, KA commissioned eight third-party on-site audits and one follow-up audit conducted by a second party.



**Channels to raise concerns.** Potential violations of human rights and working conditions including environmental obligations by our direct and indirect suppliers as well as the areas of concern outlined above can also be reported to KA's SpeakUp system as described above. In 2024, no breaches were reported.

Further, KA avails itself of a global media risk screening tool for its suppliers, their industries, and their geographical locations. The tool raises an alert if any potential human or labour rights issues have been publicized. Whenever an alert is raised, the responsible buyer is informed immediately and is required to take appropriate actions to investigate the matter.

**Training and development.** KA's central Purchasing department provides sustainability training including human and labor rights as well as decent working conditions, with trainings addressed to





the entire Purchasing population. In 2024, 68 (94 in 2023) purchasing employees participated in such sustainable purchasing training, including human and labor rights. By end of year 2024 97% (88% in 2023) of purchasing employees were trained.

### **Escalation measures towards suppliers**

Suppliers that do not sign the Supplier Declaration or fail to undertake the sustainability risk assessment are invited to a dialogue with KA Purchasing to determine how the supplier's standards can be improved. KA seeks to replace suppliers that do not reach expected standards despite improvement measures. KA Purchasing is working diligently to increase the response rates and performance of suppliers. Direct feedback and recommendations are given to suppliers following the risk assessment so that a corrective action plan can be developed and implemented. KA intends to increase on-site audits of selected suppliers with focus on potentially high-risk locations and preferred suppliers with development needs.

In 2024 KA has not identified any forced labour or child labour in its activities and supply chains therefore no remediation activities were needed.

Since the Norwegian Transparency Act entered into force on July 1, 2022 to date, KA has not experienced any significant failure to comply with its standards on human rights and decent working conditions in its own plants and facilities nor among its suppliers.

### **Access to information requests**

As per section 6 of the Transparency Act, any person has the right to information from an enterprise regarding how the enterprise addresses actual or potential adverse impacts in accordance with the Act. This includes both general information and information relating to a specific product or service offered by the enterprise.

Such requests may be presented to [legal@ka-group.com](mailto:legal@ka-group.com)