

SUSTAINABILITY REPORT

2021



KONGSBERG
AUTOMOTIVE



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CEO STATEMENT

2021 was a challenging, but important year for Kongsberg Automotive (KA), and for the world around us. We weathered the simultaneous storms of COVID-19, supply chain disruptions, and volatility in our markets.

Despite these challenges to the business, which often required agile responses to optimize production, our global teams responded well and ensured that we were also able to achieve our sustainability-related KPIs for health and safety, energy usage, and waste reduction. We did this by focusing our efforts, taking care of our people, and by implementing the Shift Gear strategic transformation program.

Our Shift Gear program is how we will meet the challenges of the years to come. We believe that by transforming our company and our products, we can push our customers to transform the very concept of mobility and to be more sustainable. We see that our industry is increasingly shaped by the demand from customers, investors, and the societies in which we operate to provide part of the solution to the problem of climate change.

KA already has some of the most ambitious targets for reducing the impact of our company and our products on the environment. We aim to provide 100% carbon-neutral products by 2039, earlier than any of our peers. As part of our journey to decarbonize, we will use only renewable energy in our production by 2030. We will also ensure that we pay sufficient attention to the “S” and “G” in “ESG” (Environmental, Social and Governance) to make the transition a fair and equitable one. This will include helping



TAGLINE:

**MOBILITY SOLUTIONS
FOR THE FUTURE**

VISION:

**WE DRIVE THE GLOBAL
TRANSITION
TO SUSTAINABLE MOBILITY**

MISSION:

**ON OUR PATH TO BECOMING A
TRUE GLOBAL LEADER, WE PUT
ENGINEERING, SUSTAINABILITY,
AND INNOVATION INTO PRACTICE.**

our suppliers avoid unfair labor practices, conflict minerals, and other systems which harm our communities.

The Shift Gear program has three gears, the first of which has been focused on making improvements to the way our company operates. Gear II will see a transformation of our product portfolio, to be more relevant to the future of mobility and make us second to none in the areas where we operate. Gear III ensures that the way we operate is both environmentally and financially sustainable. These two forms of sustainability go hand in hand, reducing our costs as well as our impact.

SHIFT GEAR PROGRAM

One of the first shifts in focus in our business following the changes at the executive management level was to set a new vision and mission, and to reposition the company for the challenges of the years ahead and the growing value of being a sustainable, successful company.

Our new vision is to ‘drive the global transition to sustainable mobility’.

Our new mission is to forge ‘a path to becoming a true global leader, putting engineering, sustainability, and innovation into practice’.

Having set the expectations for what we aim to achieve, we started work to transform the business through our Shift Gear program, which focuses on three key areas:

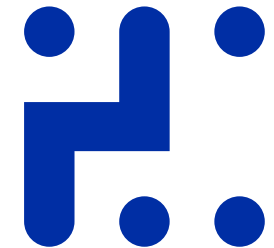
Gear I: Operational Excellence and Performance
Gear II: Strategic Shift to Grow in Profitable Segments
Gear III: Sustainable Transformation

Gear I is focused on improving efficiencies and reducing costs in our day-to-day operations, including efficiencies in material use and energy, material cost optimization, operational improvement, overhead cost reductions, and commercial excellence.

Gear II focuses on transforming our product portfolio in a structured and sustainable way to ensure it meets the needs of both today’s markets and those of the future. We will identify niche markets with competitive advantage, as we consolidate our portfolio, building on our strengths, experience in cutting-edge engineering, and well-developed customer relationships.

Gear III is about the sustainable transformation of our business. We have already set ourselves the strategic goals of manufacturing carbon-neutral products by 2039 and using 100% renewable energy by 2030. We will strengthen corporate governance, while sharpening our focus on sustainability and increasing the digitalization and automation of our core processes.

Our ambition is to be second to none in all we do. With this clear goal in mind, we will be able to maximize our growth potential and create value for our customers, employees, and shareholders.



**SHIFT
GEAR**



DIVESTMENT

In October 2021, as a part of the Shift Gear program, KA committed to divest its Interior Comfort Systems and Light Duty Cables business units. This decision was made with an eye on the trends in the seat manufacturing segment towards vertical integration and companies looking to control more of their value chain.

The sale of the Interior Comfort Systems business unit to Lear was completed early in February 2022. The transaction included the engineering centers and manufacturing facilities in Novi, Michigan, USA; Reynosa, Mexico; Hallbergmoos, Germany; Burton, England; Noisy Le Grand, France; Pruszkow and Brzesc Kujawski, Poland; Pune, India; and Shuofang, China. Approximately 3,800 employees transferred from Kongsberg Automotive to Lear.

The sale of our Light Duty Cables business unit was completed in April 2022. The 1,300 employees in our manufacturing facilities in Siofok, Hungary; Matamoros, Mexico; and Shanghai, China transferred to Suprajit Engineering.

SUSTAINABILITY STRATEGY PLANS

In 2022, we aim to develop our sustainability strategy to support our new vision to ‘support the global transition to sustainable mobility’, as well as establish roadmaps on how we will achieve the commitments we have made to manufacturing carbon-neutral products by 2039 and using 100% renewable energy by 2030.

Additionally, we will update the assessment of which sustainability areas are of importance to our business and our stakeholders (materiality matrix), set roadmaps for the identified areas, and establish Key Performance Indicators to measure our progress over time.

DECARBONIZATION

In 2021, KA started making sustainability a central element of the company’s business strategy. Gear III of the Shift Gear program focuses on developing the company’s sustainability strategy and designing roadmaps to achieve the long-term goals, which will continue into 2022.

At the end of 2020, KA made a commitment to carbon-neutral products by 2039 and purchasing 100% renewable energy by 2030. In 2021, the key activities related to these goals were as follows:

First carbon footprint calculation made for a Kongsberg Automotive product (seat heater).

Assessment of options in different regions and countries to achieve 100% renewable energy, in combination with work to centralize management of energy supply contracts and protect the business against the current volatility in energy market prices.

In 2021, sustainability became a key focus area in the automotive industry. OEMs started to put specific and challenging requirements for sustainability performance in Requests for Quotations (RFQs). These requirements have generally been focused on long-term plans to eliminate the carbon emissions of products (product Lifecycle Assessments or carbon footprints). Associated with this is the need to move towards a circular economy, where all materials in products that have reached the end of their lives can be recovered, reused, or recycled.

In 2021, Kongsberg Automotive made its first carbon footprint calculation of a product (a seat heater). The calculation identified the different contributions made to the product’s carbon emissions by the supply chain, logistics, KA’s manufacturing activities, and waste disposal. Approximately 85% of the emissions were calculated to come from

the supply chain, with approximately 10% of the emissions created by KA’s manufacturing activities. The calculations also allowed KA to identify the different contributions made to the overall emissions by individual components and the different types of materials used in the products.

Following the results of this calculation, the project team started engaging suppliers on opportunities for increasing the number of recycled materials used in the product, as well as understanding how much renewable energy these suppliers use. Increasing the recycled materials in the product reduces the product’s carbon emissions through less energy being required to obtain the raw materials. Similarly, by increasing the renewable energy used in the supply chain, this will lower the overall carbon footprint of the product. This data collected through the calculation allowed the project team to prioritize actions with the supply chain that will lead to the biggest reductions in the product’s carbon emissions.

2021 SUPPLY CHAIN ISSUES

Manufacturing and supply chains felt significant pressures to try and weather the effects of the pandemic and return to 2019 production and sales levels. COVID-19 and subsequent waves of infections continued to affect production as countries started to open up and relax some of the pandemic restrictions. Manufacturing companies had to tackle issues such as the impacts on supply chains and the availability of materials as multinational companies tried to return to ‘business as usual’. The main impacts on industry were as follows:

- > Increase in raw material prices, including the cost of steel and copper rising by 130%

- > Semiconductor shortages affecting assembly lines
- > Rise in costs such as freight, labor, electricity, and oil
- > Slow recovery in automotive sales to pre-pandemic levels

We took various steps to limit the impact of these issues on our business. The Shift Gear program put a focus internally on maximizing operational excellence and sharing good practices and lessons learned across the business, which helped to improve efficiencies and reduce costs in the way we work. We also entered into dialogs with customers to better understand production schedules and renegotiate supplier contracts.

2022 is going to be an important year in Kongsberg Automotive’s transition to a more sustainable company, and I look forward to working with KA teams to lay out a roadmap to reach our ambitious targets in 2039.

Sincerely,

Joerg Buchheim
President & CEO

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

This decade is critical for tackling the global issues that threaten the standards of living and the health of the planet for future generations. The effects of climate change are being felt more acutely than ever around the planet through, for example, colder winters, hotter summers, and more frequent and severe extreme weather events. But it is not only the environment where action needs to be taken; there are social issues that are challenging the standards of living of societies around the world, including the ongoing effects of the pandemic, widening gaps in equality, geopolitical instabilities, and conflicts. The SDGs are a UN framework that identifies the key areas where action should be taken to build a more sustainable world.

KONGSBERG AUTOMOTIVE RECOGNIZES THAT COMPANIES HAVE AN INFLUENCE OVER ALL SDGS, BUT THE FOLLOWING FIVE SDGS ARE THOSE THAT ARE MOST RELEVANT TO THE COMPANY'S ACTIVITIES:

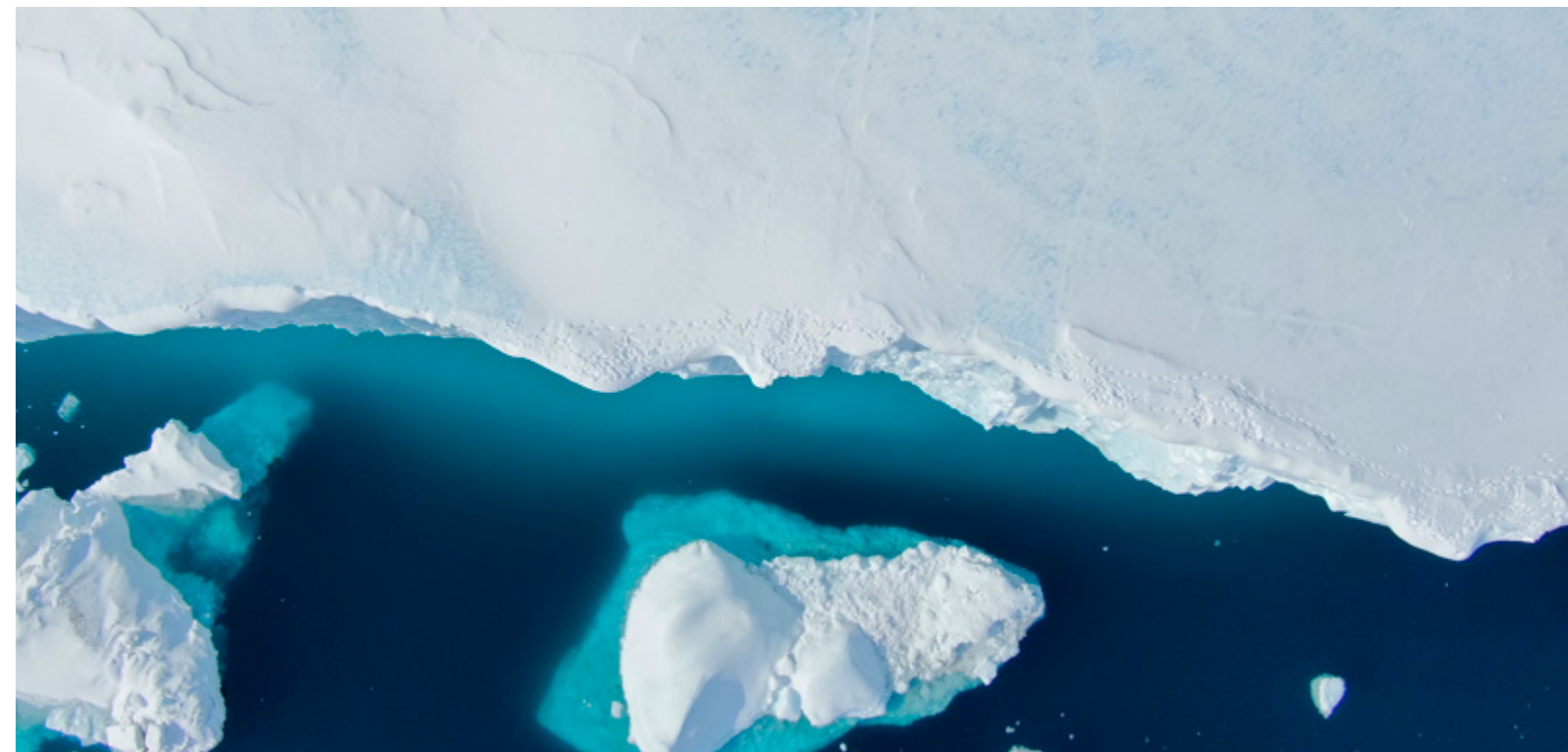


- SDG 8: DECENT WORK AND ECONOMIC GROWTH
- SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE
- SDG 11: SUSTAINABLE CITIES AND COMMUNITIES
- SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION
- SDG 13: CLIMATE ACTION

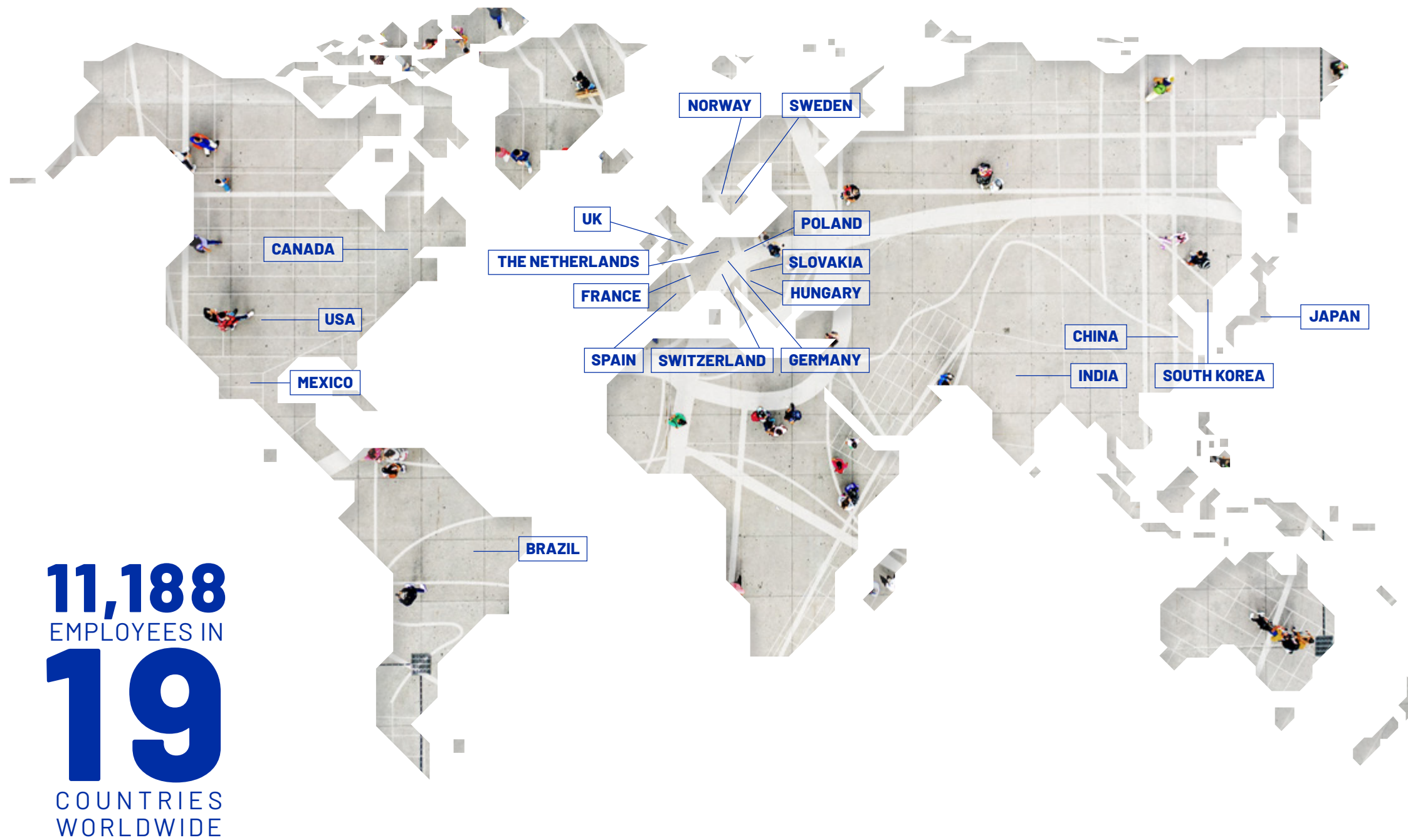
KA'S ACTIVITIES ALSO HAVE A SIGNIFICANT IMPACT ON:



- SDG 1: NO POVERTY
- SDG 3: GOOD HEALTH & WELL-BEING
- SDG 4: QUALITY EDUCATION
- SDG 5: GENDER EQUALITY
- SDG 10: REDUCED INEQUALITIES



KA GLOBAL OPERATIONS



In 2021 we were present in 42 locations around the globe, covering the world's key automotive markets. Our footprint is based largely on our customers: Wherever we are located, we aim to be there, serving and supporting them in the best possible way. We are committed to adapting to market conditions: 9% of our total workforce were agency workers in 2021, allowing us to build up or scale down in response to market movements.

NORTH & SOUTH AMERICA
4,249 EMPLOYEES

EUROPE
5,410 EMPLOYEES

ASIA
1,529 EMPLOYEES

NOTE

The number of employees and KA's global locations on this page are from December 31, 2021. These numbers have changed since the completion of the sale of the ICS (February 2022) and LDC (April 2022) business units.

For updated numbers, see Annual Report 2021.

MATERIALITY

We refreshed the materiality matrix from the previous year's report to reflect some of the challenges and opportunities that arose in 2021. The impact of each issue is judged on its relevance to the business, both internally (from drivers such as our new strategic focus) and from external risks and impacts that we experienced in 2021.

As well as considering the risks and impacts to the business we also considered relevant benchmarks and industry-relevant standards, as well as the experience and knowledge of our sustainability team. This materiality matrix has been validated by our executive management.

We removed the following issues that were included in our 2020 materiality matrix: 'Supply chain management' & 'Investment in new production facilities'. Supply chain management was removed as the sustainability of supply chains is covered in the issue 'Responsible & Sustainable Sourcing'. The issue 'Risk management' was moved to reflect a greater influence on business success, while 'Product innovation' was moved to reflect its greater importance on both the company and external stakeholders.

'Pandemic response' has been assigned a lower influence on both business success and importance to stakeholders. This change was made to reflect the easing of pandemic restrictions in most parts of the world, and because the protocols we put in place in our manufacturing facilities meant production levels were not impacted by COVID-19-related employee absences. 'Product innovation' has moved up in importance to the business and external stakeholders to reflect the greater focus being placed on the industry-wide transition to more sustainable modes of transport.

Sustainability has traditionally concentrated more on environmental issues than social, but through 2021, more focus was being placed on the need for companies to address social issues in their operations and supply chains, primarily driven by Human Rights & Decent Working Conditions legislation being implemented in different parts of the world.

In 2022, as part of the development of our new sustainability strategy, we will refresh our materiality assessment

of the sustainability issues relevant to both our business and external stakeholders. This will include setting KPIs for all materiality issues (we do not currently have a KPI for measuring local community engagement).

STAKEHOLDERS

Our main stakeholder groups are customers, investors, employees, local communities, and suppliers. We engage these stakeholders and identify the sustainability issues of importance to them through our day-to-day business activities, including face-to-face meetings, virtual meetings, regular webinars on financial performance, customer questionnaires on sustainability-related topics, investor sustainability assessments, supplier engagement (from quoting through to supply of components), media coverage screening, our intranet and internet channels, and email correspondence. We value all input from stakeholders on the issues that matter to them as we develop our sustainability strategy in 2022.

Sustainability has grown in importance to our stakeholders during the past couple of years. With many countries introducing bans on selling new Internal Combustion Engine motor vehicles in the coming years, the rise of electrified modes of transport is putting sustainability at the heart of the automotive industry and its supply chains. This translates into our customers having firm sustainability requirements for their suppliers, primarily focused on reducing the carbon emissions of products with the longer-term focus on products being carbon-neutral. Key elements in achieving this are to increase the amount of renewable energy used in our manufacturing facilities and by our suppliers, and to increase the amount of recycled materials being used in products.



SOCIAL



ETHICS

Our Code of Conduct sets out our expectations for our employees to act responsibly. It is available in thirteen languages for our global workforce. The Code is communicated to all employees and ensures that our employees act in compliance with the law and internationally recognized standards for ethics that are expected of a top-tier automotive supplier.

We are committed to treating our workforce fairly and providing equal opportunities for all. The mix of cultures in our company is an important strength on which to build a more sustainable business, and therefore it is important we ensure that workplaces are respectful and inclusive, with equal opportunities and fair treatment for all. We do not tolerate harassment, discrimination, violence or intimidation, and our Diversity Policy sets the tone in promoting a culture of respect. We do not use forced or exploitative labor and expect our suppliers to do the same. We do not accept corruption or bribery and encourage any suspected misconduct to be reported.

We provide employees with training and guidance on the requirements of the Code of Conduct. The training is designed with a focus on relevant ethical dilemmas to ensure employees understand the Code and their own responsibilities. The training is delivered through classroom training, workshops, and an e-learning program.

RESPECT FOR HUMAN RIGHTS IN OUR FACILITIES AND SUPPLY CHAINS

We work to ensure that the following areas of Human Rights and Decent Working Conditions are respected in both our facilities and our supply chains:

- > Protection of freedom of association and collective bargaining
- > Avoidance of child labor
- > Avoidance of forced labor (including modern slavery)
- > Avoidance of harassment and discrimination
- > Management of occupational health and safety
- > Guarantee of decent working conditions (working hours, wages, and benefits etc.)
- > Safeguarding of human and labor rights in sourcing practices.

The management teams in our plants are responsible for ensuring that the requirements of our Diversity Policy, Code of Conduct, Employee Handbooks and employment contracts are upheld in our workplaces. In 2021, no breaches of the listed Human Rights and Decent Working Conditions were identified in any of our workplaces.

We also work to protect Human Rights and Decent Working Conditions in our supply chains. The sustainability team in our Purchasing organization regularly reviews our approach to supply chain due diligence and identifies relevant human and labor rights issues based on the applicable international and local regulations and guidelines, our corporate responsibility strategy, industry and customer requirements, and benchmark analyses.

Suppliers are required to adhere to the same high standards we set ourselves. The relevant principles and requirements are set out and communicated to our supply chains in our Supplier Declaration document, which all suppliers are required to commit to. As part of the contracting process, direct materials suppliers are also required to commit

to the more detailed requirements of our Supplier Sustainability Manual. We also publish a Conflict Minerals Position Statement.

We require direct materials suppliers to report on their governance and management approach with regards to human and labor rights. In 2022, suppliers of indirect materials will also be required to do this. We expect suppliers to have an effective policy and management system in place 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, which has been developed and promoted by CSR Europe and Drive Sustainability (SupplierAssurance.com) and is widely used in the automotive industry. The questionnaire enables us to identify improvement opportunities in suppliers' existing governance and management approaches.

By the end of 2021, more than 280 suppliers – covering almost 60% of our annual direct purchasing spend – had completed one of these questionnaires, with the information and evidence they provided in their responses being assessed and validated by an independent third party.

All suppliers that use conflict minerals (tin, tungsten, tantalum, and gold), which are identified as minerals contributing to possible human and labor rights violations in the Democratic Republic of Congo (DRC), have to provide information on the origins of these minerals and prove that they comply with our related policy. Where risks are identified that these minerals could potentially originate in the DRC, we immediately escalate the issue and require the supplier to implement responsible sourcing practices.

To ensure effective monitoring of our compliance, including human and labor rights, we encourage internal and external stakeholders to report any concerns or breaches.

We also use a global media screening tool for our suppliers, their industries and geographical locations. This tool raises an alert if there are any potential human or labor rights issues that 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.

We provide training on sustainability, including human and labor rights as well as decent working conditions to our buyers and suppliers.

IMPACT OF COVID-19

In 2021, we maintained the same internal protocols for limiting the impact and spread of COVID-19 in our manufacturing facilities. Through 2021, approximately 679 employees tested positive for COVID-19. Most only experienced minor symptoms and recovered fully, though sadly, six employees succumbed to the disease, and we extend our condolences to their families and friends.

In 2021, we supported vaccination across all our sites. We raised awareness about employees protecting both themselves and others through our online and offline visual immunization campaign “I got my Covid vaccine because I care”, which was rolled out globally in 10 languages.

COVID-19 VACCINATION DRIVE IN OUR WUXI FACILITY, CHINA

In collaboration with the industrial park where our facility is located, XinAn hospital, and volunteers, our Wuxi employees held a vaccination drive.

The Wuxi management team worked along with the local government to drive this initiative for the employees by prioritizing health and safety at work.

We believe this is just the beginning of a safer tomorrow. All our employees have shown great responsibility and productivity, while adapting to the changes required to maintain a safe and healthy workplace from COVID-19.

KNOWLEDGE BUILDING ON DEVELOPMENTS IN THE AUTOMOTIVE INDUSTRY

With the current rapid pace of change in automotive industry, it is important we keep our employees up-to-date on the latest innovations that relate to all parts of our business. As a result, we launched our Expert Forum initiative in 2021.

In each Expert Forum, an industry expert is invited to describe the latest developments in their specialist subject area to our employees. Each session is designed to be an interactive and engaging video panel webinar, with time allowed for employees to ask their questions on the subject. For employees who cannot attend the webinar, the session is recorded, so they can still learn more about the subject.

Over 150 employees attended the four Expert Forum sessions held in 2021. These forums focused on:

- > Synergetic management
- > Modular and self-organizing manufacturing
- > Alternative vehicle concepts
- > The Harvard negotiation principle

The Expert Forums support our employees in their professional development, while advancing the strategic transition of our business.

HEALTH AND SAFETY

We prioritize the health, safety, and wellbeing of our employees. Our Health & Safety Policy and internal management system set the expectations and tools required for our manufacturing facilities to achieve the highest industry standards in HSE performance. In 2021, this resulted in our best performance so far for health and safety:

- > We had 12 accidents, an improvement of 25% from 2020's 16 accidents (and a reduction of 74% in accidents over the last five years)
- > 18 manufacturing facilities achieved zero accidents throughout the year, an improvement from 17 facilities in 2020
- > As a company we also achieved four calendar months with zero accidents
- > With more than two million additional hours worked in 2021 than in 2020 we also recorded a 30% improvement on accidents per million person hours worked, falling from 0.92 in 2020 to 0.62 in 2021.

By the end of 2021, 17 of our 28 manufacturing facilities had been certified to the ISO 45001 Health & Safety manage-

ment system. A further four were certified to this standard in January & February 2022. Following the divestment of our Interiors business, 16 of our 21 manufacturing facilities are certified, and the remaining five facilities will achieve certification in 2022.

Our internal management system and the requirements of the ISO 45001 standard establish how health and safety should be managed on a day-to-day basis. Complying with local, national and/or regional legislation is a must wherever we operate.

Our internal management system contains an extensive set of procedures that ensure safe and healthy work environments for everyone in our facilities. An important part of the system is performing regular risk assessments of new and existing activities in our facilities and work areas. We use a hierarchy of control for managing any identified risks, ranging from the ideal solution of eliminating the risk down to managing the risk through the use of the correct Personal Protective Equipment.



RAMOS ARZIPE FACILITY RISK MANAGEMENT

Our Ramos Arzipe facility performed over 2,500 risk assessments of their activities and facility in 2021. Ensuring that each employee participates in at least one assessment, they set a new record for the facility of 355 days without an accident by the end of 2021, while also increasing employee engagement and commitment to health and safety.

Each manufacturing facility is set a suite of KPIs each year to measure their performance. These KPIs include the num-

ber of accidents, risk assessments planned and completed, training planned and completed, first aid cases, and near misses recorded and closed. The facilities report their performance on a monthly basis, and they perform an annual scored self-assessment against the requirements of our internal management system as a way of supporting their ongoing ISO 45001 certification.

Engagement between the corporate teams and manufacturing facilities is an essential part of our ongoing improvements in performance. We hold meetings with the facilities on a monthly basis to discuss any issues they are facing, and the solutions they have implemented to address other issues. These meetings form a key part of our engagement and sharing of best practices. All our manufacturing facilities have their own Health & Safety Committees, comprised of employees from different functions in the facility who contribute to the continuous improvement of their health and safety management systems.

Our Corporate Health & Safety team provide induction training on all aspects of health and safety, as well as the tools and processes we use, to all new dedicated health and safety employees and management employees joining our manufacturing facilities. Our Health and safety representatives in the facilities provide training on the requirements of our management system to all new employees as well as refresher training to existing employees on a regular basis throughout the year.

While every day without an accident is worth celebrating, some of our facilities achieved significant milestones in the number of days since their last accident:

- > Our Yangsan facility in Korea achieved 4,000 days without an accident
- > Molsheim warehouse in France passed 3,000 days with no accidents
- > Wuxi & KAMS facilities in China reached 1,000 days without an accident

HEALTH AND SAFETY DAY IN VRABLE, SLOVAKIA

The day focused on employee health and lifestyle improvement, hand hygiene demonstration, and first aid training along with role-plays and games.

As a means of supporting healthy lifestyles, our employees in Vrable had access to the following free assessments: BMI measurement, blood sugar measurement, and a lifestyle improvement medical consultation.

To reinforce our pandemic protocols and maintain a safe and healthy work environment, a trained medic

held demonstrations of the best practice for hand hygiene. Using a special UV light check point, our employees were able to see how bacteria can spread and how regular hand cleaning can have a positive effect in limiting the spread of illnesses.

We also had professionals from the rescue services at the facility to conduct a full day of first aid training for employees, complete with demonstrations and practical experience.

A local farm was also on hand to provide a product tasting event during the day. The team enjoyed tasting some of the delicious, local products, such as coconut milk with guarana and latte vanilla acid milk.



BREAST CANCER AWARENESS IN MEXICO

Our facilities in Mexico (Ramos Arizpe, Nuevo Laredo, Reynosa and Matamoros) raised awareness of this important issue in October as part of Breast Cancer Awareness month.

Our colleagues organized events to promote early detection, self-assessment and possible treatments for breast cancer. They also arranged conferences led by the Women's Institute in the four facilities.

The teams also raised funds through games, distributing scratch cards, and raffles for mammograms, and electrocardiograms in support of a colleague who is battling breast cancer.

They also gave away pink t-shirts, face masks, and gloves to mark the importance of this event among our employees.

BLOOD DONATION IN OUR WILLIS PLANT IN TEXAS

Partnering with a local community blood center, employees donated blood in three blood drives that was then distributed to more than 170 local hospitals and health care facilities.

With each pint of blood being separated into three components (plasma, platelets, and red blood cells), each donation means that three lives can be saved with each pint.

These drives organized in the local community by the blood center have collectively helped to save 204 lives during the COVID-19 pandemic.

**OUR COLLEAGUES DONATED BLOOD
AND SAVED 204 LIVES THIS YEAR.**



LOCAL COMMUNITY

Having a global footprint means we are involved in many local communities. We support our employees in actively participating in their communities, and their response has been, as always, something to make the entire company proud. In 2021, our employees got involved in areas such as education, health, social responsibility, and advocacy for children.

RAMOS CHILDREN'S DAY CELEBRATION

Our colleagues in our Ramos Arizpe facility in Mexico collected toys to distribute to 100 children of the Urbivilla community to celebrate Children's Day.

Due to the COVID pandemic, many of the parents lost their jobs and were not able to buy toys for their children, so our colleagues decided to help. In the run

up to the day, they collected over 120 new toys, with the proviso that they should not be battery operated or depict violence.

On the day, several members of the team took the toys to a local park and the children each chose the toy they wanted.

PROMOTING ENGINEERING AS A CAREER CHOICE

Our Mullsjo team in Sweden attended the careers fair at the Jönköping School of Engineering, Sweden. With over 100 exhibitors and attracting more than 1,500 visitors each year, they presented various opportunities for internships, thesis work, and summer jobs in our engineering department.

In previous years, students have designed and manufactured demonstration cases for shifters and actuators as part of their industrial placement courses.

Meanwhile, colleagues in our Raufoss, Norway facility participated in the annual career fair at the University of Gjøvik.

Bringing together several local companies, students had the opportunity to talk to members of our logistics, process, design and management teams. These fairs allow us to maintain active links with the next generation of employees and show them the many career options open to them when studying engineering-related subjects.



NORMANTON SUPPORTING LOCAL SCHOOL CHILDREN WITH STEM

For the second year running, employees from our Normanton facility participated in the award-winning, UK-wide, Big Ideas program. This program sees school children from across the country working with mentors from local and national companies to develop ideas to one of today's sustainability challenges that matters most to them. The program helps the children build valuable knowledge and skills for the workplace, while giving our employees the opportunity to gain valuable management experience as part of their career development.

All teams go through regional finals and the winners go on to compete in the prestigious national final at the Houses of Parliament. Supporting children from a local school, it was exciting to see one of the teams that Normanton mentored make it through to the national final of this prestigious competition.

NORMANTON - THE MIGHTY HIKES

A group of people from the Normanton facility took part in a grueling 26-mile hike across the Lake District in northern England as a way of raising money for MacMillan Cancer Support, an organization that did amazing work to help one of their colleagues as he underwent treatment for cancer in 2019. The support that MacMillan provided was a great help and comfort to him, and so the team wanted to give something back to this great cause. Battling against the blisters, aches, and pains that come with a long hike, as well as unseasonably hot weather, the team completed the hike and raised £3,673 for this wonderful cause.

RAISING MONEY TO HELP CHILDREN SUFFERING FROM CANCER IN CANADA

Colleagues from our Shawinigan facility in Canada participated in the Leucan Foundation's shaved head challenge, raising CAD 2,622. The Leucan Foundation, based in Quebec, has been helping children suffering from cancer for over 40 years. The foundation provides tailored services and assistance for patients and their families to deal with the various stages of cancer, as well as financial support for clinical research.

The Shaved Head Challenge is an annual event, and is a cause that our colleagues have supported since 2009, so far raising a grand total of CAD 75,000 for this worthy cause.

SUPPORTING WOMEN WITH MENTAL HEALTH ISSUES IN POLAND

In December, employees of our Kolaszki facility in Poland organized a collection of art supplies, puzzles, books, cosmetics, and sweets to donate to a local social welfare home that supports 84 women between the ages of 18 to 93 who have mental health issues. The art supplies are needed by the home as part of the important therapeutic work they do with the women.

PLANET

We aim to minimize the environmental impacts of our operations and products. Continuously improving our environmental performance is essential to meeting our business objectives and customer requirements.

Our internal HSE management system sets our expectations for environmental management for all our manufacturing facilities. It provides an extensive set of procedures that establish good environmental management practices. The HSE team in each facility are responsible for ensuring that these procedures are followed by all employees, as well as performing risk assessments to ensure that any new environmental risks are captured and appropriate steps are taken to eliminate or adequately manage the risk. The HSE teams ensure that environmental activities comply with all applicable national and regional legislation. Our Corporate HSE team support our HSE teams in each facility by providing targeted training and facilitating the sharing of best practices through monthly HSE team meetings and other communications. Our Corporate HSE team also identifies new initiatives to support our facilities in improving environmental performance and reducing the resources used.

Each year our manufacturing facilities are set targets for reducing energy, waste, and water from the previous year's performance. Our manufacturing facilities report monthly on their environmental performance against these KPIs, which is then reviewed with our Corporate HSE team. In these meetings, best practices from all our manufacturing facilities are shared, and any environmental-related issues or problems are discussed with the aim of identifying any solutions currently implemented in other facilities. All our facilities are ISO 14001 certified.

ENERGY

In 2021, we took more concerted actions to improve energy efficiency in our manufacturing facilities. This was driven by two principle factors: our goal of achieving carbon-neutral products by 2039 (energy usage is the overwhelming source of the carbon emissions associated with our manufacturing operations) as well as the need to respond to the

sharp increases in energy costs through the second half of the year (particularly during the last quarter) and into the forthcoming years.

In 2021, all our facilities were set a target to decrease energy consumption by 1% relative to total product sales ("Energy Intensity"). Each facility took actions to reduce energy usage, including replacing lighting for LED bulbs, replacing old equipment for newer and more energy efficient equipment, and reusing waste heat.

We use Energy Intensity as our KPI for energy, and in 2021 our company-wide Energy Intensity was 98.7 kilowatt hours per EUR 1,000 of total product sales, a 3.3% reduction from the 102 kilowatt hours per EUR 1,000 of total product sales in 2020. This improvement was mainly driven by improved utilization of our facilities following the disruptions from COVID-19 in 2020. As a result of the increase in production, absolute energy use rose by 11.9% to approximately 122 million kilowatt hours from approximately 109 million kilowatt hours in 2020.

ENERGY TREASURE HUNTS

To build our knowledge of how to improve energy efficiency, we collaborated with General Motors to perform Virtual Energy Treasure Hunts at our Suffield and Matamoros facilities. The Energy Treasure Hunt framework was established by the U.S. Environmental Protection Agency and U.S. Department of Energy as part of the Energy Star program, and provides a structured framework for assessing energy usage in a facility as well as identifying opportunities to improve efficiency.

A number of different energy savings opportunities were identified in these projects, and the learnings are being rolled out in 2022 to all our facilities with the aim of improving energy efficiency across our manufacturing footprint.

ABSOLUTE CO₂ EMISSIONS

1000 tonnes CO₂



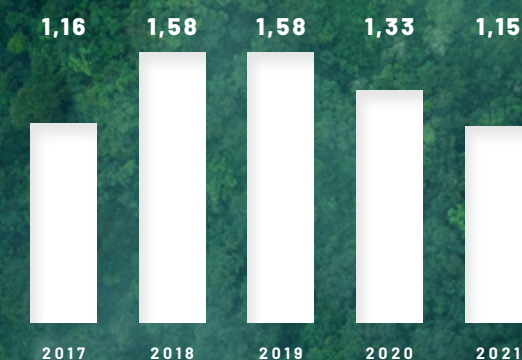
ENERGY INTENSITY

kWh/1000 EUR



WASTE INDEX

kg/1000 EUR





WASTE

Good waste management practices are important to both our company and the communities where we operate. In 2021, our manufacturing facilities were set the target of a 1% reduction of the yearly amount of waste sent to landfills or requiring special treatment compared to annual sales (“Waste Index”). All facilities were active in seeking opportunities to reuse and recycle. Our company-wide Waste Index improved by 13.6% in 2021 to 1.15kg/EUR 1000 sales compared to 1.33 in 2020. The total amount of waste remained constant in 2021 from 2020 at 1.4 million kilograms. Notably, 13 manufacturing locations were land-fill-free in 2021.

WATER

While our manufacturing activities are not water intensive, we still aim to make efficient use of natural resources. We measure water usage at each manufacturing facility and set an annual target for each one to reduce its usage by 1% from the previous year. In 2021, we had a 32.8% increase in overall water usage with a total volume of 144,822m³ water used, compared to 108,993m³ in 2020. This was mainly driven by increased production levels, insourcing some manufacturing activities, and maintaining the necessary levels of hygiene to protect against COVID-19 and maintain safe and healthy workplaces.

CLIMATE CHANGE

Our vision is to make a meaningful contribution to society’s efforts to tackle climate change and support our customers’ strategic goals to transition to more sustainable transport.

In the year that saw the COP 26 summit in Glasgow further focus global action on climate change, some of our manufacturing facilities experienced the impact of unexpected and severe weather events. While these have not yet resulted in disruptions to production, there were some notable events, such as the snowfall in Texas in early 2021. The low temperatures also led to some disruption in the Mexican electricity distribution networks. South East Asia experienced lower winter temperatures than normal at the beginning of the year, while many northern hemisphere facilities saw summer temperatures peak higher than would normally be expected at that time of year. Our facilities re-

sponded well to these challenges and were able to mitigate the effects of these events to maintain production and safe and healthy workplaces.

Each year we report on climate change and actions to reduce carbon emissions created by our manufacturing activities, as well as water management, through the Carbon Disclosure Project (CDP). Our latest CDP Climate Change report is available on our website and via the QR code above.

CARBON EMISSIONS

All our plants measure and report their energy usage on a monthly basis. We use this data to calculate the Scope 1 emissions (fuels combusted at the plants) and Scope 2 emissions (emissions created by the generation of the electricity used). Scope 2 emissions account for approximately 90% of our total Scope 1 & 2 emissions.

In 2021, our CO₂ emissions were approximately 45,255 metric tons of CO₂, a 7.3% increase from the 42,180 metric tons of CO₂ emitted in 2020. This increase was primarily driven by the increase in production levels in 2021 from the effects of the pandemic in 2020.

RENEWABLE ENERGY PLANS

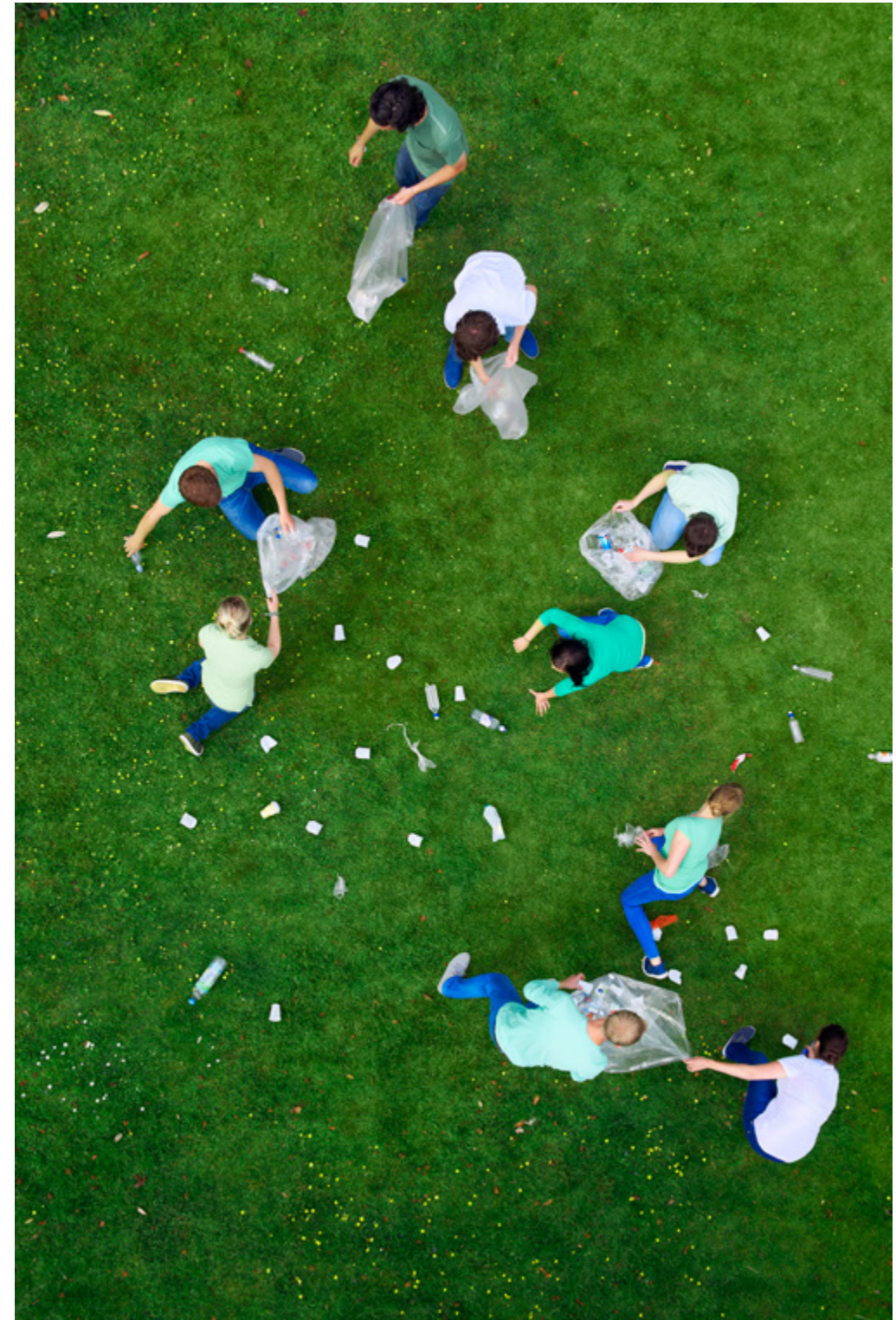
With a strategic target of using 100% renewable energy by 2030, in 2021 we worked on plans to centralize the management of energy supply contracts for our manufacturing locations, and identify potential ways to achieve 100% renewable energy for different facilities.

This work was principally driven by the sharp price increases and high volatility in the energy markets for 2022 and the next few years. Amongst the viable options being evaluated are Power Purchase Agreements, on-site renewable generation, and the availability of green tariffs. This work will continue through 2022.

In 2021, we used 40% renewable energy across all our manufacturing facilities. This remained constant from our renewable energy usage in 2020.

ENVIRONMENTAL INITIATIVES

Throughout 2021, our facilities led or participated in initiatives to raise the environmental awareness of both employees and local communities.





RECYCLING INITIATIVES AT OUR VRABLE FACILITY

Our Slovakian colleagues implemented initiatives to reduce waste sent to landfill and increase recycling of paper, wood, and metals.

The team participated in a local initiative organized by a local school to promote the recycling of cardboard and paper in the local community. With all participants being challenged to collect as much as they could, the school then collected the paper and sent it for recycling. So far the school has collected over 1 tonne of paper from the community.

Collecting wooden waste, especially discarded wooden boxes, the team in Vrable used these to make flower pots and flower beds at the facility. Volunteers from the plant also used their skills to turn discarded and damaged pallets into the seats for an outdoor seating area. Planting flowers to provide a relaxing environment, the team will also plant trees in the area in 2022.



ENVIRONMENTAL INITIATIVES IN CLUSES

As a way of promoting the reuse of waste, our Cluses facility in France implemented an initiative to collect cigarette ends on-site and use them as a fuel to produce energy and therefore reduce natural resource usage. One cigarette end can potentially pollute up to 500 liters of water and take more than ten years to fully decompose, so this initiative will also reduce some of the plant's environmental impacts.

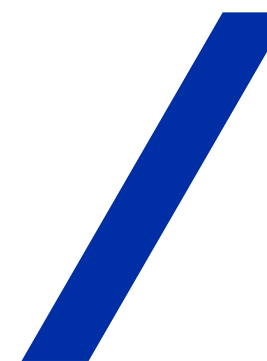


CELEBRATING EARTH DAY AT OUR NUEVO LAREDO FACILITY IN MEXICO

Every year colleagues at Nuevo Laredo celebrate their commitment to the environment by commemorating International Earth Day. As a part of this, they organized ten days of activities to promote environmental awareness.

One of the activities focused on the safe management of everyday waste. Amongst the items collected were alkaline batteries for safe disposal, and plastic bottle tops that were donated to a local institution to sell for recycling with the funds being used for their work to fight cancer.

Each department in the facility also adopted a tree. Planting them on the facility's grounds as part of International Earth Day, they all committed to caring for their tree throughout the year.



PRODUCTS AND SUPPLY CHAIN

With a need to reduce the planet's Carbon emissions, industries and organizations need to begin work on decarbonizing their products. The automotive industry is addressing this through the transition to more sustainable forms of transport, with requirements to reduce product lifecycle carbon emissions, increase renewable energy usage, and increase the amount of recycled materials in products being incorporated into OEMs' sustainability requirements being cascaded through their supply chains.

In many parts of the world, the transition to an electric vehicle future is already moving quickly. Under the European Green Deal, the European Climate law sets a target of 2030 for reducing Greenhouse Gas emissions by a minimum of 55% compared with 1990. Part of this goal includes introducing stricter carbon emissions standards for road vehicles as well as promoting an alternative fuels infrastructure. In China, one of the development targets under the New Energy Vehicle Industrial Development Plan is a target of 20% for new energy vehicles (NEVs) in all sales of new vehicles by 2025. The US has also recently taken measures to accelerate the implementation of charging infrastructure.

Growing trends are already being seen in e-mobility numbers and the number of digitally connected vehicles. In Europe, government incentives and regulation are resulting in strong growth in Battery Electric Vehicles (BEVs), with projections of a 27% market share by 2025. In China and the US, BEVs are projected to have 19% and 6% market share, respectively, in 2025. Projections of the European vehicle market in 2025 indicate that around 50% of the vehicles will be digitally connected. And in the next few years, it is envisaged that the first automated passenger vehicles will enter the market.

OUR NEW PRODUCT STRATEGY

One of the key focuses of our Shift Gear transformational program is to identify the right products and markets for the future as we aim to 'drive the transition to sustainable mobility'.

Engineering has been at the heart of our business since we started manufacturing our first products in the 1950s. We have teams of highly skilled engineers designing new products to support this industry-wide transformation in our technical design centers around the world. Our technical centers are located in Norway, Sweden, Germany, China, Canada, and the US.

With our extensive experience in product design, an important part of our new company vision puts a focus firmly on our technical expertise needed to 'seek to constantly improve our products, leverage our experience in cutting-edge engineering, and widen our scope to find new solutions and technologies that make mobility safer and cleaner'.

Our ambition is to be second to none in all we do, looking for growth in profitable segments and with a firm aim to be recognized as a top supplier in all our business segments.



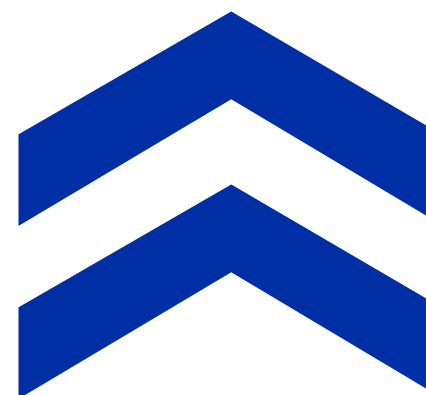
POWERTRAIN & CHASSIS (P&C) ACTUATORS

With the trend in the Commercial Vehicles market towards electrification and zero emissions vehicles, our P&C teams have been working on a series of actuators performing a suite of functions to support the transition to BEVs and Hybrid Electric Vehicles (HEVs). These actuators are designed to perform various functions, such as clutch actuation, gearshift of transmissions, park lock, vehicle dynamics such as cab and axle suspension, and connecting/disconnecting e-Axles and/or e-Motors.

We have launched our first high-performance full-electric clutch actuation systems for heavy duty transmissions. These energy efficient systems meet the extreme requirements expected for heavy duty transmissions, and are designed to be robust and durable. They can also be used on HEVs.

Our pneumatic gear actuation systems can be used for BEVs as well as Internal Combustion Engine powertrains, such as Automated Manual Transmission. These actuators are designed to be compact and offer a high level of modularity.

Our electric vehicle power train actuators can be used in electric central drives and e-Axles to perform functions, including gearshift, de-coupling of e-motors, park lock, and differential lock actuation.





INNOVATIVE COUPLINGS PRODUCTS

Our Couplings products are supporting the transition to electrified vehicles. Used in pneumatic brake systems, our products are leakage tight, which has the effect of maintaining the maximum driving distance through avoiding energy loss by air leaks. With no compressor needed to fill the battery, the vehicle's battery is able to maintain its range.

Optimal airflow in the systems results in shorter response times for braking, suspension, and auxiliary systems. Using lightweight composite materials, the innovative 'click-click' assembly and disassembly of our Couplings products allows for quicker installation and reduces any maintenance time.

OFF-HIGHWAY COMPOSITE PEDALS

Our composite pedals, currently in development, will be suitable for most Off-Highway customer applications. They are configurable as floor, through-floor, or suspended pedals. Made with superior corrosion resistance, they are designed to work in harsh environments with high levels of dirt, debris, and fluids.

Using fewer materials and parts, the pedals offer a 50% weight reduction on traditional pedals, contributing to improved vehicle efficiency and lower energy usage in our customers' end-products. The pedals offer a lower-cost alternative to traditional pedals and are compatible with all our standard sensors.

The pedals support our customers' journeys to more sustainable transport as there are no, or very few, barriers to conversion to electric vehicles. They are designed to be drop-in replacements and backwards compatible. The pedals can be made using recycled resins, which contributes to reducing the products' lifecycle carbon emissions. Using a small number of parts in the pedal also keeps the products' environmental footprint low, while also facilitating disassembly at the products' end-of-life and maximizing recycling of the materials.

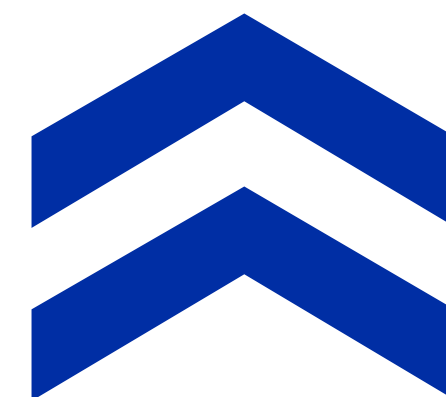
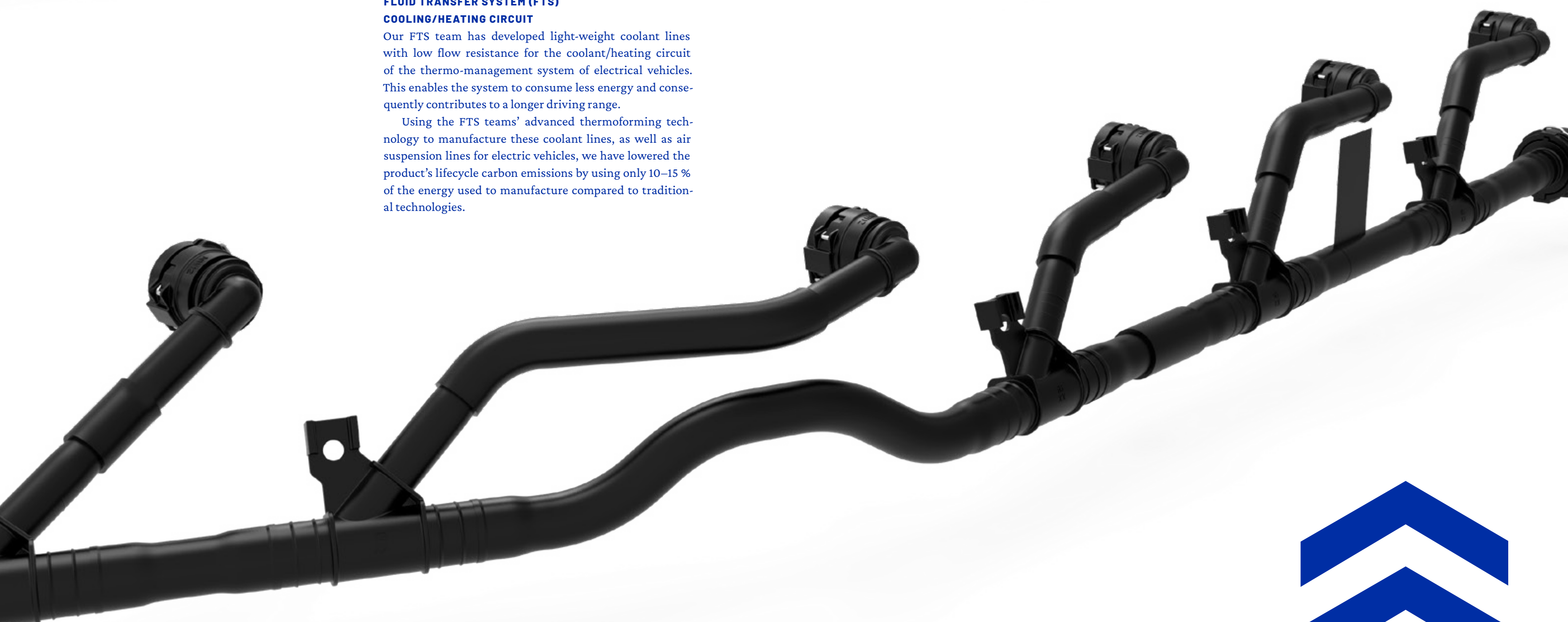




**FLUID TRANSFER SYSTEM (FTS)
COOLING/HEATING CIRCUIT**

Our FTS team has developed light-weight coolant lines with low flow resistance for the coolant/heating circuit of the thermo-management system of electrical vehicles. This enables the system to consume less energy and consequently contributes to a longer driving range.

Using the FTS teams' advanced thermoforming technology to manufacture these coolant lines, as well as air suspension lines for electric vehicles, we have lowered the product's lifecycle carbon emissions by using only 10–15 % of the energy used to manufacture compared to traditional technologies.



AWARD-WINNING MANUFACTURING FACILITIES

CHINESE FACILITIES RECOGNIZED AS HIGH-TECH ENTERPRISES

Following an extensive process of audits and on-site verifications, our Wuxi and KAMs facilities were recognized as High-Tech Enterprises by the Ministry of Science and Technology of China in November 2021.

This prestigious title was earned by the Wuxi facility as a recognition of its strengths in Research & Development, and further enhances their scientific and technological innovation abilities.

One of the benefits of being recognized as a High-Tech Enterprise is receiving support for investments in high-tech equipment. This will benefit our KAMS facility, helping it to upgrade the products they manufacture for the local Commercial Vehicle market.

COUPLINGS, FTS & P&C PLANTS WIN PACCAR SUPPLIER AWARDS

In 2021, our FTS facilities in Epila, Spain and Ramos Arizpe, Mexico were honored with the PACCAR Supplier Performance Management awards.

The winning facilities are selected through a supplier evaluation and improvement program that PACCAR applies to all strategic suppliers. Supplier performance is evaluated through a range of KPIs for items, such as quality, delivery performance, cost improvements, PPAP on time, cost-saving ideas, and improving production efficiency and quality with Six Sigma projects.

Ramos Arizpe received the leader award for steady performance in 2020, with Epila receiving the achiever award for their efforts in continuous improvements.

Additionally, our Raufoss facility in Norway, Mullsjo facility in Sweden, and Vrable facility in Slovakia received PACCAR Quality Supplier awards for 2020 for ensuring quality at every stage, from design through to production and delivery.



The award is presented to suppliers who meet or exceed PACCAR's rigorous '10 PPM' quality standard. To be recognized, a supplier must operate with ten or fewer defective parts for every million parts shipped. The suppliers must also meet performance criteria for on-time delivery and support of PACCAR's operating divisions and their customers.



JUNDIAI WIN SUPPLIER AWARD FROM RANDON

Our Couplings team in our Jundiai, Brazil facility were given a Supplier Award for competitiveness by Randon.

The awards are given for best practices in sustainability, innovation, and competitiveness. Our Jundiai team received the award for their presentation of a project for push-in airbrake connectors offering relevant safety features, quality, and greater efficiency in the production process. The high integration level and leakage-free qualities of the connectors proved to be differentiators in selecting Jundiai for the award.

WUXI SUPPLIER SEMINAR

In June 2021, our Wuxi facility hosted a technical seminar for six deco suppliers.

The Wuxi team used games to provide an interactive element in building the suppliers' understanding of work procedures. Our R&D team also spent time talking with suppliers and exchanging ideas on designs that can improve surface quality and reductions in no-value-added processes.

This was followed by a plant tour, where the Operations team introduced our products and processes to suppliers. Our team shed light on how important our suppliers' parts are, and how we use them in production. Suppliers also learned about process control ability from our Production team.

OUR SUPPLY CHAINS

OUR SUPPLY CHAINS AT A GLANCE

DIRECT SUPPLIERS

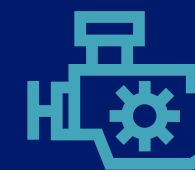


MORE THAN 2,000
DIRECT MATERIAL
SUPPLIERS



LOCATED ACROSS
43 COUNTRIES

INDIRECT SUPPLIERS



MORE THAN 8,000
INDIRECT SUPPLIERS



LOCATED ACROSS
52 COUNTRIES



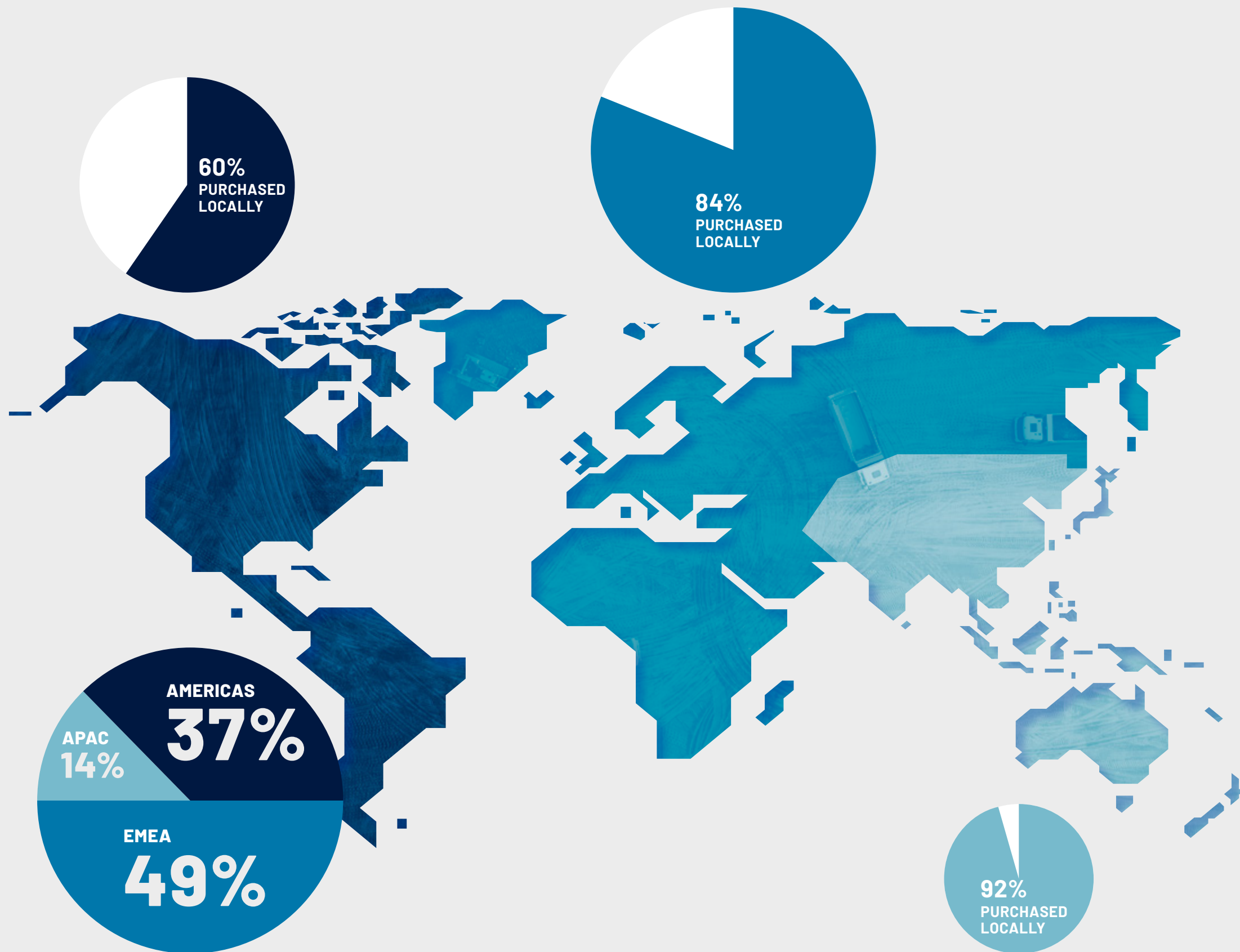
DELIVERING
MORE THAN
20,000 PARTS



EUR 600 MILLION
APPROX. ANNUAL
SPEND



EUR 250 MILLION
ANNUAL SPEND



GLOBAL MAP OF SUPPLY CHAINS

AMERICAS
37% OF TOTAL ANNUAL PURCHASE SPEND, OF WHICH 60% IS PURCHASED LOCALLY
 (SUPPLIERS LOCATED IN AMERICAS)

EMEA
49% OF TOTAL ANNUAL PURCHASE SPEND, OF WHICH 84% IS PURCHASED LOCALLY
 (SUPPLIERS LOCATED IN EUROPE, MIDDLE-EAST AND AFRICA)

APAC
14% OF TOTAL ANNUAL PURCHASE SPEND, OF WHICH 92% IS PURCHASED LOCALLY
 (SUPPLIERS LOCATED IN ASIA PACIFIC)

TOTAL ANNUAL PURCHASE SPEND PER REGION

> MORE THAN 2,100 DIRECT MATERIAL AND 8,000 INDIRECT TIER 1 SUPPLIERS WORLDWIDE

With strategic aims to work with global and local suppliers, and build a diverse supplier portfolio of micro, small and medium, and large companies, we had a footprint of almost 900 direct material suppliers in the Americas, approximately 300 suppliers in the Asia Pacific region, and more than 900 suppliers in Europe in 2021. For indirect purchasing, we worked with more than 8,000 Tier 1 suppliers, with most of these being local to where their services were procured.

> 76% OF DIRECT MATERIAL PURCHASE SPEND GOES TO LOCAL SUPPLIERS

We are proud to contribute to local economic development, local employment, and decreasing our environmental impacts through purchasing locally (defined as a supplier located in the same geographical region – Americas, Europe, Asia Pacific – as our manufacturing facility purchasing their products). We plan to measure this same local purchasing footprint for indirect purchasing.

> 80% OF OUR SPEND IS WITH AROUND 10% OF OUR SUPPLIERS

Approximately 80% of our purchase spend is made with approx. 250 direct material and 750 indirect suppliers. Given this, we aim to work closely with these suppliers, especially on managing sustainability issues. We do this through working closely with these suppliers on sustainability issues, and clearly communicating our expectations through our Supplier Sustainability Manual and the contracts we have in place.

We expect our suppliers to adopt similar standards and assurances to those we apply to ourselves. The commitments to ethical and socially responsible sourcing are outlined in our Supplier Declaration, Supplier Sustainability Manual, and Conflict Minerals Statement.

As part of our supplier selection process through our Sourcing Boards for new and existing suppliers, we require suppliers to undergo a supplier sustainability risk assessment. For this, we use Drive Sustainability's Self-Assessment Questionnaire, which is commonly used in the automotive industry. This is an evidence-based, externally validated self-assessment, which makes it possible to identify any potential human and labor rights, environmental, health and safety, business ethics and supply chain management risks. We believe any risks should be prevented and managed responsibly, and it is important that we have robust governance practices, processes, and management tools in place to ensure we work with responsible organizations.

By the end of 2021, more than 280 suppliers had completed one of these questionnaires (covering 60% of yearly direct purchasing spend). This means these suppliers were screened against social, environmental and ethical criteria. All assessed suppliers were provided with feedback and improvement recommendations as we strive to work with low-risk ('A level' evaluated) suppliers. Less than 3% of our annual spend is with suppliers scored as high-risk ('C level'), and for these we have worked with the suppliers to ensure corrective actions are in place. In 2021, we did not need to terminate any supplier business relationship with a supplier due to any identified sustainability risk.

As our supplier sustainability program develops, we will provide 1:1 development support, as well as other training materials and events for suppliers. We also aim to perform, where appropriate, on-site audits to ensure the effective alignment of their sustainability-related management systems and performance with our requirements. Our Sourcing Board decision-making process ensures that all new direct material suppliers sign the Supplier Sustainability Manual and undertake the Supplier Sustainability Risk assessment. In 2022, we will determine our supplier sustainability risk assessment approach for indirect suppliers.

The COVID-19 pandemic affected the development of our supply chain sustainability program. In 2022 and the coming years, we will work further on developing suppliers, better understanding the sustainability risks in our supply chains, and seeking solutions for micro and small companies to align with the sustainability requirements of our industry. Two focus areas will be working to improve human and labor rights, and decarbonizing our supply chains in line with our target of manufacturing carbon-neutral products in 2039.

CONFLICT MINERALS

We have a due diligence process in place to identify risks and take actions to ensure conflict minerals (tin, tantalum, tungsten, and gold) used in our products do not directly, or indirectly through the supply chain, finance or benefit the conflict in the Democratic Republic of Congo. In-scope suppliers are requested to provide information annually regarding the smelters or refiners they use for these minerals. Reports from our suppliers are consolidated into a company-scope Kongsberg Automotive Conflict Minerals Reporting Template for providing information to customers and other stakeholders. We encourage suppliers to use certified smelters and increase responsible sourcing practices. In 2022, we will continue to further strengthen our due diligence process, by including other minerals, such as cobalt and mica, in these assessments. We also aim to become a member of the Responsible Mineral Initiative and contribute to even more effective actions and transparency on the supply of these minerals.

GLOBAL REPORTING INDEX 2021

DISCLOSURE NO.	DISCLOSURE TITLE	REFERENCE TO INFORMATION/DATA OR ANSWER	ADDITIONAL INFORMATION
GENERAL DISCLOSURES			
102-1	Name of the organization	Kongsberg Automotive Group	
102-2	Activities, brands, products, and services	Annual Report, pages 29-31	
102-3	Location of headquarters	K A Group AG Europaallee 39 8004 Zurich Switzerland	
102-4	Location of operations	KA Sustainability Report - KA global operations map, pages 10-11	
102-5	Ownership and legal form	Annual Report - Share Capital, page 102 Annual Report - Legal Entity, page 123	
102-6	Markets served	KA Sustainability Report - KA global operations map, pages 10-11 Annual Report - Business Highlights, page 23 Annual Report - Business Units description, pages 29-31	
102-7	Scale of the organization	KA Sustainability Report - KA global operations map, pages 10-11 Annual Report - Financial Statements of the Group, pages 66-70	
102-8	Information on employees and other workers	KA Sustainability Report - KA global operations map, pages 10-11	At the end of 31 December 2021: Male - 5871 employees Female - 5317 employees Permanent contracts - 10268 employees Temporary contracts - 920 employees Full time contracts - 10977 employees Part time contracts - 211 employees
102-9	Supply chain	KA Sustainability Report - Supply chain, pages 34-37	
102-10	Significant changes to the organization and its supply chain	In 2021 there were no significant changes to the organization or our supply chains, however the business began the divestment of our Interiors business unit which was completed in April 2022	
102-11	Precautionary Principle or approach	Annual Report - Financial & Other Risks, pages 46-48 Annual Report - Risk Management, pages 109-110 Annual Report - Risk Management, Internal Control and Financial Reporting, pages 141-142 KA Sustainability Report - Human Rights, pages 14-15 KA Sustainability Report - Health & Safety, pages 16-18 KA Sustainability Report - Materiality, page 12	
102-12	External initiatives	KA Sustainability Report - Human Rights, pages 14-15	Supply chain sustainability questionnaires are a voluntary initiative developed and promoted by CSR Europe and Drive Sustainability (SupplierAssurance.com) that is widely used in the automotive industry. Conflict Minerals reporting is a voluntary initiative developed by RMI that is used extensively in the automotive industry to identify the risk of these minerals being identified in products
102-13	Membership of associations	We are members of the Automotive Industry Action Group (AIAG)	
102-14	Statement from senior decision-maker	KA Sustainability Report, pages 4-7	
102-15	Key impacts, risks, and opportunities	Annual Report - Financial & Other Risks, pages 46-48 Annual Report - Risk Management, pages 109-110	

102-16	Values, principles, standards, and norms of behavior	KA Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Reporting concerns - https://www.kongsbergautomotive.com/about-us-company/corporate-responsibility/code-of-conduct/
102-18	Governance structure	Annual Report - Corporate Governance, pages 138-143
102-40	List of stakeholder groups	KA Sustainability Report - Materiality, page 13
102-41	Collective bargaining agreements	Following the divestment of the Interiors business, 72% of our employees are covered by collective bargaining agreements. The coverage in each country varies, with all employees covered by these agreements in some locations, other locations where the agreement excludes the plant manager but covers all other employees, other locations where the agreement only covers blue collar workers, and some locations where there is no collective agreement in place
102-42	Identifying and selecting stakeholders	KA Sustainability Report - Materiality, page 12
102-43	Approach to stakeholder engagement	KA Sustainability Report - Stakeholders, page 12
102-44	Key topics and concerns raised	KA Sustainability Report - Materiality, page 12 KA Sustainability Report - Stakeholders, page 12
102-45	Entities included in the consolidated financial statements	Annual Report - Subsidiaries, page 80
102-46	Defining report content and topic Boundaries	KA Sustainability Report - Materiality, page 12
102-47	List of material topics	KA Sustainability Report - Materiality, page 12
102-48	Restatements of information	No information has been restated in our latest Sustainability Report
102-49	Changes in reporting	No have been no significant changes in the material topics or boundaries covered in this latest KA Sustainability Report from the previous sustainability reports
102-50	Reporting period	This Sustainability Report covers the period from 1 January 2021 to 31 December 2021
102-51	Date of most recent report	June 2022
102-52	Reporting cycle	Our reports cover the period from 1 January to 31 December of each calendar year
102-53	Contact point for questions regarding the report	Investor Relations team (investor.relations@ka-group.com)
102-54	Claims of reporting in accordance with the GRI Standards	This report has been produced in accordance with GRI Core reporting of the GRI Standards 2018
102-55	GRI content index	This table comprises the GRI content index for Kongsberg Automotive's Sustainability Report for 2021
102-56	External assurance	This report has not been externally assured. Our approach to assuring future reports will be included in our new sustainability strategy to be developed in 2022

DISCLOSURE NO.	DISCLOSURE TITLE	REFERENCE TO INFORMATION/DATA OR ANSWER	ADDITIONAL INFORMATION
MANAGEMENT APPROACH INDICATORS			
103-1	Explanation of the material topic and its boundary	KA Sustainability Report - Materiality, page 12	
103-2	The management approach and its components	KA Sustainability Report - Materiality, page 12	
103-3	Evaluation of the management approach	Annual Report - Corporate Governance, page 44 KA Sustainability Report - Materiality, page 12	<p>Management of sustainability issues for our company is led by the CEO. All related annual targets are signed off by the CEO. All sustainability and HSE related issues are managed by the executive management team with the Corporate HSE & Corporate Responsibility team supporting our manufacturing facilities in the implementation and development of the sustainability initiatives implemented to support the goals of our sustainability strategy. Employee initiatives are led by the HR teams in our facilities with strategic support being given by the Corporate HR team. Ethics related matters are led by the Corporate Legal team.</p> <p>The management approach to supplier sustainability is described in the 'Supply chain' section of the KA Sustainability Report. Decisions on placing contracts for all new projects, with either existing or new suppliers, are decided through our Category and Global Sourcing Boards. Sustainability risks and the information in the suppliers' sustainability questionnaires are one of the key criteria assessed in the Boards, in which members of the executive and senior management are permanent members.</p>

DISCLOSURE NO.	DISCLOSURE TITLE	REFERENCE TO INFORMATION/DATA OR ANSWER	ADDITIONAL INFORMATION
ECONOMICS INDICATORS			
201-1	Direct economic value generated and distributed	Annual Report - https://www.kongsbergautomotive.com/globalassets/investor-relations/financial-reports/ka_annual_report-2021_final.pdf	
201-3	Defined benefit plan obligations and other retirement plans	Annual Report - Pension plans in the group, pages 75-76 Annual Report - Discount rate used to determine the carrying amount of the group's defined benefit obligation, page 79 Annual Report - Defined benefit scheme – net pension liability, pages 105-106	
201-4	Financial assistance received from government	Annual Report, Government Support, page 76 Annual Report, Notes 8 & 9, pages 85-86	
202-2	Proportion of senior management hired from the local community	89% of our Plant Managers are born in the same country	We define: 'Significant locations' as our manufacturing facilities (calculation made on the status after the divestment of our Interiors business) 'Senior management' as the managers of our manufacturing facilities 'Local' when the plant manager is from the same country that the manufacturing is located in
204-1	Proportion of spending on local suppliers	KA Sustainability Report - Supply chain, pages 34-37	
205-1	Operations assessed for risks related to corruption	Limited exposure to government officials, not reliant on licenses, more risk related to customs clearance (risk not considered significant)	
205-2	Communication and training about anti-corruption policies and procedures	KA Sustainability Report - Ethics, page 14 Our Code of Conduct training given to all employees who confirm they understand the requirements (written confirmation)	
205-3	Confirmed incidents of corruption and actions taken	No incidents in 2021	

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions in 2021
207-1	Approach to tax	KA publishes its tax strategy on the website (https://www.kongsbergautomotive.com/about-us-company/corporate-governance/) in accordance with local country disclosure requirements. The tax strategy is reviewed and approved by the VP Tax and CFO on an annual basis.
207-2	Tax governance, control, and risk management	KA's business activities are subject to regulations and controls in the jurisdictions in which the group operates. To ensure full tax compliance and minimize tax risk, the group has in place internal tax/transfer pricing guidelands as well as tax-related processes and controls. The tax strategy and regulatory updates are presented to the group CFO and with update to the audit committee as appropriate. Group Tax is a global corporate function supported by the local finance team. The implementation of the group's tax strategy is the responsibility of the Group Tax function. External advice may be sought on areas of particular complexity or uncertainty. KA operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to KA's financial reporting system (see annual report).
207-3	Stakeholder engagement and management of concerns related to tax	KA maintains a transparent working relationship with the relevant tax authorities. Where possible, we will discuss new and complex tax positions or proposed changes with tax authorities in real time. KA is generally not involved in any public policy advocacy on tax.

DISCLOSURE NO.	DISCLOSURE TITLE	REFERENCE TO INFORMATION/DATA OR ANSWER	ADDITIONAL INFORMATION
ENVIRONMENT INDICATORS			
302-1	Energy consumption in the organization	KA Sustainability Report - Energy, page 20	
302-3	Energy intensity	KA Sustainability Report - Energy, page 20	
302-4	Reduction of energy consumption	KA Sustainability Report - Energy, page 20	
303-5	Water consumption	KA Sustainability Report - Water, page 22	
305-1	Direct (Scope 1) GHG emissions	KA Sustainability Report - Carbon emissions, page 22	We calculate our emissions following the Greenhouse Gas Protocol methodology. We currently calculate our emissions for only CO2, but as part of our new sustainability strategy work we aim to refresh our calculation methodology to calculate CO2e. Our Scope 1 emissions are calculated for all our manufacturing facilities, and we do so by using conversion factors for Natural Gas, Gas/Diesel Oil, Propane & Kerosene
305-2	Energy indirect (Scope 2) GHG emissions	KA Sustainability Report - Carbon emissions, page 22	We calculate our emissions following the Greenhouse Gas Protocol methodology. We currently calculate our emissions for only CO2, but as part of our new sustainability strategy work we aim to refresh our calculation methodology to calculate CO2e. Our Scope 2 emissions calculations cover the emissions created by the electricity used in our manufacturing facilities. We calculate these emissions by using country specific emissions factors for the electricity used. Renewable energy usage has been calculated from data provided by our electricity suppliers for each manufacturing facility.
305-4	GHG emissions intensity	KA Sustainability Report - Carbon emissions, page 22	
307-1	Non-compliance with environmental laws and regulations	There were no non-compliances with environmental laws and regulations in 2021	

308-1	New suppliers that were screened using environmental criteria	By the end of 2021, more than 280 suppliers had been evaluated, correlating to 60% of our yearly direct purchasing spend
308-2	Negative environmental impacts in the supply chain and actions taken	KA Sustainability Report - Supply chain, pages 34-37

DISCLOSURE NO.	DISCLOSURE TITLE	REFERENCE TO INFORMATION/DATA OR ANSWER	ADDITIONAL INFORMATION
SOCIAL			

401-1	New employee hires and employee turnover	<p>NEW HIRES IN 2021: Male - 1803 Female - 1627</p> <p>BY REGION: Europe - 858 Americas - 4379 Asia Pacific - 292</p> <p>BY AGE: 10-20 - 233 20-30 - 1541 30-40 - 910 40-50 - 501 50-60 - 214 60-70 - 28 70-80 - 3</p>	<p>EMPLOYEES LEAVING IN 2021: Male - 1183 Female - 1042</p> <p>BY REGION: Europe - 638 Americas - 1364 Asia Pacific - 223</p> <p>BY AGE: 10-20 - 79 20-30 - 903 30-40 - 700 40-50 - 352 50-60 - 150 60-70 - 38 70-80 - 3</p>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	In most countries, KA provides the same benefits to all employees while conforming to local laws, and managing each benefit according to local laws.	
402-1	Minimum notice periods regarding operational changes	Any potential notice period regarding operational changes depends on local law and is therefore different between countries/regions. We do not have a standard, global notice period for operational changes. The notice period depends on the type of operational change and the number of employees affected.	
403-1	Occupational health and safety management system	KA Sustainability Report - Health & Safety, pages 17-18	
403-2	Hazard identification, risk assessment, and incident investigation	KA Sustainability Report - Health & Safety, pages 17-18	
403-4	Worker participation, consultation, and communication on occupational health and safety	KA Sustainability Report - Health & Safety, pages 17-18	
403-5	Worker training on occupational health and safety	KA Sustainability Report - Health & Safety, pages 17-18	
403-8	Workers covered by an occupational health and safety management system	All employees and people external to the company who are present in a Kongsberg Automotive facility are covered by the Health & Safety management system	
403-9	Work-related injuries	KA Sustainability Report - Health & Safety, pages 17-18	
404-2	Programs for upgrading employee skills and transition assistance programs	KA Sustainability Report - Knowledge building on developments in the automotive industry, page 16	

404-3	Percentage of employees receiving regular performance and career development reviews	Every employee receives a regular performance and career development review. Depending on the employee category, this is either managed under a globally governed process or is managed under local processes. For White Collar employees (about 25% of our employees), performance management is a globally regulated process carried out in the HR system. Performance management of Blue Collar employees is a local responsibility and is based on local policy and practices.
405-2	Ratio of basic salary and remuneration of women to men	We define 'significant locations of operations' as our manufacturing facilities. The percentages given represent the ratio between basic pay and remuneration for men compared to women. Brzesc - 104% Cluses - 155% Epila - 126% Grand River - 81% Hvittingfoss - 117% Jundiai - 201% KAMS - 147% Koluszki - 85% Ljungsarp - 122% Mullsjo - 113% Normanton - 47% Nuevo Laredo - 166% Ramos Arizpe - 165% Raufoss - 104% Shawinigan - 128% Suffield - 86% Vrable - 153% Willis - 225% Wuxi - 158% Yangsan - 138%
406-1	Incidents of discrimination and corrective actions taken	We operate a 'speak-up' service as a global system to report and monitor complaints. This is owned and overseen globally by the General Counsel and Executive Vice President HR & Communications to ensure a high level of scrutiny of any incidents, as well as follow-up at the executive management level. Beside the global 'speak-up' process, grievances are managed in countries according to local legislation
414-1	New suppliers that were screened using social criteria	KA Sustainability Report - Supply chain, pages 34-37
414-2	Negative social impacts in the supply chain and actions taken	KA Sustainability Report - Supply chain, pages 34-37
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents in 2021
417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents or fines received in 2021
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated reports received in 2021
419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliances in 2021



KONGSBERG
A U T O M O T I V E

KONGSBERG AUTOMOTIVE ASA
DYRMYRGATA 48
3611 KONGSBERG
NORWAY
T: +47 32 77 05 00

OPERATIONAL HEADQUARTERS
KA GROUP AG
EUROPAALLEE 39
8004 ZÜRICH
SWITZERLAND
T: +41 43 508 65 60

WWW.KONGSBERGAUTOMOTIVE.COM