



KONGSBERG

# EU Taxonomy Report 2023

#protechtingpeopleandplanet

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# About the EU Taxonomy

## Background

The EU Taxonomy is a key element of the Sustainable Finance Action Plan established by the European Commission as a tool to reorient capital flows towards sustainable investments. EU entities affected by the regulation were required to report on a first set of criteria for financial year 2021 during 2022. The first reporting was limited to cover economic activities as defined by the environmental objectives related to Climate change mitigation and Climate change adaptation.

During 2023 the EU has published delegated acts which introduce activities under the final four environmental objectives, as well as additional activities under the first two environmental objectives. Organisations within the EU subject to the reporting requirements need to report on eligibility for all published activities, as well as alignment related to the first set of activities published by the Climate delegated act. The Norwegian government has an ambition to follow a similar implementation timeline as the EU. However, on 16 November 2022 the Norwegian Ministry of Finance communicated that it did not expect the delegated acts to be implemented in the EEA agreement during 2023. The implication is that Norwegian entities are only required to report on eligibility and alignment for the first set of activities published by the Climate delegated act for financial year 2023. Please refer to the illustration on the next page for a summary of the reporting requirements.



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### Activity level performance

### Company level performance



		Reporting requirements		
		EU	Norway	
Climate Delegated Act	Climate change mitigation	→ Existing activities	Alignment	Alignment
		→ New activities	Eligibility	Voluntary
	Climate change adaptation	→ Existing activities	Alignment	Alignment
		→ New activities	Eligibility	Voluntary
Environmental Delegated Act	Sustainable use and protection of water and marine resources	Eligibility	Voluntary	
	Transition to circular economy	Eligibility	Voluntary	
	Pollution prevention and control	Eligibility	Voluntary	
	Protection and restoration of biodiversity and ecosystems	Eligibility	Voluntary	

The six 'environmental objectives'

-  OECD guidelines for Multinational Enterprises
-  UN Guiding Principles on Business and Human Rights
-  Declaration of the international Labour Organisation on Fundamental Principles and Rights at Work

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## Our scope of reporting

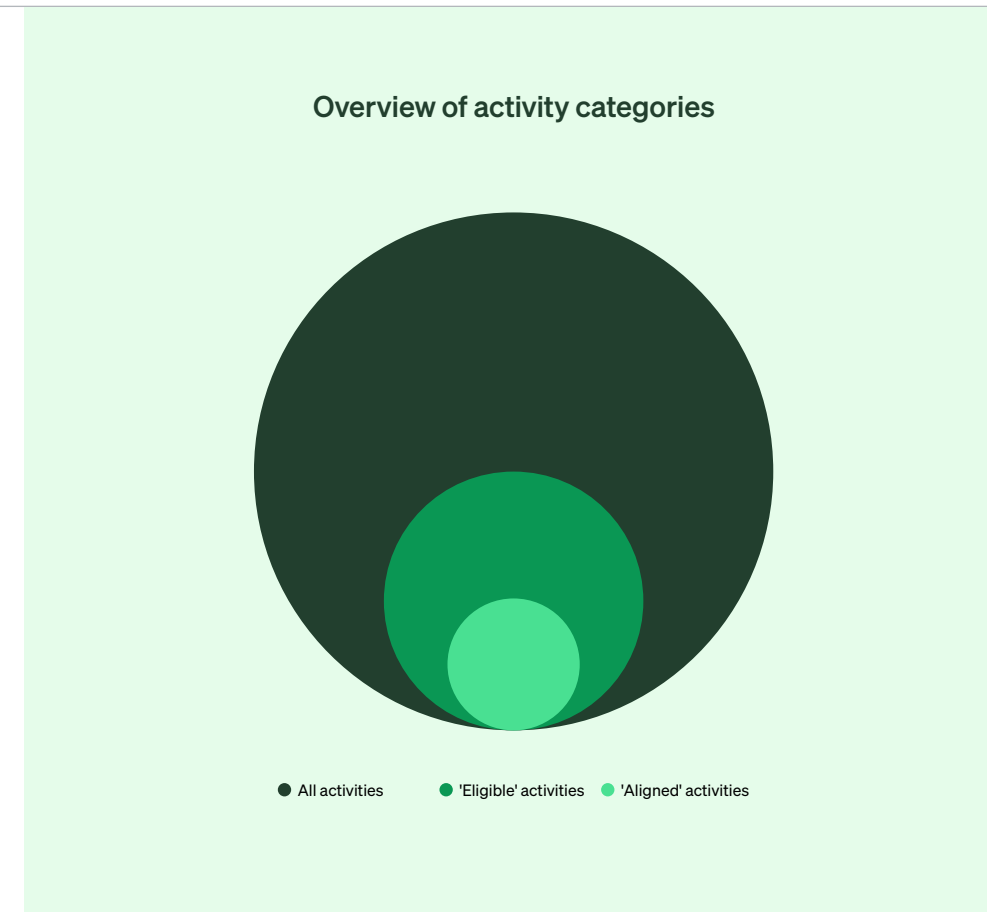
KONGSBERG share our performance on all KPIs related to the mandatory reporting scope for Norwegian entities for 2023. This includes activities introduced in the original Climate delegated act. In addition, we will report eligibility on voluntary basis for the Revenue<sup>1)</sup> KPI for the activities introduced by the EU in the latest update. This includes additional activities introduced with the amendment to the Climate delegated act as well as the new activities introduced by the Environmental delegated act.

Eligible activities are those activities which are described in the delegated acts that supplement the EU Taxonomy Regulation, irrespective of whether the economic activity meets any of the Technical screening-, No significant harm-, or Minimum safeguards criteria.

Aligned activities are those eligible activities which satisfy the requirements of the Technical screening-, No significant harm-, and Minimum safeguards criteria.

Non-eligible activities are those activities that the EU Taxonomy Regulation has not described and where no criteria to evaluate sustainability has been established.

The EU Taxonomy Regulation prioritises economic activities related to sectors with the highest potential to fulfill the goals of the environmental objectives. Consequently, activities deemed non-eligible are not necessarily unsustainable.



KPI	Description of KPIs as defined by the EU Taxonomy
<b>Turnover (Revenue)</b>	Net turnover
<b>OPEX</b>	Direct non-capitalised costs related to: <ul style="list-style-type: none"> <li>• research and development,</li> <li>• building renovation measures,</li> <li>• short-term lease,</li> <li>• maintenance and repair, and</li> <li>• any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment</li> </ul>
<b>CAPEX</b>	Expenditures on tangible and intangible assets

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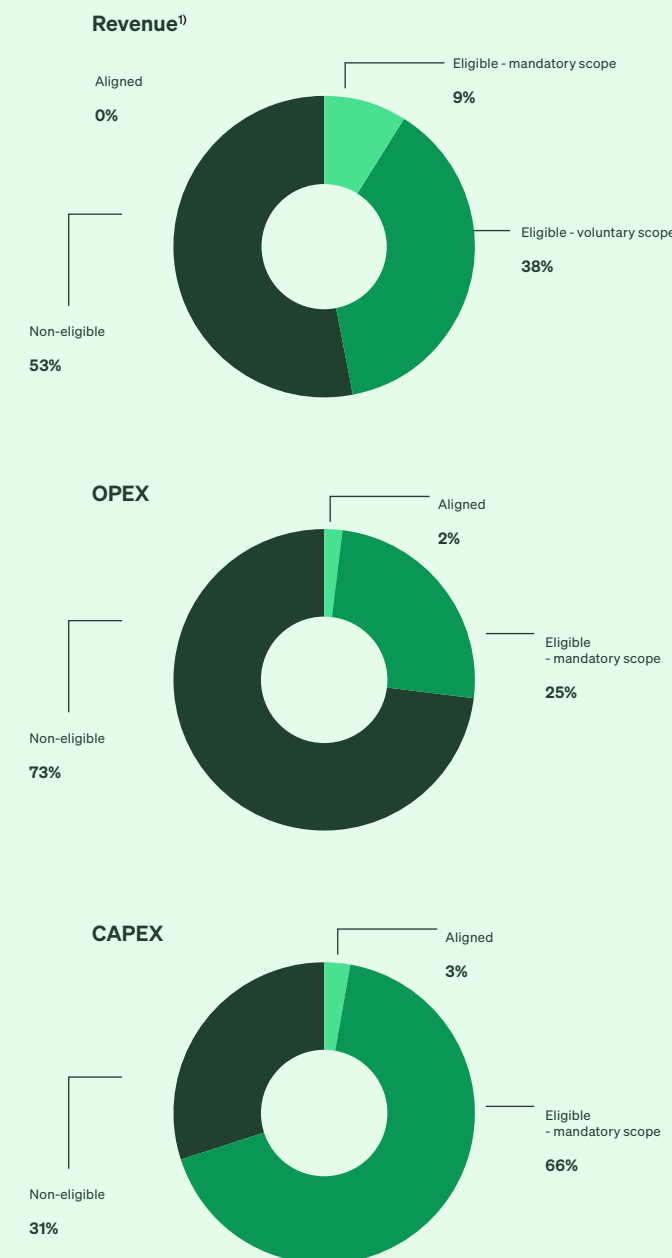
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## Summary of performance

KONGSBERG has identified nine relevant activities from the mandatory reporting scope of the EU Taxonomy. Retrofitting of sea and coastal freight and passenger water transport, and Data-driven solutions for GHG emission reductions are the largest contributors to the Revenue<sup>1)</sup> KPI. The property related activities are a major contributor for the CAPEX and OPEX KPIs. Our EU Taxonomy aligned share of the mandatory reporting scope remains low. Access to relevant data from internal and external sources to perform the necessary evaluations against the Technical screening criteria remains a challenge which limits the share of aligned KPI performance.

Alignment is reported for activities related to Production of heat/cool using waste heat, Retrofitting of sea and coastal freight and passenger water transport, and Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).

The introduction of activities under the Environmental delegated act contributes to significantly increase the share of eligible activities for KONGSBERG. Our voluntary reporting on the revenue KPI shows that 38 per cent of revenue is evaluated to be eligible. Regardless, the non-eligible scope of our revenues remains high at 62 per cent, which means that the majority of activities are not yet captured by the EU Taxonomy. Activities described and prioritised by the EU Taxonomy aim to make a step change in a sustainable direction where significant improvements are possible. As such, non-eligible activities are not synonymous with unsustainable activities. The EU has implemented a mechanism for stakeholder requests, inviting contributions on modifications to current activities and proposals for new activities. We welcome this initiative and hope to increase the share of eligible activities in the future as more activities are introduced. A summary of the KPI reporting is found to the right while more detailed tables in line with the format established by the EU Taxonomy are available in the appendix.



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# Evaluation of activities 2023

In the following chapter we present the KONGSBERG performance on the eligible and aligned economic activities for all KPIs related to the mandatory reporting scope. We also present the eligible performance for the Revenue<sup>1)</sup> KPI for the voluntary scope.

The evaluation of relevant activities has been performed by the business areas with support of the corporate centre to ensure consistent reporting and to perform consolidation for KONGSBERG. Economic activities have only been evaluated against the most relevant activity, which eliminate the chance for double counting.

Nine activities have been identified from the mandatory reporting scope for KONGSBERG. These will be evaluated on all three EU Taxonomy KPIs against both eligibility and alignment criteria:

## Activities

**Production of heat/cool using waste heat**  
(Climate Change Mitigation – 4.25)

**Retrofitting of sea and coastal freight and passenger water transport**  
(Climate Change Mitigation – 6.12)

**Construction of new buildings**  
(Climate change mitigation – 7.1)

**Renovation of existing buildings**  
(Climate change mitigation – 7.2)

**Installation, maintenance and repair of energy efficiency equipment**  
(Climate change mitigation – 7.3)

**Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)**  
(Climate change mitigation – 7.4)

**Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings**  
(Climate change mitigation – 7.5)

**Acquisition and ownership of buildings**  
(Climate change mitigation – 7.7)

**Data-driven solutions for GHG emissions reductions**  
(Climate Change Mitigation – 8.2)

In addition, six activities have been identified from the voluntary reporting scope for KONGSBERG. These will be evaluated on the Revenue<sup>1)</sup> KPI against eligibility criteria:

## Activities

**Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation**  
(Climate Change Mitigation – 3.20)

**Manufacturing of aircraft**  
(Climate Change Mitigation – 3.21)

**Manufacturing of electrical and electronic equipment**  
(Transition to a Circular Economy – 1.2)

**Provision of IT/OT data-driven solutions**  
(Transition to a Circular Economy – 4.1)

**Repair, refurbishment and remanufacturing**  
(Transition to a Circular Economy – 5.1)

**Sale of spare parts**  
(Transition to a Circular Economy – 5.2)

Total operating revenue for KONGSBERG was MNOK 40,617 for 2023. Please refer to the Annual- & Sustainability Report for 2023, page 146 and notes 6 and 7 on pages 156 and 159.

Total EU Taxonomy relevant CAPEX for KONGSBERG was MNOK 3,010 for 2023. Please refer to the Annual- & Sustainability Report for 2023, notes 12, 13 and 14 on pages 173, 175 and 178.

Total Personnel and Other operating expenses for KONGSBERG was MNOK 19,247 for 2023. Please refer to the Annual- & Sustainability Report for 2023, page 146. The part of OPEX that meet the definition of EU Regulation 2020/852 Annex I, point 1.1.3.1 is estimated to be MNOK 1,674 and form the denominator of the OPEX KPI. For each business area we have evaluated the R&D OPEX and estimated the share of direct expenses according to the EU Taxonomy description. In addition, we have evaluated the direct expenses from our property activities that meet the EU Taxonomy description to give the total estimated OPEX denominator.

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## Mandatory reporting scope

Nine activities have been identified within the mandatory reporting scope for KONGSBERG. Four of them were subject for reporting in our voluntary report for 2022, while the final five are introduced as we now also report on the OPEX and CAPEX KPIs. The activities under the mandatory reporting scope will be evaluated on all three KPIs against both eligibility and alignment criteria.

### Production of heat/cool using waste heat

*(Climate Change Mitigation – Activity 4.25)*

KONGSBERG own and manage properties, primarily for own benefit. In and around the Kongsberg area we also own real estate which is rented out to external companies. KONGSBERG has an agreement with the municipality to acquire waste heat from the municipality's sewer system to generate heating for the properties under our management. We charge those external tenants for heating, part of which is sourced from the production of heat from the municipality's sewer system.

We report from the main site of Kongsberg Technology Park (KTP) where we have access to the necessary data to report.

KONGSBERG meets the Substantial contribution criteria for Climate change mitigation by producing heat from waste heat. We have evaluated the relevant Do no significant harm criteria and concluded that our activity is aligned with the requirements.

### Retrofitting of sea and costal freight and passenger water transport

*(Climate Change Mitigation – Activity 6.12)*

Kongsberg Maritime delivers projects related to retrofit and upgrade of vessels designed and equipped for sea and coastal transport of freight or passengers as described by the EU Taxonomy. The current scope of eligible vessels provides some room for interpretation. We will continue to develop our understanding of relevant vessel types through further guidance from the EU and through monitoring of how the market interprets what vessels are considered in scope of eligibility.

We continue to apply what we consider to be a broad definition of relevant vessels. For instance, we have not limited tugs to only consider eligible those that are dedicated to port operations. Further, we have chosen to include Offshore Supply, and similar vessels, on the basis that they transport freight between the shore and offshore operations. Vessels that do not have the primary function to transport freight or passengers, such as navy, fishing, and research vessels are not considered eligible in our reporting. We also exclude vessels that does not have own propulsion, such as barges.

We have only evaluated deliveries that provide improved functionality from the original design. Replacements and similar maintenance activities have as such not been included, even if they restore the performance of the vessel back to original state. Activity 5.1 Repair, refurbishment and remanufacturing under the Environmental objective related to Circular Economy capture this aspect and is presented later in this report.

KONGSBERG has delivered several projects during 2023 to customers that give improvements in fuel consumption which are expected to meet the threshold set in the Substantial contribution criteria. A limited scope of projects has been documented to meet the Substantial contribution criteria.

Aligned projects may consist of several product deliveries, both physical and digital, under the same contract, to meet the Technical screening criteria. Since CAPEX and OPEX are related to the individual products and solutions, which by themselves typically do not meet the Technical screening criteria, no aligned CAPEX or OPEX is reported.

We have evaluated the relevant Do no significant harm criteria and concluded that our activity is aligned with the requirements.

### Construction of new buildings

*(Climate change mitigation – 7.1)*

To meet increasing demand for our products we increase our capacity through, among other things, investments in new buildings. During 2023 we have invested in several new buildings, however documentation of the primary energy demand (PED) of

these are not available. Hence, it has not been possible to determine if the investments meet the Technical screening criteria.

An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

### Renovation of existing buildings

*(Climate change mitigation – 7.2)*

During 2023 we have performed larger renovations of our Ulsteinvik site. The building renovation is not yet completed and will be certified according to BREEAM NOR Very Good. In order to report this renovation as aligned we need to document a reduction of at least 30 per cent in PED. Reduction in PED is not documented and as a consequence it is not possible to determine if the investment meet the Technical screening criteria.

An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

### Installation, maintenance and repair of energy efficiency equipment

*(Climate change mitigation – 7.3)*

We own a number of buildings which undergo continuous maintenance, repairs and installation of equipment. In order to meet the Technical screening criteria we need to ensure that the relevant activity make use of individual components and systems that meet a rating of the highest two populated classes of energy efficiency. At the moment, this information is not included in the decision process and documentation of compliance to this requirements is not available. Hence, it is not possible to determine if the investments meet the Technical screening criteria.

An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

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### Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

(Climate change mitigation – 7.4)

We have several charging stations for electric vehicles in connections with our buildings. Meeting the eligibility criteria also satisfy the Technical screening criteria as there are no further criteria to satisfy.

We have evaluated the relevant Do no significant harm criteria and concluded that our activity is aligned with the requirements.

### Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

(Climate change mitigation – 7.5)

Related to our property activities we incur maintenance costs (OPEX) related to devices for measurement of our heating and cooling systems. However, the activity has not been evaluated to meet the Technical screening criteria described.

An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

### Acquisition and ownership of buildings

(Climate Change Mitigation – Activity 7.7)

KONGSBERG own and lease real estate, which mainly supports our own operation. We have CAPEX and OPEX spend related to these, and also generate revenue from renting out to external parties, especially at the Kongsberg Technology Park (KTP). Real estate includes properties consisting of land and the buildings on it and may also include undeveloped land.

We report IFRS16 CAPEX against an evaluation of the real estate's performance of the real estate itself against the criteria of the subject matter activity. We believe this approach is most aligned with the spirit of the EU Taxonomy, as it helps to create incentives in

favour of sustainable real estate. Once we apply this interpretation to CAPEX, it also makes sense to consider external revenue of sub-letting to be evaluated against this activity to create symmetry. By doing so we treat both CAPEX and revenue from the real estate in question equally.

No properties have been evaluated to meet the Technical screening criteria defined by the EU Taxonomy. Buildings built before 31 December 2020 do not have an Energy Performance Certificate (EPC) of class A. There are currently no available statistics in Norway that allow us to assess whether these buildings are in the top 15 per cent of the national or regional building stock. The Ministry of Finance has communicated that they will align with other relevant ministries to evaluate how this can be made available. We will wait for this update to evaluate if our buildings can be evaluated differently as a consequence. A couple of buildings are built after 31 December 2020, including the Space & Surveillance production and office facility, known as Cosmos. Around half of the building is categorised as industrial, while the remainder of the building is categorised as office. The industrial part of the building meets the Technical screening criteria, however the office part do not. The building does not meet the threshold in an approach where we weigh the PED of the buildings against a weighted threshold. The weighted PED is calculated to be 86.4 kWh/m<sup>2</sup>, which is 1.5 per cent above the weighted threshold. For other buildings, including leased property, information on EPC class or operational PED is not available to evaluate performance against the Technical screening criteria. As a result, all relevant activities are reported as eligible, but not aligned.

An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

### Data-driven solutions for GHG emission reductions

(Climate Change Mitigation – Activity 8.2)

Both Kongsberg Maritime and Kongsberg Digital offers data-driven solutions which enable greenhouse gas emission reductions. Activities connected with the subscription service, necessary hardware, as well as setup and installations are all evaluated to meet the eligibility criteria of the EU Taxonomy. All products and

solutions which offer the opportunity to reduce GHG emissions have been considered eligible. This implies that revenues from Oil & Gas customers are included in the eligibility data, provided that the offered solution enable GHG emission reductions. We continue to rely on the activity-specific criteria to evaluate relevant lock-in principle considerations.

Kongsberg Digital offer data-driven solutions which enable more efficient use of assets and reduce impact from unwanted future events. Through this, customers can limit GHG emissions. The main customers for the Digital Twin, Ledaflow and K-Spice products operate in the Oil & Gas industry. However, the technology is industry agnostic and transferable to other industry verticals. The remaining scope of eligible activity from Kongsberg Digital is related to the Vessel Insight solution.

K-IMS is a digital solution offered by Kongsberg Maritime and is similar to the Vessel Insight solution from Kongsberg Digital. Both solutions provide data and analytics that offer decision-making support for customers to reduce fuel consumption and as such reduce GHG emissions. We have also reported Health Management monitoring services from Kongsberg Maritime as eligible since it ensures that assets receive service and maintenance follow up that allow them to operate under optimal conditions.

To qualify the activity as aligned, the Technical screening criteria require third-party verified life-cycle GHG emission reductions compared to best performing alternative solution. Such analysis has not been performed yet. The evaluation of the right alternative solution and access to their relevant benchmark data is considered difficult to obtain. Hence, it is not currently possible to qualify any part of the data-driven solutions activity as aligned.

With the release of the Environmental delegated act, activity 4.1 Provision of IT/OT data-driven solutions is introduced and we believe some of the activities captured in the subject matter activity may also be eligible under this new activity. We report on voluntary basis on eligibility for the Revenue<sup>9</sup> KPI for activities introduced with the Environmental delegated act and will take the time until the first official report to conclude on the right activity for the relevant products and solutions.



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An evaluation against Do no significant harm criteria has not been performed, provided that no activities have been assessed to meet the Substantial contribution criteria.

## Voluntary reporting scope

Six activities have been identified from the voluntary reporting scope for KONGSBERG. Two of the activities are introduced by the amendment to the Climate Delegated Act under the Environmental objective Climate Change Mitigation. The remaining four are introduced by the Environmental Delegated Act under the Environmental objective Transition to a Circular Economy. These activities will be evaluated on the Revenue<sup>1)</sup> KPI against the eligibility criteria only.

### **Manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation**

*(Climate Change Mitigation – 3.20)*

Kongsberg Maritime develops, installs, and services Electrical Power Systems (EPS). EPS contribute to GHG emission reductions through integration of renewable energy solutions and efficient power conversions to vessels. All deliveries of EPS meet the Description of the activity and are therefore considered eligible. Deliveries to vessels dedicated to the transport of fossil fuels will not meet the Technical screening criteria of the activity but are included in the eligibility reporting.

### **Manufacturing of aircraft**

*(Climate Change Mitigation – 3.21)*

Kongsberg Defence & Aerospace manufactures airframe parts for the F35 fighter jet and performs maintenance, repair, and overhaul (MRO) of helicopters and airplanes. The MRO activities are mainly delivered through Kongsberg Aviation and Maintenance Services (KAMS).

The activities in KONGSBERG are aimed at military, and search and rescue aircrafts where priority is given to other factors than GHG emissions. Hence, we do not anticipate that this activity will contribute to alignment once we expand reporting to this

dimension. We also manufacture advanced missiles, such as the JSM and NSM missiles, however we do not consider these to be captured under the definition of aircraft.

### **Manufacturing of electrical and electronic equipment**

*(Transition to a Circular Economy – 1.2)*

Manufacturing of electrical and electronic equipment for industrial, professional and consumer use is a broad economic activity that can fit a wide scope of the activities performed by KONGSBERG. To ensure a consistent application of the activity we have established three key interpretations of the description.

The first interpretation is related to defining the scope of what constitutes manufacturing. The Description of the activity is limited to “manufacturing”, and we interpret this to be an intentional limitation in scope. Referring to the activity related to Manufacturing of aircraft (Climate Change Mitigation – 3.21) where we find the Description of the activity to cover a broader scope: “manufacture, repair, maintenance, overhaul, retrofitting, design, repurposing and upgrade”. The implication is that products need to be manufactured by KONGSBERG in order to be considered eligible under this activity. Physical products that are developed and designed, loaded with KONGSBERG software and algorithms, and sold under KONGSBERG brand must also be manufactured by us. Products where the hardware production is outsourced to a third party does not satisfy requirements where we are in sufficient control of the production to claim we perform the manufacturing activity. Production where we perform the assembly of components is considered to meet the requirements of what constitutes manufacturing.

The second interpretation is a definition of what constitutes electrical or electronic equipment. Here we consider any product that relies on electrical or electronic equipment to function as intended to be in scope. Hence, if a product can provide the intended function without the electrical or electronic equipment components, we consider it to be outside of scope.

Last, an evaluation of the boundaries related to the “industrial, professional, and consumer use” is required. There is little guidance available to help us determine what would be appropriate boundaries. However, we believe the specification of this boundary

has been an intentional act to limit the scope of the activity. After careful evaluation we have landed on an interpretation where products need to be generally commercially available, as a consequence products sold solely for military use are excluded. These products are not available for purchase on a general commercial basis, which is made evident by the need for export control licence for instance.

Only revenue related to sale of stand-alone products (which may be custom built) are evaluated. When physical products are sold as part of a project the delivery is an integrated delivery which also include aspects such as product and software development, training, testing, calibration etc.

The activity is relevant for Kongsberg Defence & Aerospace and Kongsberg Discovery, with the majority of the eligible contribution from Kongsberg Discovery.

### **Provision of IT/OT data-driven solutions**

*(Transition to a Circular Economy – 4.1)*

As introduced under activity 8.2 Data-driven solutions for GHG emission reductions, we will evaluate if activities reported under that activity have a better fit with the description of the subject matter activity. At the moment we only report revenue related to our SiteCom product from Kongsberg Digital as eligible under this activity. The product is developed for the purpose to facilitate real-time monitoring and provide analysis support for better drilling and wells operations.

### **Repair, refurbishment and remanufacturing**

*(Transition to a Circular Economy – 5.1)*

The repair, refurbishment and remanufacturing activity is a relevant activity for most of the KONGSBERG business areas. The Description of the activity specify that the “goods have been used for their intended purpose before” and we understand this to mean any product that has been used, i.e. which is not new out-of-the-box. We understand that the aim of the activity is to extend the life of the products covered by the activity.

The Global Customer Support division in Kongsberg Maritime is established specifically to meet the purposes of this activity.

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Kongsberg Digital perform repair and maintenance work related to their Maritime Simulator business. Kongsberg Discovery reports eligible activities linked to the product portfolios of Ocean Technologies and Seatex. In Kongsberg Defence & Aerospace lifecycle support, repairs, upgrades, field support, and more are provided by the Integrated Defence Solutions division.

The products found to be relevant for this activity for KONGSBERG fit in the following NACE codes:

- C26 Manufacture of computer, electronic and optical products
- C27 Manufacture of electrical equipment
- C28.22 Manufacture of lifting and handling equipment

**Sale of spare parts**

*(Transition to a Circular Economy – 5.2)*

The sale of spare parts is another activity relevant for most of the KONGSBERG business areas. Spare parts are separate parts of a product that can replace a part of a product with the same or similar function. The product cannot function as intended without that part of the product.

The products found to be relevant for this activity for KONGSBERG fit in the following NACE codes:

- C26 Manufacture of computer, electronic and optical products
- C27 Manufacture of electrical equipment
- C28.22 Manufacture of lifting and handling equipment

The major contributor to the eligible revenue reported under this activity is from Kongsberg Maritime and the Global Customer Support division. Kongsberg Discovery reports eligible revenue linked to the product portfolios of Ocean Technologies and Seatex. The Integrated Defence Systems division of Kongsberg Defence & Aerospace also have eligible revenue under this activity.

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Economic activities	Activity code	Revenue <sup>1)</sup>		OPEX		CAPEX	
		MNOK	%	MNOK	%	MNOK	%
Production of heat/cool using waste heat	4.25 (CCM)	7	0.02%	36	2.14%	86	2.84%
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	2	0.01%	0	0.00%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 (CCM)					1	0.02%
<b>Total taxonomy-eligible, aligned activities</b>		<b>9</b>	<b>0.02%</b>	<b>36</b>	<b>2.15%</b>	<b>86</b>	<b>2.86%</b>
Retrofitting of sea and costal freight and passenger water transport	6.12 (CCM)	1884	4.64%	45	2.68%	14	0.46%
Construction of new buildings	7.1 (CCM)					1010	33.55%
Renovation of existing buildings	7.2 (CCM)			10	0.58%	120	3.99%
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)			10	0.61%	5	0.18%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5 (CCM)			1	0.08%		
Acquisition and ownership of buildings	7.7 (CCM)	67	0.17%	69	4.12%	408	13.57%
Data-driven solutions for GHG emission reductions	8.2 (CCM)	1 539	3.79%	287	17.16%	424	14.08%
<b>Total taxonomy-eligible, not-aligned activities (mandatory scope)</b>		<b>3 490</b>	<b>8.59%</b>	<b>422</b>	<b>25.22%</b>	<b>1 981</b>	<b>65.82%</b>
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	3.20 (CCM)	697	1.72%				
Manufacturing of aircraft	3.21 (CCM)	1 873	4.61%				
Manufacture of electrical and electronic equipment	1.2 (CE)	2 515	6.19%				
Provision of IT/OT data-driven solutions	4.1 (CE)	250	0.62%				
Repair, refurbishment and remanufacturing	5.1 (CE)	6 821	16.79%				
Sale of spare parts	5.2 (CE)	3 473	8.55%				
<b>Total taxonomy-eligible, not-aligned activities (voluntary scope)</b>		<b>15 630</b>	<b>38.48%</b>				
<b>Total taxonomy non-eligible activities</b>		<b>24 988</b>	<b>61.52%</b>	<b>1 216</b>	<b>72.63%</b>	<b>943</b>	<b>31.31%</b>
<b>Total taxonomy-eligible and non-eligible activities</b>		<b>40 617</b>	<b>100.00%</b>	<b>1 674</b>	<b>100.00%</b>	<b>3 010</b>	<b>100.00%</b>

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# Minimum Safeguards

Minimum safeguards criteria are outlined in the EU Taxonomy regulation (EU 2020/852) Article 3 and 18 and establish that compliance is required on entity level to qualify activities as environmentally sustainable. KONGSBERG has relied on the final report advice presented by the Platform on Sustainable Finance on the application of Minimum safeguards<sup>1)</sup> to evaluate compliance. In their advice, four criteria are identified where compliance is required: Human Rights, Corruption, Taxation, and Fair Competition.

## Human Rights

The Platform on Sustainable Finance final report on Minimum safeguards requirements make note that Norway, together with some other countries, have adopted national level mandatory human rights and environmental due diligence legislation. The Norwegian Transparency Act entered into force in July 2022 and is established to 'promote enterprises' respect for fundamental human rights and decent working conditions.

KONGSBERG has carried out a gap analysis between the Norwegian Transparency Act and the requirements established by the Platform on Sustainable Finance and concludes that there is an overlap. Hence, KONGSBERG considers to be compliant with the Human Rights requirements of the Minimum safeguards of the EU Taxonomy through the legislative requirements established by the transparency act. Please refer to the chapter on Human Rights in the Annual- & Sustainability Report 2023, page 103, for details.

## Corruption

KONGSBERG has a zero tolerance for corruption and our attitude is expressed explicitly through our Code of Ethics and Business Conduct which is accepted by all employees on employment and periodically attested to. Further, KONGSBERG has endorsed the UN Global Compact, the OECD's Guidelines for Multi-National Enterprises and is a member of Transparency International, the International Forum on Business Ethical Conduct (IFBEC) and Maritime Anti- Corruption Network (MACN). As a part of the overall assessment every third year, the program is subject to an audit. In 2023 an audit was executed by a US law who found the program to be adequate and effective, and observed that significant improvements had been made since their prior review in 2020. As such, KONGSBERG considers to be compliant with the Anti-Corruption requirements of the Minimum safeguards of the EU Taxonomy. Please read more in the chapters on Responsible business conduct and Responsible supply chain in the Annual- & Sustainability Report 2023, pages 106 and 114.

## Tax

KONGSBERG's international presence means that we must comply with a wide variety of tax systems in many countries. In our opinion, a responsible approach to taxation is essential for our long-term activities in the countries in which we operate. This includes identifying and complying with current tax legislation, disclosing all the necessary information to the relevant authorities and taking prudent tax positions where tax legislation allows different interpretation or choices.

KONGSBERG has a central tax department that reports to corporate management, and whose primary purpose is to ensure compliance with our Tax Policy throughout the Group. The tax department and local management within the Group companies ensure compliance with local tax reporting requirements in the countries in which KONGSBERG operates, in cooperation with internationally recognised tax advisers.

The tax department regularly monitors the external advisers. KONGSBERG prioritise the work on an improved version of a tax framework, with more emphasis on roles, responsibilities, and internal controls for the future. This aligns with growing requirements from Governments not only to adhere to a responsible tax policy, but also to document such adherence. As such, KONGSBERG considers to be compliant with the Tax requirements of the Minimum safeguards of the EU Taxonomy. Please read more in the chapter on Tax in the Annual- & Sustainability Report 2023, page 123.

## Fair Competition

All KONGSBERG employees accepted the Code of Ethics and Business Conduct, which include a chapter on Fair Competition, on employment. In addition, specialised training and awareness activities related to competition laws and regulations are carried out regularly towards employees in senior management positions, as well as other positions identified to be of high relevance. As such, KONGSBERG considers to be compliant with the Fair Competition requirements of the Minimum safeguards of the EU Taxonomy.

<sup>1)</sup> [Platform on Sustainable Finance, \(October 2022\) 'Final Report on Minimum Safeguards'](#)

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## Appendix 1 – Revenue<sup>1)</sup> KPI (mandatory scope)

Economic Activities	Code	Absolute turnover	Proportion of Turnover	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Taxonomy aligned proportion of total turnover, year N	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity			
		MNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				<b>8.62%</b>														
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
Production of heat/cool using waste heat	4.25 (CCM)	7	0.02%	0.02%						Y	Y	Y	Y	Y	Y	0.02%		
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	2	0.01%	0.01%						Y	Y	Y	Y	Y	Y	0.01%		T
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>9</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.01%</b>
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	1884	4.64%															
Acquisition and ownership of buildings	7.7 (CCM)	67	0.17%															
Data-driven solutions for GHG emissions reductions	8.2 (CCM)	1539	3.79%															
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>3 490</b>	<b>8.59%</b>															
<b>Total (A.1+A.2)</b>		<b>3 499</b>	<b>8.62%</b>															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
<b>Turnover of Taxonomy-non-eligible activities</b>		<b>37 118</b>	<b>91.38%</b>															
<b>Total (A+B)</b>		<b>40 617</b>	<b>100.00%</b>															

1) Expressed as 'Turnover' by the EU Taxonomy regulation

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## Appendix 2 – Revenue<sup>1)</sup> KPI (voluntary scope)

Economic Activities	Code	Absolute turnover	Proportion of Turnover	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Taxonomy aligned proportion of total turnover, year N	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity			
		MNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				<b>38.48%</b>														
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	0.00%	0.00%	0.00%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation		3.20 (CCM)	697	1.72%														
Manufacturing of aircraft		3.21 (CCM)	1873	4.61%														
Manufacture of electrical and electronic equipment		1.2 (CE)	2 515	6.19%														
Provision of IT/OT data-driven solutions		4.1 (CE)	250	0.62%														
Repair, refurbishment and remanufacturing		5.1 (CE)	6 821	16.79%														
Sale of spare parts		5.2 (CE)	3 473	8.55%														
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15 630	38.48%															
Total (A.1+A.2)		15 630	38.48%															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
Turnover of Taxonomy-non-eligible activities		24 988	61.52%															
Total (A+B)		40 617	100.00%															

1) Expressed as 'Turnover' by the EU Taxonomy regulation

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## Appendix 3 – OPEX KPI

Economic Activities	Code	Absolute turnover	Proportion of Turnover	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Taxonomy aligned proportion of total OpEx, year N	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity			
		MNOK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				<b>27.37%</b>														
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
Production of heat/cool using waste heat	4.25 (CCM)	36	2.14%	2.14%												2.14%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 (CCM)	0	0.00%	0.00%												0.00%		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>36</b>	<b>2.15%</b>	<b>0.05%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>2.15%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Retrofitting of sea and coastal freight and passenger water transport	6.12 (CCM)	45	2.68%															
Renovation of existing buildings	7.2 (CCM)	10	0.58%															
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	10	0.61%															
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5 (CCM)	1	0.08%															
Acquisition and ownership of buildings	7.7 (CCM)	69	4.12%															
Data-driven solutions for GHG emissions reductions	8.2 (CCM)	287	17.16%															
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>422</b>	<b>25.22%</b>															
<b>Total (A.1+A.2)</b>		<b>458</b>	<b>27.37%</b>															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
<b>OpEx of Taxonomy-non-eligible activities</b>		<b>1216</b>	<b>72.63%</b>															
<b>Total (A+B)</b>		<b>1674</b>	<b>100.00%</b>															







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