



KONGSBERG

Kongsberg Gruppen ASA

Directive for human rights risk assessment and -reporting

KOG-DIR-0046

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1. Introduction

KONGSBERG will respect all internationally recognized human rights, as established in our Code of Ethics and business Conduct. Violations of human rights shall not occur at KONGSBERG.

KONGSBERG endorses -and will strive to comply with the intentions laid down in:

- The UN Universal Declaration of Human Rights
- The UN Convention on the Rights of the Child
- The ILO conventions
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The UN Global Compact

1.1 The UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights (UNGPs) provide a global standard for assessing, preventing and mitigating the risk of adverse human rights impacts linked to business activity. They are a set of internationally recognized guidelines that are acknowledged and promoted by the Norwegian government. KONGSBERG will strive to comply with the UNGPs and is committed to continuous improvement of our human rights risk assessment and reporting.

1.2 Document history

Revision	Date	Change description
-	19MAI2014	First version
A	2DEC2019	Specifying: <ul style="list-style-type: none"> • UNGPs as basic for our human rights assessment and reporting • Definitions • Areas of focus • Roles and responsibilities • Governance, including product risk and trade compliance • Human rights risk assessment and reporting
B	30JAN2020	Art 4.3 Specifying that it is <u>most, not all</u> , of KONGSBERG's defence systems and military equipment fall under the Norwegian export control regime.

1.3 Purpose

This directive specifies how KONGSBERG shall ensure to respect human rights and comply with the requirements and expectations of the UNGPs.

1.4 Scope

The directive applies as follows:

- All companies owned or controlled by KONGSBERG with more than 50%, are subject to this directive
- In companies owned or controlled by KONGSBERG with less than 50% we shall use our owner position to ensure that the company has corresponding standards.

The directive covers both our in-house activities, supply chain, business partners and our impact on the communities in which we operate.

1.5 Definitions

“Human Rights” entails all internationally recognized human rights, including worker’s rights, as defined in the ILO Conventions.

“Human Rights Impact” refers to a negative impact on a person or a group of people, as a result of business activity.

“Salient Human Rights Issues” refer to the human rights issues that, if they occur, have the most severe negative impact on the person or people who are affected. Severity of an issue is estimated by considering its scale (gravity of the impact), scope (number of individuals affected) and remedability (how difficult it would be to rectify the situation for the individuals affected). Salient issues should be revised and updated on an annual basis as a minimum.

“Human Rights Risk Assessment” refers to the process of assessing the Human Rights risks in each of KONGSBERG’s companies and units.

2. Areas of focus

KONGSBERG has identified the following areas that need special focus with regards to Human Rights:

- A good, safe and secure working environment
- Avoidance of child labour and compulsory labour
- Non-discrimination based on gender, ethnicity, religion, sexual orientation etc.
- Acceptable working hours and reasonable wage conditions
- Freedom of association and the right to collective bargaining, or the freedom to elect their representatives.
- Respect for human rights in the communities in which we operate. This entails respecting the human rights of people outside of our organization, that might be affected by our business activity.

Under these areas, KONGSBERG will identify the Salient Human Rights Issues, which will be at the core of our annual Human Rights assessments and -reporting. Other emerging areas shall be given the focus needed to ensure compliance with the UNGPs.

3. Roles and responsibilities

The Business Areas are responsible for ensuring that this directive is implemented in its own organisation. Each Business Area is also responsible for ensuring awareness and compliance with the directive within its own organisation. The Business Areas shall report on an annual basis to Corporate Sustainability & Governance following the relevant guidelines.

The Business Area’s Compliance Officer shall follow up that any Severe Human Rights Impact, or the finding of a high risk of such impact, are handled by Line Management to mitigate risk and/or rectifying the situation.

Corporate HR is discipline responsible for workers’ rights related to in-house activities; e.g. employees and hired consultants. Corporate HR responsible for ensuring that units not organised under any of the business areas also comply with this directive.

Corporate Sustainability & Governance is discipline responsible for human rights, including the Group’s annual Human Rights reporting, based on reporting from the Business Areas.

4. Governance

KONGSBERG's governance system is designed to capture a broad range of risks related to our business, including risks related to political and military instability, as well as conditions that deviate from our Code of Ethics and Business Conduct.

4.1 Corporate approval of significant offers, contracts and framework contracts

All bids entailing risks as described above will undergo extensive risk assessment, including an independent assessment of Human Rights risks by the compliance organization, and require approval by the Executive Steering Group of the Business Area. Bids that have material risks associated with compliance will also need approval by the Corporate Board of Directors.

4.2 Product risk

KONGSBERG delivers a broad spectre of world leading technology, including marine robotics and seaborne transportation, complex integrated defence- and communication systems, space and surveillance technology and digital ecosystems, to mention some. Our business is diverse and dynamic, and so are the associated risks. KONGSBERG will work continuously to identify and mitigate emerging risks and is committed to preventing risks of illicit practices related to our products.

4.3 Trade compliance

Most of KONGSBERG's defence systems and military equipment fall under the Norwegian export control regime, meaning they are subject to strict regulations by the Norwegian government. The Ministry of Foreign Affairs (MFA) include the following considerations when granting export licenses ¹:

- The risk of military equipment being used for internal oppression.
- The risk that export could provoke, prolong or aggravate existing armed conflicts.
- Knowledge that the military equipment could be used to commit genocide, crime against humanity or other war crimes.
- High probability that the military equipment will lead to breach of international provisions on terrorism or transnational organized crime.
- Risk of the military technology or equipment being sold illegally in the buying country.
- Risk of the export contributing to serious gender-based violence or other violence against women and children.

KONGSBERG considers the Norwegian export control regime an integrated part of our Human Rights Risk Assessment. Compliance with Norwegian, as well as international, export regulations is considered top priority. KONGSBERG has established specific routines and control mechanisms in this regard, and will work continuously to build and maintain a culture of export compliance across the organization.

5. Implementation

KOG-GUI-0046 serves an implementation guide and specifies how KONGSBERG's business areas shall implement this directive. The follow-up of sustainability and corporate social responsibility in the supply chain, as well as compliance due diligence of business partners, must be considered part of KONGSBERG's framework to comply with the UNGPs.

¹ Guidelines for the Ministry of Foreign Affairs' processing applications for export and defense equipment, as well as technology and services for military purposes (*February 28th 1992; reviewed November 5th 2014*)

5.1 Human Rights Risk Assessment

KONGSBERG will perform continuous Human Rights Risk Assessment on the areas of focus (ref. art.1.7) in order to avoid causing or contributing to severe Human Rights Impacts. If assessment identifies non-conformance, mitigating measures shall be initiated to eliminate the non-conformance.

The occurrence of a Severe Human Rights Impact, or the finding of a high risk of such impact, shall be reported to Line Management and to the Business Area's Compliance Officer, and handled on a case-by-case basis.

5.2 Annual Human Rights Reporting

KONGSBERG will report annually on Human Rights, as part of our Sustainability report. Reporting will include:

- A statement of KONGSBERG's Salient Human Rights Issues.
- Reporting on Severe Human Rights Impacts related to the salient issues, in own business units and in the supply chain.
- Actions taken to prevent or mitigate potential impacts related to each salient issue.

6. Reference documents

- KOG-GUI-0046 Guideline for the implementation of KOG-DIR-0046: Human rights risk assessment and -reporting
- KOG-DIR-0015: Directive for Compliance due diligence, risk management and follow-up of the supply chain
- KOG-DIR-0038: Supplier Conduct Principles
- KOG-DIR-0017: Directive for Compliance Due Diligence of Business Partners
- KOG-DIR-0006: Directive regarding corporate approval of significant offers, contracts and framework contracts

7. Deviations

Departures from the provisions of this directive are allowed only under special circumstances. Departure requests should be submitted to Vice President Sustainability & Governance, which will make a recommendation to the Chief Executive Officer (CEO).

8. Entry into force

This document will enter into force as of the date on which it is approved by the CEO.