

# Our Ambition for a Sustainable Future

At Kongsberg Defence and Aerospace, our ambition is to contribute not only to national security but also to promoting environmental stewardship and social responsibility. Our Sustainability and ESG (Environmental, Social, and Governance) strategy is vital because it aligns our business objectives with broader societal and planetary goals.

There is growing recognition that industries must evolve to address the pressing challenges of climate change, resource scarcity, and social inequality. By integrating sustainability into our business practices, we aim to lead by example, setting the standard for others and "ensuring long-term resiliance

Our unwavering commitment to sustainability strengthens our reputation, helps us attract top talent, and deepens relationships with key stakeholders. Today, more than ever, stakeholders are placing a higher emphasis on sustainability criteria in their evaluations and public procurement processes.

The challenges posed by global warming directly affect Kongsberg Defence & Aerospace. Physical changes such as more extreme weather patterns and resource scarcity can disrupt supply chains and transport routes.

Our ambition is to contribute not only to national security but also to promoting environmental stewardship and social responsibility. Additionally, evolving regulations aimed at meeting the 1.5°C target of the Paris Agreement will impact our operations.



Kongsberg Defence & Aerospace also contributes to climate change, primarily through indirect emissions. In fact, up to 90% of our CO2 emissions stem from Scope 3 emissions within our supply chain. This necessitates close collaboration with our suppliers and partners to reduce our overall impact.

However, sustainability extends beyond just climate and

environmental concerns - it encompasses the social and governance aspects of our responsibilities as well. We recognize that our success is built on the strength and dedication of our employees. Respect for human and workers' rights is central to our commitment to sustainable development.

We are a company you can rely on. Our customers and partners trust us to deliver on our promises. We pride ourselves on our corporate responsibility, integrity, and commitment to health, safety, and environmental protection. We are determined to be part of the solution.



Eirik Lie President



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# As a reliable partner



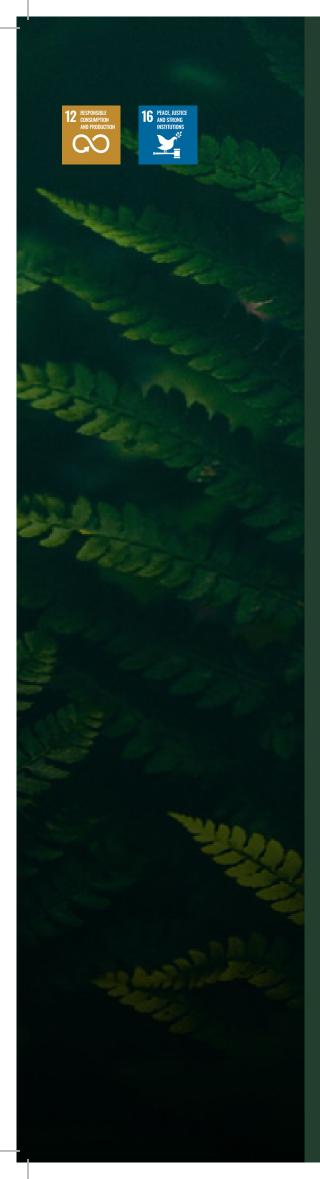
We develop and deliver world class capabilities for a safer and more sustainable future.



We strive to ensure that our operations are conducted in compliance with internationally recognized standards for responsible business conduct.



We focus on ensuring responsible use of resources, energy efficiency and work to reduce the CO<sup>2</sup> footprint of our products and operations.



Businesses have a great responsibility to drive development in the right direction, and at Kongsberg Defence & Aerospace, we believe we have an obligation to contribute to a sustainable future. Businesses must take an active role in shaping a more sustainable future, both for the planet and for society.

For us at Kongsberg Defence & Aerospace, sustainability means being mindful of how we positively contribute, ensuring that our actions serve a sustainable purpose. At the same time, we recognize that what we do - and how we do it, has a impact on both people and the planet.

To achieve our sustainability goals and ensure compliance with evolving regulations, sustainability and ESG considerations must be deeply integrated into our overall business strategy. This means embedding sustainability into our daily operations and at every level of decision-making.

The purpose of this brochure is to provide an overview of why sustainability is important to Kongsberg Defence and Aerospace and what it means for us in practice as part of the Norwegian defence industry.

# In the defence industry, sustainability is not just an option – it is crucial to our operations and future

Kerry Marie Bommen, Vice President Sustainability



#### **Reputation and Trust**

Our reputation is built on trust and responsibility. Sustainability strengthens that trust, demonstration our commitment to ethical and responsible practices.

#### **Environmental Impact**

The defence industry has, like other industries, has a environmental footprint. Reducing this impact is essential – not only for compliance but for securing a better future for our planet. We also need to support our customers in reducing their footprints.

#### **Resource Efficiency**

Sustainable practices make us more resource-efficient, leading to cost savings and operational improvements, while also enhancing the security of our supply chains.

#### **Innovation and Competitiveness**

Sustainability drives innovation. By embracing sustainable practices and technologies, we stay competitive and future-oriented in a rapidly changing environment.

#### **Regulatory Compliance and Risk Management**

Governments and stakeholders are demanding higher standards. Our strategy ensures that we meet these requirements while effectively manage risks, including those related to environmental, social, and governance factors.

#### Our sustainability and ESG strategy focuses on:

- 1. Climate Action: Reducing emissions, improving energy efficiency, and promoting renewables.
- 2. Social Responsibility: Prioritizing employee well-being and community engagement.
- 3. Governance: Ensuring transparency, accountability, and continuous improvement in our sustainability efforts.

Sustainability is at the core of who we are. It is about trust, innovation, and long-term success. Together, we are building a sustainable and responsible future for our company and our employees.







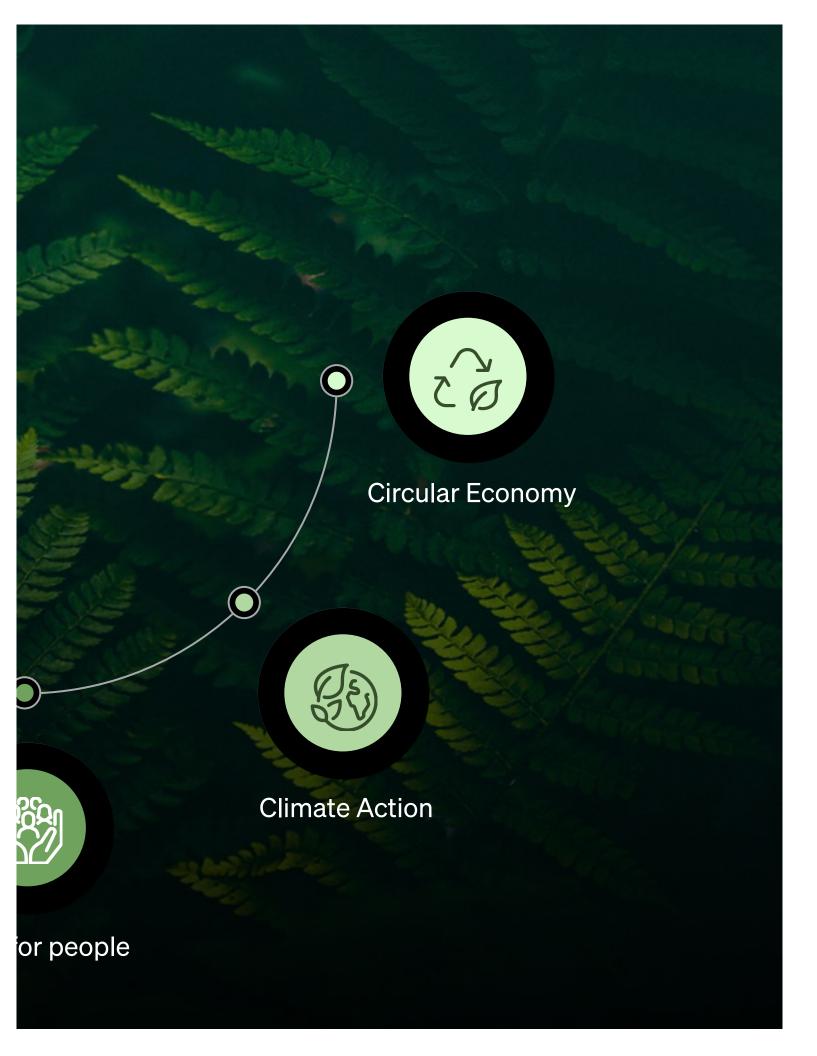
Responsible Business Conduct



Serve & Protect



Caring for



# Responsible Business Conduct



We work to ensure that our operations are conducted in compliance with internationally recognized standards for responsible business conduct.

By emphasizing responsible business conduct in our strategy, we link our compliance work in Kongsberg Defence & Aerospace with the overall sustainability work in the company.

#### **Commercial Compliance**

KONGSBERG is committed to conducting our business ethically and in compliance with the applicable laws and regulations in the markets we operate. Corruption undermines legitimate business activities, distorts competition, ruins reputations and exposes companies and individuals to risk. KONGSBERG is opposed to all forms of corruption, irrespective of which country we operate in. Before entering into an agreement with a Business, we shall know that the Business Partner's ethical standard is satisfactory. At KONGSBERG we encourage our employees to build and maintain relationships with our Business Partners, and at the same time always be aware of relevant legislation and our internal rules for gifts and hospitality

#### **Human Rights**

Respect for human rights has been vital to our business. We have a policy on human rights which links to the standards that we set out in our Code of Ethics and Business Conduct. We are focused on improving our impact on people, communities, and the society. The Human Rights due diligence across all business partners are in line with the OECD guidelines for Multinational Enterprises to identify, assess, mitigate, and prevent human rights impacts.

#### **Data Privacy**

We collect and process personal data relating to our employees and Business Partners in accordance with applicable laws and regulations. To ensure this, KONGSBERG has implemented Binding Corporate Rules for the processing and transfer of personal data within KONGSBERG. The Binding Corporate Rules establish legal basis for transfers of Personal Data from Group Companies established within the EEA to Group Companies established outside the EEA, in accordance with the EU General Data Protection Regulation 2016/679 (GDPR).



#### **Export Control**

Compliance with legal obligations related to export control and sanctions is the corner stone in our license to operate and to conduct business in a responsible manner. Throughout our value chain – from the suppliers we choose, to the products we design and develop, and the customers and business partners we collaborate with.

All our employees are imperative to ensure our continued compliance.

In Kongsberg Defence & Aerospace we work to ensure compliance with applicable export control laws and

adherence to obligations from sanctions and other trade restrictions in all countries where we operate.

As part of the Norwegian defence industry, we are obliged to adhere to Norwegian export control regulations, as well as the export regulations of all other applicable nations. We strive to stay updated on the latest changes to export regulations and sanctions that affect us, our suppliers, and our customers.

Export control is everyone's responsibility.

# **Serve & Protect**



We continuously protect information, technology, personnel, and physical assets to ensure trust and credibility to our stakeholders.

As part of the Norwegian defence industry, Kongsberg Defence & Aerospace manages information and technology that are strictly protected and regulated by both Norwegian and international laws. Compliance with these regulations is essential to maintain our license to operate and to ensure the trust of our customers and partners.

Safeguarding information is a top priority for Kongsberg Defence & Aerospace and our clients. Upholding our responsibility to act in accordance with laws, regulations, and contractual obligations is of utmost importance to us.

#### Prevent

Our security instructions include Personnel, Physical, Information, and Cyber Security.

#### Comply

Information security is the backbone of every operation and is key to building trust with our customers, partners, owners, and other stakeholders.

#### **Secure**

Kongsberg Defence & Aerospace shall be a lighthouse for preventive security.

## Cyber and information security

Our ambition is to ensure trust and credibility through continuous protection of information, personnel, physical assets, and technology, preventing damage, misuse, and downtime while ensuring that our products and services function as they should.



#### Collaboration on cyber security

Kongsberg Defence & Aerospace rely on the trust from owners, customers and business partners, and on close cooperation with all parties.

We have close cooperation with public bodies within the cyber security domain.

We collaborate and interact with special interest groups and leading authorities on information security and risk management.

We have established the KONGSBERG Cyber Security Center which is a dedicated, joint resource center focused on cyber security.

#### Competency

Kongsberg Defence & Aerospace collaborate with educational institutions to get more skilled workers, vocational school graduates and people with higher education related to cyber security.

#### **Continuance improvement**

We continuously work on improvement activities to be able to take care of existing and new certifications, legal requirements, and other regulations.

# Caring for People



We recognize that our success is built on the strength and dedication of our employees, and our respect of human and workers rights is at the heart of sustainable development.

#### Own employees

The success we have today and our continued success going forward is, among other things, built on the strength and dedication of all our employees world-wide.

In other words, the true value of our company lies in the competence and commitment of each of our employees. Kongsberg Defence & Aerospace aims to be a great place to work and be employed.

In Kongsberg Defence & Aerospace we see diversity as a strength. Through an inclusive culture where our employees experience being treated with respect, equality and feeling that they belong, we work purposefully to ensure that individuals' differences are valued – leading to create a good working environment in line with company values.

We encourage and support employees and third parties to speak up and raise concerns. A part of this includes providing safe forums for feedback ad improvements such as the Working Environment Committee (AMU).

Leadership is about creating value and achieving results through others. The key to success lies in the combination of good leadership and dedicated employees. Our managers are important role models, and their good leadership will have great significance for our further development. Managers are expected to exercise their leadership based on our values, ethical

guidelines and leadership principles. To ensure this, we offer a range of leadership development programmes.

#### Workers in the value chain

It is not only our own employees who are important to us and our value creation. Respect for human rights is integral to our Code of Conduct and business conduct and is essential to our license to operate.

In order to safeguard our responsibility for workers in our own value chain, and any areas affected by our operations, we carry out human rights impact assessments where there is a risk of adverse consequences.

The responsibility industries and businesses have of ensuring fundamental human rights in their own value chains and affected areas has been reinforced in various legislation and guidelines in recent years.

Kongsberg Defence & Aerospace has integrated these legislations and guidelines in our own value chain and human rights due diligence processes.





#### Competency

It is important that all our employees have clear performance and development

goals and a good understanding of our policies and procedures. Believing that a systematic approach facilitates successful development, including identifying training opportunities and internal relocation opportunities, we invest in knowledge and competence sharing through internal and external training programs as well as on-the-job development.



# Engaging industry and academia

We work closely with authorities and educational

institutions to shape future educational needs and professions. Together with other companies in Kongsberg we offer a unique training program for apprentices through the K-Tech training centre.

Every year we also welcome students to work on different projects. These summer jobs provide students an opportunity to gain valuable experience and an idea of the opportunities after graduation, as well as a motivation to perform in their studies.



### Local communities

For over 200 years, local communities have been important to us

and our activities, and we continue to contribute to the development of local communities and citizens. We provide benefits for the community by sponsoring a variety of Welfare, Corporate sports & leisure activities. Kongsberg Defence & Aerospace has provided secure jobs over decades and therefore contributed to maintain a sustainable local community. By contributing with secure employments, we also contribute to further demographic development in a sustainable community that ensures the future

needs of the next generation are met. To secure Human Rights, we commit to identify, prevent, cease, and mitigate any adverse impact of our business activities to the people we employ, in local communities and in society at large.

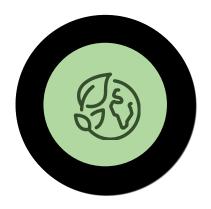


#### **Partnerships**

We have established wellfounded forums for cooperation with trade unions

and organisations. These make valuable contributions to meet our challenges in a constructive manner. Kongsberg Defence & Aerospace collaborates with partners and governmental institutes within municipal development strategy to secure our long-term goals by giving input to new and broader education goals, participate in debates, give valuable input to both local and central authorities focusing on regional planning, development and growth.

# **Climate Action**



We are committed to reduce our CO2 emissions and prepare our business for a net zero market.

#### We are committed

As part of KONGSBERG, Kongsberg Defence & Aerospace is committed to cutting its own CO2 emissions. The reduction targets of KONSGERG are set in line with what science says is needed to support the 1.5-degree goal in the Paris Agreement.

There are two aspects to climate change that needs to be considered and are important for us as a company: Being able to adapt to the effect of climate change and the consequences it may have, and how to mitigate the effects by reducing emissions of greenhouse gases into the atmosphere.

Our SBTi-approved climate targets are integral to our company strategy, providing a clear and actionable framework for our emissions reduction efforts. These targets guide our planning and operations, ensuring that we contribute effectively to the global effort to combat climate change.

#### What are 'science-based targets?

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.







Absolute reduction in fossil fuels by 55% by 2030



Increase annual procurement of renewable energy to 100% by 2030



Engage 67% of suppliers to set SBTs by 2027



Reduce absolute GHG emissions from the use of sold products by 25% by 2030\*

\*Starting with Kongsberg Maritime

In addition, we have internal intensity targets which are of strategic importance given our growth ambitions. This means that our value creation will increase at the same time as we reduce our emissions.

Our ambition is to achieve net zero emissions for our value chain by 2050 and we have established our first Net Zero transition plan. We will continue to develop our plan and review our priorities' as we progress with our SBTs programs.



25% reduction in energy consumption by 2030



25% reduction from logistic emissions by 2030



30% reduction from business travel emissions

# Circular Economy

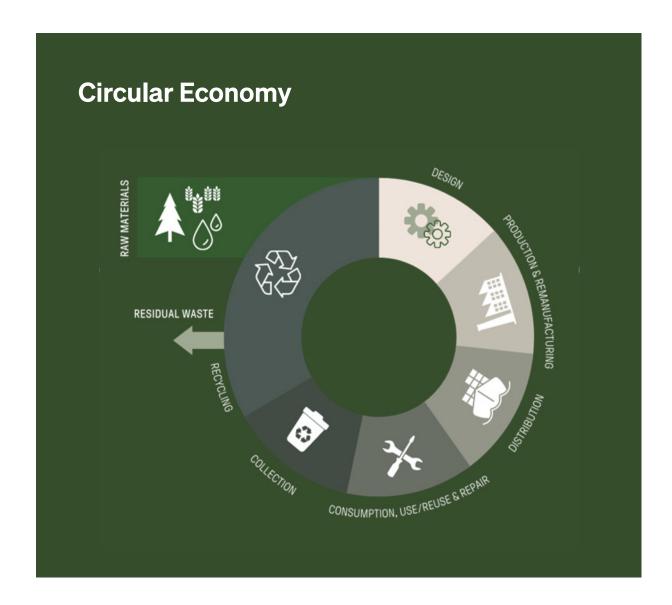


We strive to ensure responsible use of resources by incorporating circular principles into our operations and products

Resource use is closely linked to climate change. Currently, only 7.2 percent\* of the material's extracted from the earth are cycled back into our economies after use. This consumption pattern has a significant burden on the environment and contributes to the climate change, biodiversity loss, and pollution and waste crises.

Circular economy is about ensuring that resources are used as efficiently and gently as possible, so that all varieties of waste are avoided and resources are regenerated so that access to them does not deteriorate – circular economy is a sustainable and responsible consumption, and perhaps more behavioral and attitudinal principles than just an economic model.

The defence industry, like many others, has an environmental footprint and stands to benefit greatly from adopting circular economy principles. Being resource-efficient and reducing waste as circular economy principles dictate, is not only good for the environment and reduces greenhouse gas emissions – it is also often economical and will drive innovation and make us more resilient.



When Kongsberg Defence & Aerospace is to adapt our operations and business strategies to these principles, there are some important points to highlight:

#### Own operations

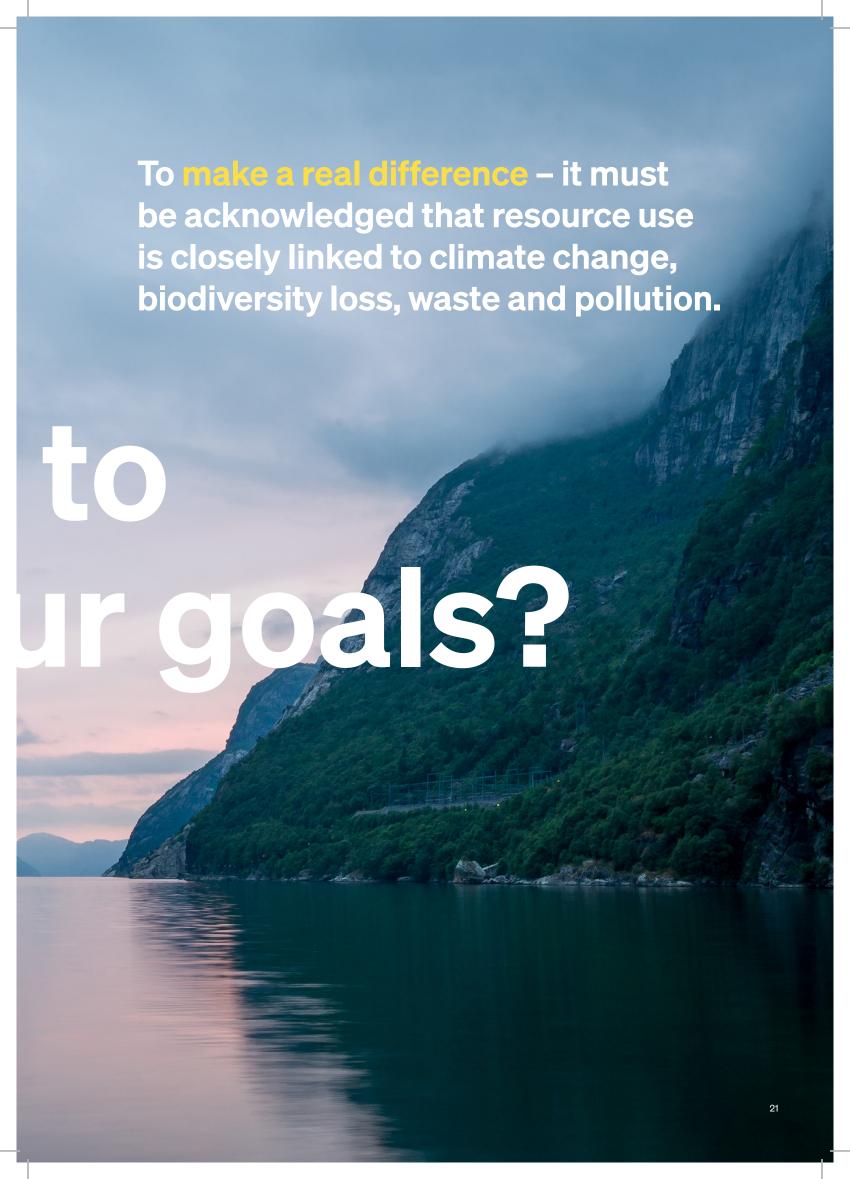
- Resource efficiency and waste reduction by enabling reuse, recycling, refurbishing etc. of materials and consumables, optimize consumption and reduce waste streams.
- Regenerative resources and circular supply promote use and explore less harmful and non-toxic materials where possible, collaborate with strategic suppliers to increase use of circular products and materials.

#### Design & development

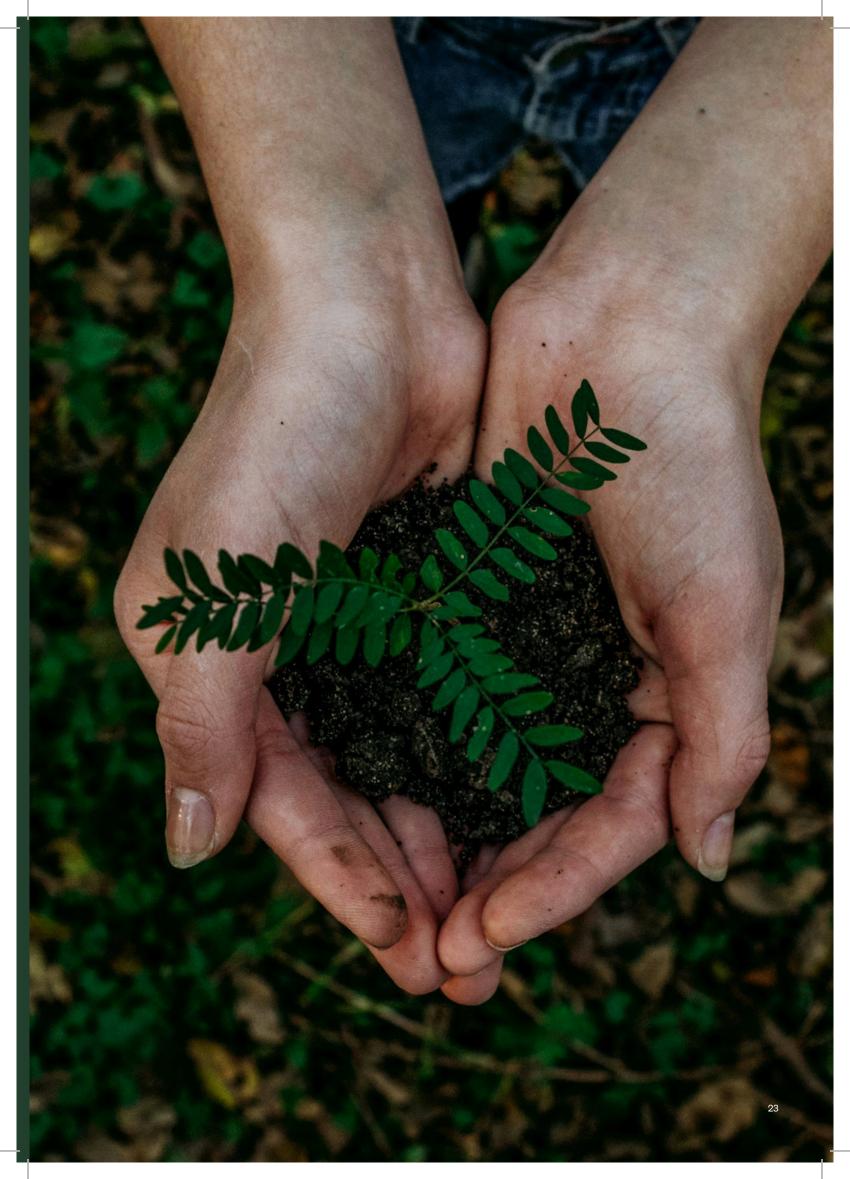
- Circular design account for the systems perspective during the design process, to use the right materials, design for appropriate lifetime and plan for an extended future use after end of design life.
- Innovation and greater competitiveness adopting circular practices can drive innovation in product design, manufacturing processes, and business models.



In addition to supporting our emission reductions, we must also be ambassadors for sustainability with customers, partners, and suppliers.



# And what are we doing?





# **Trade Compliance Project**

- a Patria and KONGSBERG project

With the ambition to further strengthen their trade compliance programs, the Trade Compliance Project was launched in 2019 by the two companies. Their inspiration to join forces was through collaboration and sharing of best practices to achieve a more holistic approach to export compliance, improving competences and systems for trade compliance.

#### **Project Objectives**



#### **Cooperate to Raise Concern**

On criticality of Trade Compliance for the Current and Future Business



## **Support Greater Culture of Export Compliance**

On criticality of Trade Compliance for the Current and Future Business



#### Leverage Networks & Company Skills

Set up a Core Group of skilled personnel to implement export compliance across the companies



#### **Our Way to Conduct Business**

A true "license to operate", an integral and natural part of conducting business and a reflex "top of mind"



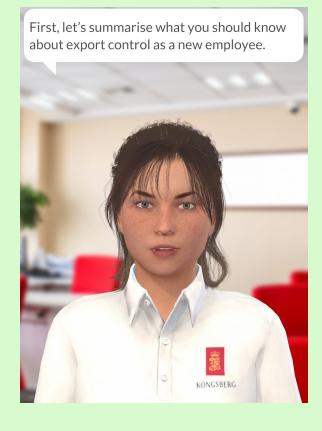
#### Competency

Kongsberg Defence & Aerospace's Export control professionals are certified in Sweden at Swedish export control society.

#### **Training and awareness**

As one of the pilots for Kongsberg Defence & Aerospace's new digital learning portal, export control is introduced to our new employees through gamified learning. This new approach to training presents export control, a topic new to most, to our new colleagues in a different and interactive way. Digital and gamified training makes it more fun, and the repetition of the game has been shown to improve understanding and awareness of the topic in play.

All employees in Kongsberg Defence & Aerospace also have mandatory annual awareness training. There are also tailored training for different roles and functions cross the company.





# Our Supplier Engagement program

Whereas our direct emissions are considered low, the carbon footprint of our supply chain is significant. To make a real difference we need to involve our supply chain, both in Norway and abroad.

As part of our Science Based Target (SBT) commitment, our target is by 2027 for 2/3 (or 67%) of our suppliers based on spend, shall have set own CO2 emission reduction targets, in line with the Paris agreement

#### Short term

To follow up on our commitment a supplier engagement program has been established and is lead by the central supply chain team.

The program is performed by the following approach: Screening of supplier based on available data from SBTi, Integrity Next and publicly available Annual & Sustainability Reports.

Supplier that are committed to SBTi is approved according to this scope. For those suppliers not committed to SBTi, we will engage in a dialog. Based on our assessment and confidence in available information, Kongsberg Defence & Aerospace may approve the supplier according to the scope, documenting the evaluation of the supplier information. Follow-up meetings may be scheduled to monitor progress.

#### Beyond 2027

Based on evolvement and trends in the regulatory landscape, Kongsberg Defence & Aerospace foresee screening and selection criterion of suppliers will include sustainability & ESG factors. Based on this, the strategy is to closely monitor progress of the regulations and incorporate sustainability-related requirements into our internal processes and routines – embedding sustainability requirements into out daily work and practices.



# **CORE training simulator**

CORE™ Training Simulator and ReACT Crew Trainer: Circular business models through digital tools and technologies



CORE™ Training Simulator is an example of a circular business model that is possible through digital tools and technologies. CORE™ Training Simulator provides muscle memory training on the actual system, reduces the need for fuel and ammunition and provides solutions for classroom layouts.

Existing customers using the outdated PROTECTOR Training Simulator are supported when switching to the CORE Training Simulator or extending the life of the PROTECTOR Training Simulator.

Land Systems delivered its first VR classroom setup for crew training in 2023, ReACT. ReACT crew simulator provides immersive VR environments to replace the need for training and practice with real-world vehicles while reducing the carbon footprint. KONGSBERG Through Life i Land Systems upgrade programs to increase defence capability.



# Young engagement

Kongsberg Defence & Aerospace collaborate with different educational institutions, student projects and training arena.







#### K-tech

k•tech

Kongsberg Defence & Aerospace is a co-owner of the training company K-tech, which trains apprentices and runs courses. Intake of apprentices is increasing and in 2024 there will be a

total of 124 1st and 2nd year apprentices in 17 subjects, of which 21% are girls undergoing training.

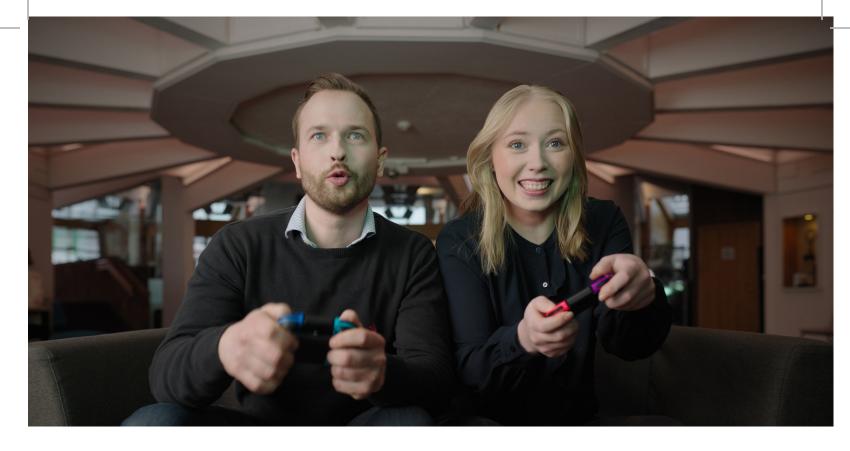
#### Technology seminar for 10th grade

Kongsberg Defence & Aerospace organizes a Technology Seminar in connection with the Technology Days in collaboration with Kongsberg School and Kongsberg Municipality. As a technology company, we aim to increase interest in science and technology and as part of our social mission, we provide students with information on both vocational subjects and study preparatory education programs and job opportunities. The seminar is intended to be helpful for good educational choices.

#### **Student projects**

Kongsberg Defence & Aerospace contributes financially and with technical assistance to the operation of student projects at The Norwegian University of Science and Technology (NTNU) and USN.

**Ascend NTNU** is a student organization that represents NTNU in The International Aerial Robotics Competition (IARC). IARC is an annual competition with the aim of pushing the boundaries of what can be achieved with flying autonomous robots.



Revolve NTNU is a Formula Student team at NTNU. The team in 2024 consists of around 70 students from 21 different disciplines at the university. Every year a new formula car is designed, developed and built with the aim of participating in Formula Student which is held every summer in England, Germany and Austria. Revolve is also participating with an Autonomous formula car.

**Orbit NTNU** is a student organization that designs, builds and operates small satellites. Through its work, Orbit NTNU will stimulate innovation and commitment among its members. Orbit has 120 members.

**USN Horizon** at Campus Kongsberg develops rockets and participates in international competitions where the rocket must "hit" a given height and hopefully fall back down in a parachute undamaged.

**USN Navier** at Campus Bakkenteigen develops autonomous vessels and participates in competitions.

# Young@KDA: Building networks and friendships

In a period of rapid growth and increased recruitment, effective

onboarding processes and networking are crucial for new employees. YOUNG@KDA is an initiative that Kongsberg Defence & Aerospace proudly offers. This programme provides employees aged 20-33 with opportunities to participate in various events, fostering connections across divisions and departments.

At its inception in 2015, there were 136 employees in the target group, consisting of those aged 20 to 33. Today, this group has grown considerably to 800 employees, who are regularly invited to various events and activities.

# E-sports Center "Stoll" - More Than Just Gaming

The e-sports center "Stoll" in Kongsberg's old cinema is a three-party collaboration between KONGSBERG/Kongsberg Defence & Aerospace, the municipality, and the local sports teams KIF and Skrim. "Stoll" offers everything from low-threshold activities to structured training through the sports team KIF, with more than 50 regular members weekly.

The goal is to promote technological competence among the youth. This includes both hardware and software knowledge, as well as practical skills like PC building.





# Supporting veterans through the Soldier On Pledge

At Kongsberg Defence Australia, we are proud to contribute to the veteran community through our partnership with Soldier On. As a Soldier On Pledge Partner, we are committed to supporting veterans and their families, helping them thrive in civilian life by recognising their skills and fostering supportive workplaces. With 54% of our employees being veterans, we demonstrate our commitment through three core areas: Recruitment, Retention, and Workplace Culture.

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#### Recruitement

We recruit in line with Australia's Fair Work Act and veterans are naturally drawn to our organisation as a defence industry participant. Our flexible working arrangements and paid leave for reservists reflect our understanding of the unique demands on veterans.

#### Retention

Veterans bring valuable, transferable skills from their service. KONGSBERG's training and development programmes focus on integrating these skills into civilian roles, fostering both personal growth and company success. We ensure veterans are aware of our peer support network, reinforcing our strong values-based culture.

#### **Workplace Culture**

With over 200 years of heritage, KONGSBERG fosters a family-oriented culture. We actively acknowledge veteran commemorations and promote initiatives like Soldier On, ensuring a workplace that appreciates and supports veterans and the needs of the military family.





# **Mission Flower Meadow**

At Kongsberg Technology Park (KTP), we collaborate with our gardening partner to manage the park's outdoor areas, with a focus on supporting pollinating insects.

A long-term plan is in place to establish wildflower meadows in designated areas, such as previously mowed sections and slopes.

The meadows are maintained traditionally by mowing, drying, and removing the cut vegetation to prevent fertilisation, ensuring the seeds remain for reflowering. Additionally, we are transforming established lawns into wilder areas by encouraging natural wildflowers like dandelions, white clover, and grass species, while using garden waste as natural fertiliser and weed control.





# Establishment of Norway's largest renewable energy storage

Several alternative energy sources were considered when expanding "Arsenalet" by 30,000 square meters to ensure increased production capacity in the coming years. The decision was made to utilize energy from geothermal wells – an emission-free, silent and renewable solution.

Today, the technology park is supplied with energy from 178 energy wells, each 300 meters deep, totaling 53 kilometers.

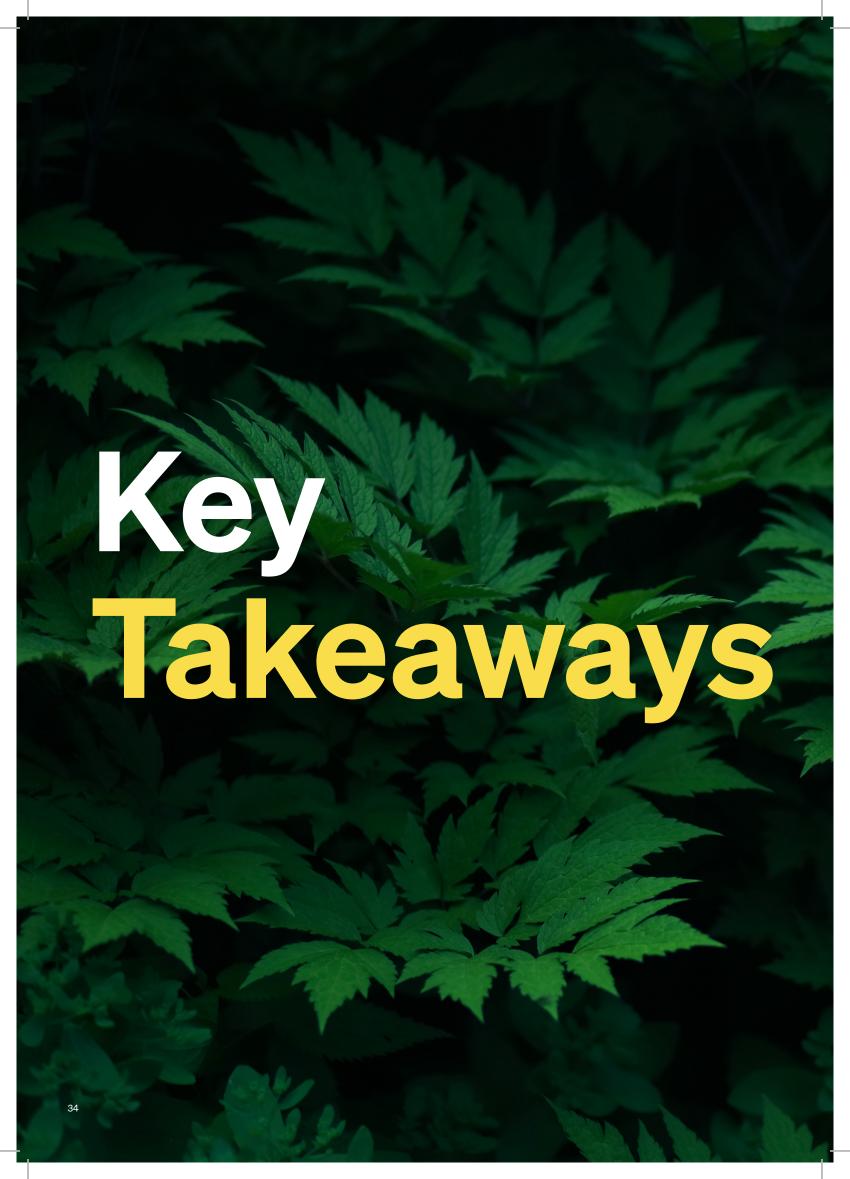
"Sustainability and energy efficiency are always in focus to ensure efficient operation of buildings," says Hans Petter Blokkum, Managing Director of Kongsberg Technology Park. "The energy wells will reduce our carbon footprint and also lead to significant cost savings over time," he says.

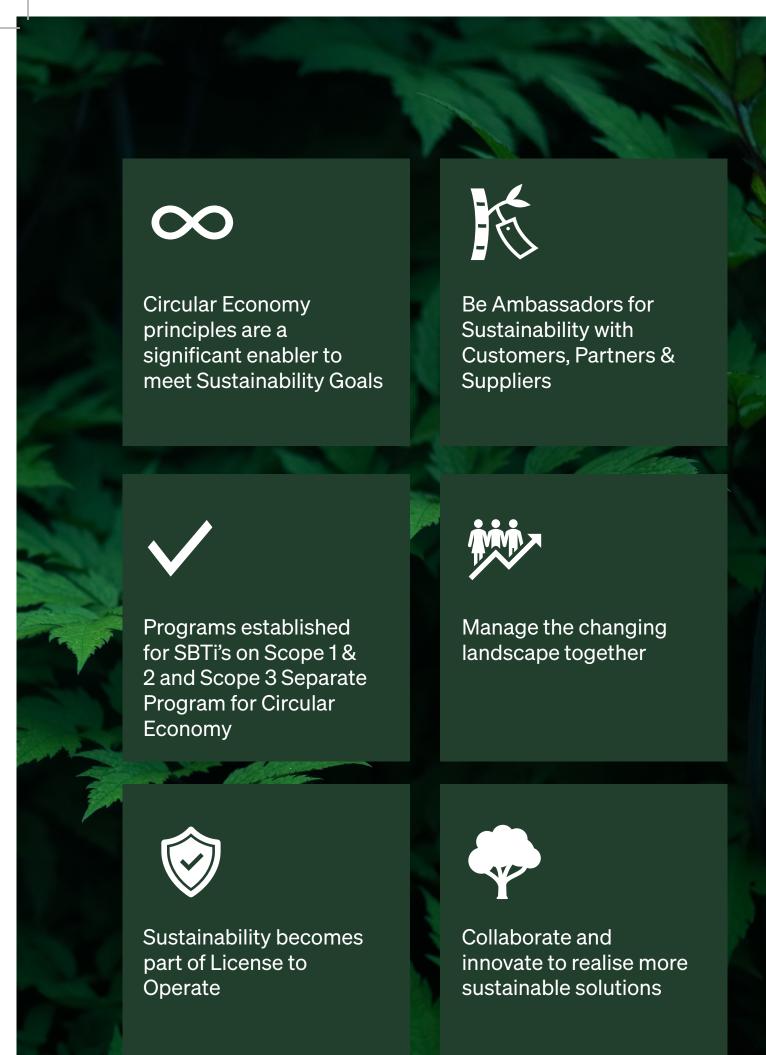
Compared to alternative solutions, the well park will produce less noise, lower water consumption, optimized operation of heat pumps, and most importantly - a low CO2 footprint.

Energy optimization of the building mass has been a focus area for KTP for a long time.

"We purchase the same amount of energy today as we did back in year 2000, but now we cover an additional 200,000 square meters," says Blokkum.







# **Contact us:**

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