

Corporate Responsibility Report 2018



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Kongsberg Automotive provides world-class products to the global vehicle-manufacturing industry. Our solutions are designed to enhance the driving experience by making it safer and more comfortable. Three business segments – Interior, Powertrain & Chassis and Specialty Products – develop and deliver the best seat-comfort and seat-climate solutions available on the market as well as a comprehensive range of systems for cars and commercial vehicles that improve driver control and fluid-handling.

Corporate Responsibility for us

Corporate Responsibility, or CR, is about acting ethically and honestly. When we make business decisions we do so informed by an understanding of the impacts created by our business and the needs and expectations of our diverse range of stakeholders. CR is about us thinking about the sustainability of our business and looking to generate and build on positive impacts, both in the short term and for years to come. For us, CR is underpinned by our *Guiding Principles*.

11,401

EMPLOYEES IN

19

COUNTRIES WORLDWIDE



Our Guiding Principles



Leadership & Talent

We aim to develop our employees in an inclusive culture that respects diversity, emphasizes the OneKA mindset and exemplifies our values.



Human Rights & Labor Practices

We advance initiatives which respect human rights and fair labor practices within our organization and throughout our supply chain.



Supply-chain Management

We implement practices that consider and support responsible and sustainable sourcing.



Environmental Performance

We commit to minimizing the use of natural resources and hazardous materials in the development and manufacture of our products.



Integrity & Ethics

We require all employees to comply with applicable laws and observe the highest standards of business and personal ethics in the conduct of duties and responsibilities.



Community Engagement

We contribute our time and financial support to the communities where we work and live.

Leadership & Talent

The Global Leadership Team has ultimate responsibility for CR performance which is reviewed on a regular basis. The Executive Vice President HR, Communication & HSE, leads the CR program and is a member of the leadership team.

Integrity and ethics

A core suite of policies and procedures guide our employees to act responsibly. At the centre of this, our *Code of Conduct*, sets out the ethical standards expected of a top tier, automotive supplier. It establishes our expectation that all employees perform their duties in compliance with applicable laws.

All employees are required to comply with the Code of Conduct when performing their work and representing us. KA will not tolerate corruption (i.e., bribery). We urge the reporting of any suspected misconduct, and this can be done through internal reporting channels. The process allows concerns to be reported in a confidential manner, without retaliation. All reports or concerns relating to the *Code of Conduct* will be considered by the KA Compliance Committee (comprised of the Chief Financial Officer, EVP HR and General Counsel). The Committee is responsible for the investigation of any matter brought to its attention and will use internal resources such as KA Internal Control, KA Legal Counsel or retained external resources.

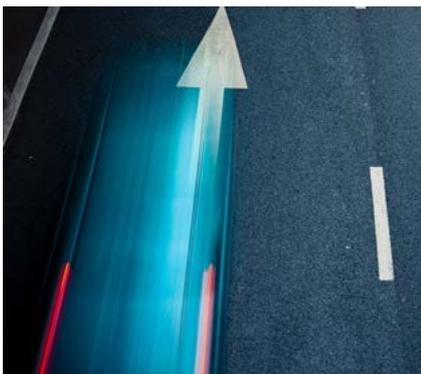
We provide our employees with training and guidance on the *Code of Conduct*, including descriptions of the types of activities that should be reported. Through classroom style training, workshops, and an e-learning program,

“ In 2018, the Code of Conduct was updated, translated into thirteen languages and is being communicated to everyone in our global workforce.

the training focuses on relevant ethical dilemmas to ensure employees understand the *Code* and their responsibilities.

We are committed to providing a respectful, inclusive workplace free of harassment, discrimination, violence and intimidation. Our *Diversity Policy* helps to promote a culture of respect.

We encourage our employees to be actively involved in their communities, especially in support of issues such as education, health, social responsibility and child advocacy.



Human Rights & Labor Practices

We are committed to respecting human rights and fair labor practices. We respect the national and local laws of the communities where we operate and will not tolerate or engage in forced or exploitive labor.

We fully support the *Convention on the Rights of the Child* which enshrines the right of all children to leisure and education. We will not exploit children as a labor force and expect the same of our supply chain.

We regularly assess our activities for any potential issues related to abuses of human rights and labor practices. These assessments are guided by the principles contained in the following international frameworks and initiatives ▶

- United Nations Global Compact
- Universal Declaration of Human Rights
- the International Labour Organization's fundamental principles, including the right to freedom of association and the elimination of child labour, forced labour and discrimination linked to employment



Supply-chain Management

We seek long-term business relationships with suppliers that demonstrate strong values, and we expect our suppliers to adopt similar standards and assurances.

Our *Supplier Sustainability Manual* sets out our requirements for our suppliers' ethical and socially responsible sourcing performance. We require our suppliers to commit to these requirements by signing our *Supplier Declaration*. We assess new and existing suppliers through our Supplier Classification framework, and our Supplier Sustainability Committee meets regularly to review these assessments.

Our purchasing team have partnered with an external training provider to create tailor-made training modules and work-specific instructions for their team. The Sustainability and CR module is mandatory for each member of their team every year.

In November 2018, 62 senior supplier executives from across the globe and key members of our Leadership & Purchasing teams participated in our Supplier Awards and Mentored Supplier Dinner Event in Novi, Michigan, USA. The Supplier Awards Program was established to recognize suppliers which consistently demonstrate excellent performance in quality, service, technical support, cost & management, and a commitment to work with KA to deliver maximum value for our customers. As a part of this event, three suppliers were recognized for their CR performance.

Documents

- ▶ [Supplier Sustainability Manual](#)
- ▶ [Supplier Declaration](#)

Conflict minerals

We operate a due diligence process to identify the possible presence of conflict minerals (Tin, Tantalum, Tungsten and Gold mined in the Democratic Republic of Congo) in our supply chains. No material risks have been identified.



Environmental Performance

We are committed to minimizing environmental impact in the manufacture of our products. Our environmental performance is moderated by our *Environmental Policy* and by our employees. It is supported in our manufacturing units by our dedicated HSE staff.

Energy

Our manufacturing units collect data on electricity consumption and the burning of fossil fuels used in production. Their 2018 target was to decrease energy consumption from 2017 levels by 1.0% relative to total product sales (Energy Intensity, or EI). Companywide in 2018, we achieved an Energy Intensity in production of 105 kWh used per Euro of total product sales, or 18% less than in 2017. Among the various energy conservation initiatives implemented, the conversion to LED lighting in many facilities was a key factor in achieving this improved performance.

We also worked to reduce absolute energy consumption. Across all manufacturing units, we used 120 million kWh in 2018, or 15% less than in 2017.

CO₂ emissions

In 2018, we were responsible for approximately 41,120 tonnes of CO₂ emissions, a 7% decrease from 2017. Emissions Intensity improved to 36t CO₂/million Euro of total product sales, an improvement over 2017's 39t of CO₂/MM€ of total product sales.

Waste

In 2018, we aimed to reduce the annual amount of waste sent to landfills and the toxicity of waste requiring special treatment or disposal relative to annual sales (the Waste Index, or WI) by 1%. Our production units were proactive in seeking opportunities to reuse and recycle, and eight manufacturing locations were landfill-free in 2018. Overall, however, plant restructuring led to a 26% increase in our WI, and our 2018 performance rose to 1.57 kg/1000€. Our absolute waste also increased 18% over 2017's performance, rising to 1,800t.

2018 environmental performance achievements

All plants maintained ISO 14001 certification

Energy Intensity decreased **18%**

CO₂ emissions decreased **7%**

8 manufacturing locations landfill-free

Water

In 2018, our overall or absolute water usage was tracked for the first time as a key performance indicator. The target set for our manufacturing units was to reduce water use by 1% from the baseline set in 2017. KA surpassed the target and achieved a 4% reduction in overall water usage through water-reduction and conservation activities.

Environmental releases

In 2018, there were no unauthorised releases to the environment that required disclosure to legal authorities.

Health & Safety Performance

The health, safety and well-being of our employees is our utmost priority. We work to meet the Health, Safety & Environmental expectations of our customers. Our *Health & Safety Policy* articulates the key actions necessary to achieve the highest industry standards in HSE performance while achieving our business objectives.

H&S training sets out our expectations and training specific to employee roles is mandatory for all new employees. Existing employees also receive regular training in awareness. Our system is built on a continual improvement of work processes. One example of this is a focus on ergonomics, and in 2018 a dedicated Ergonomics Specialist was employed in our Canadian manufacturing unit.

We comply with HSE legislation, regulation and the specific requirements of countries where we operate. All our manufacturing units have annual HSE targets, and their performance is reviewed monthly by senior management and the plant. Our internal system monitors each unit against a number of key performance indicators, and the five worst-performing units in any month must document plans demonstrating the measures they will take to improve.

In 2019, all manufacturing units will begin working towards achieving the new ISO 45001 Occupational health and safety standard. Our aim is for all units to achieve this certification by the end of 2020.

In 2018, nine manufacturing units reported zero accidents in 2018. The injury count compiled from all manufacturing units totaled 30, or a 38% improvement over the year before (a 56% reduction over four years). We averaged 0.9 accidents for every one million hours worked in 2018, down from 2.7 accidents per million hours worked in 2017.

We also worked to reduce the number of work-related injuries resulting in lost time. We track this internally as lost-time injuries per million hours worked. In 2018, we achieved 0.5 lost time injuries per million hours worked, or 2.6% fewer than in 2017.

2018 H&S performance achievements

38% reduction in the number of injuries

Zero accidents at 9 manufacturing units

66% drop in accident rate

80% fewer lost-time injuries

Absences due to personal illnesses are tracked by the company. When considering all our employees, sick leave averaged approximately 3% in 2018, a slight rise from 2.2% in 2017. This indicates some instability in this area, for which improvement actions are being progressed.

In 2018, we also required all manufacturing units to hold employee Safety Days and Healthy Activity days. The positive impact these had on HSE awareness and employee engagement we believe to be a contributing factor to our improved H&S performance.

Safety days and health activity days

In March, many of our employees in our Cluses facility participated in a safety day focusing on musculoskeletal disorders (MSD) and well-being. The day included a revitalization workshop where employees learned self-massage techniques; managing stress and more on personal well-being. Each employee was given information to take home on natural remedies and printed advice on avoiding MSD.

Community

We understand the importance of being active members in our local communities. The support of these communities is an important factor in achieving our long-term ambitions.

KA supports manufacturing units and employees as they participate in community activities that include volunteer work, donation drives and responding to local needs and expectations.

With our community activities and contributions across the globe, we aim to build strong relationships with the communities where we live and work and to help improve quality of life.

#WeKAre

The #WeKAre hashtag initiative has been in place for three years and promotes our values inside and outside our organization. It encompasses community outreach activities to help make a difference to people and communities.

These are the initiative's objectives:

- Take pride in promoting KA's good values and sustainable approach
- Contribute to creating healthy and passionate employees
- Reach out and show compassion in local communities

Our success is built on the great work of our employees. To achieve all they do, staff need the support of their families. We hold Family Days so children, spouses and caregivers can understand what our employees do when they go to work. In 2018, Family Days were held at KA locations in the US, France, Spain & Mexico.

EVENTS

Bring your kids to work

In April, our Novi unit in the US held its 3rd Annual *Bring Your Kids to Work* event. Thirty-five kids attended and took part in activities that included hand-print pressure mapping; an acoustic chamber screaming competition and workplace tour.



EVENTS

Family days

Access to basic healthcare services is not easy in some of our communities. For this reason, we also provide a free health check service on some Family Days.

At the end of July, our Nuevo Laredo unit in Mexico held activities over the course of a week to appreciate employees and their families. The provision included checks for blood pressure, glucose and cholesterol. Tetanus vaccinations and prostate cancer tests were also provided, as was information on contraception.



Employer award for blood donation

Since 2011, our Siófok unit in Hungary has hosted a twice-yearly service on-site for employees to donate blood. In 2018, this community commitment was awarded with the Employer Award for Blood Donation for 2017 by the Ministry of Human Capacities.



Breast cancer awareness day

In October, Nuevo Laredo commemorated Breast Cancer Awareness Day by holding a number of health and prevention awareness activities for employees. With a focus on issues that could affect our female employees, the activities included seminars on the early detection of breast cancer, women's rights and types of abuse.



EVENTS

Earth day

Nuevo Laredo also celebrated International Earth Day in April and helped the local community support 'Mauricio Gonzalez de la Garza' Elementary School by planting trees. April also saw a recycling drives for plastic bottle tops and the proper disposal of alkaline batteries. The bottle caps were donated to an institution dedicated to fighting cancer. Drawings depicting environmental conservation were rendered by the children of employees, and the art was displayed around the medical unit. Examples of recycled goods made by employees were also put on display



Support of the St. Klara Childrens' Home

Over the past four years, our Hallbergmoos unit in Germany has supported the local St. Klara Childrens' Home. The money raised by a fantastic employee effort sent local children on their choice of a number of summer-holiday activities. These included going to the cinema; a day at a climbing park in the woods; go-carting and a visit to a trampoline park.



Christmas charity

Throughout 2018, KA's Normanton unit in the UK ran a variety of fundraising drives for charity. At Christmas, they raised money for 3 local charities: Crisis (a charity for homeless people); York Villas (a care home for children with special needs) and The Well Project, a local food bank.



EVENTS

Leucan Ski Challenge

In March, a ski team from our Shawinigan manufacturing unit in Canada took part in the 8th Leucan Ski Challenge, a fundraising event for fighting cancers that afflict children. The team raised important funds for this cause and did well to finish 3rd out of 50 teams.





KONGSBERG
AUTOMOTIVE

Kongsberg Automotive ASA

Dyrmyrgata 48
3601 Kongsberg
Norway

Telephone: +47 32 77 05 00

www.kongsbergautomotive.com

Operational Headquarters

KA Group AG
Europaallee 39
8004 Zürich
Switzerland

Telephone: +41 43 508 65 60

If you have questions related to this report, please contact James Hubbard, Corporate Social Responsibility Expert: james.hubbard@ka-group.com