

# Transparency Act Report

2022

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Norautron AS



## Foreword from CEO

Dear Readers,

I am pleased to present this Transparency Act report, which reflects Norautron's ongoing commitment to conducting business in a responsible and ethical manner. As CEO, it is my responsibility to ensure that our operations align with international guidelines and respect human rights.

This report is based on the OECD's guidelines for due diligence, a comprehensive framework that assists us in evaluating and addressing the impact of our business activities on human rights. It serves as a valuable tool for navigating the complex landscape of responsible business practices.

Within these pages, you will find a detailed analysis of our efforts to assess and manage the effects of our operations on human rights. It is essential to acknowledge that no business is without challenges and negative impacts, and we are dedicated to openly discussing and addressing these issues in collaboration with our stakeholders.

I would like to express my gratitude to our dedicated employees across all our locations, whose commitment to our values drives our progress in promoting responsible business practices. I also extend my appreciation to our partners and stakeholders for their ongoing support and engagement as we strive towards a more sustainable and inclusive future.

This report signifies our ongoing commitment to transparency, continuous improvement, and accountability. It is a testament to our belief that responsible business conduct is integral to long-term success.

I invite you to explore the following pages and gain insight into Norautron's endeavors towards a more sustainable and socially responsible business landscape.

Sincerely,

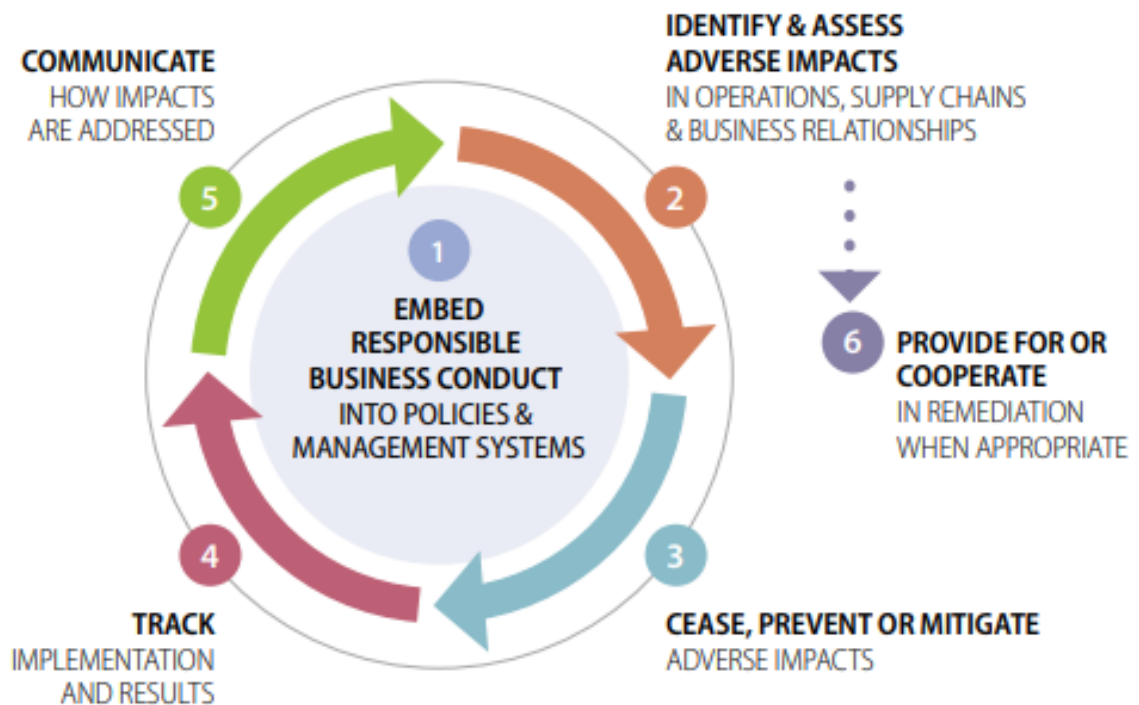


Øyvind Sedivy  
CEO/ President



## Due Diligence

This report is structured around the guiding principles of the United Nations for business and human rights, as well as the OECD's framework for assessing responsible business practices. The framework consists of six stages that outline how companies can strive for greater accountability and sustainable business operations. It's important to note that excelling in these assessments doesn't imply that a company has no negative impact on individuals, communities, and the environment. Rather, it signifies that the company is transparent and forthright about the challenges it faces and actively manages them in the best possible manner, in collaboration with its stakeholders. The report is organized into chapters based on this framework.



# 1

## **Responsible Business Conduct**

Management systems & Policies

General description of the company's organization, scope of operations, policies, and procedures for addressing actual and potential adverse impacts on fundamental human rights and decent working conditions.



## Our organizational structure

Norautron AS, along with its subsidiaries in Sweden, China, Poland, the USA, and Malaysia, is a comprehensive electronics manufacturer and a part of Embron Group. Dating back to 1989, we have established ourselves as a service provider in the international market. Our core processes and challenges as an EMS provider remain consistent across different market sectors. Norautron AS operates with a management structure that carries global responsibilities. By delivering customized solutions for specific segments, we often generate positive outcomes that can be utilized by customers in other sectors and markets. However, each sector has its own unique demands, which must be acknowledged and addressed. Combining our global responsibilities, the specialized skills and knowledge of our branch-specific employees, close contact with distribution channels, and appropriate manufacturing expertise are crucial for understanding and serving our customers with the right customer service capabilities. Norautron is constantly striving to enhance its capabilities and improve productivity. When combined with our sector-specific knowledge, this leads to cost reductions, which benefit all our customers.

## Products and services

With fully integrated Human Capital Management, Quality Management Systems, Manufacturing Execution System, and Enterprise Resource Planning, our services encompass the following:

### *NPI & Prototyping*

This includes design advice, rapid prototyping, and test development for both software and hardware.

### *Manufacturing*

We cover electronics, electromechanical assembly, and mechanics.

### *Industrialization*

This involves product ramp-up, automation/robotization of assembly lines, sourcing and procurement, as well as logistics and distribution.

### *Product Life Cycle Management:*

Our services in this area include lifecycle status, sourcing analytics, end-of-life management, and after-sales services. Additionally, we serve as professional advisors in product development projects and work closely with dedicated product development partners.

## Markets

### *Ocean Technology*

Norautron has been a supplier to global players in this sector for decades. Our track record and competencies have kept us at the forefront of process knowledge in an industry grappling with technology-driven globalization. Our specialization lies in high-tech, high-end, low-volume builds, as well as globally price-competitive high-volume production, covering a wide range of products from simple data processing units to complex system builds.

### *Electricity & Energy*

Over the past few years, we have elevated our expertise to meet the evolving needs of our customers in this sector. This segment of electronics manufacturing encompasses energy storage, delivery, and control systems through prototyping, test services and production processes

### *Connectivity & Computing*

In an increasingly interconnected world, businesses can leverage digital tools like cloud computing, big data analysis, signal interpretation, and artificial intelligence to transform the way we live. Norautron plays a role in enabling this connectivity and computing infrastructure.

### *Industry*

With a customer-focused approach, we deliver complete products, sub systems and components to various customers within general industry. By being present in multiple market segments across different continents, we share the competitive advantages we gain with our customers. Our objectives include continuous product upgrades and ensuring product lifecycles.

### *Healthcare*

Norautron collaborates with several customers in the medical technology field. Our applications range from cardiology to quality assurance in diagnostic radiology and equipment for the pharmaceutical industry.

### *Defense & Aerospace*

Over the years, Norautron has been involved in numerous programs within the defense market, delivering high-end surveillance systems and command & control systems featuring the most sophisticated technologies available. We produce equipment for applications ranging from mobile subsea platforms to airborne systems.

## Guidelines, procedures, policies

Guidelines, procedures and policies for handling actual and potential adverse impacts on fundamental human rights and decent working conditions include:

- *Ethical Guidelines and Social Responsibility*
- *Supplier Conduct Principles*
- *Supplier Assessment form*
- *IQP HRE.1 Business Conduct and Ethical Guidelines*



2

## **Identification & Assessment of Adverse Impacts**

In operations, supply chains & Business Relationships

Identify and assess potential adverse impacts of activities on stakeholders, such as workers, local communities, and the environment. This involves conducting comprehensive assessments and engaging with stakeholders to understand their concerns.

## Information regarding the supply chain

### General description of the company's procurement model and supply chain

As an electronics manufacturer Norautron's procurement model and supply chain involve the process of sourcing and acquiring components, materials, and equipment necessary to produce electronic devices. It encompasses the entire lifecycle, from the initial identification of suppliers to the delivery of finished products to our customers.

The procurement model and supply chain of our organization are heavily influenced by customer requirements. The customer's preferences and specifications are paramount in determining our purchasing decisions, including the choice of suppliers and where to procure the necessary parts. As a result, establishing a strong collaboration with our customers becomes crucial, in order to ensure that our suppliers adhere to human rights and maintain decent working conditions.

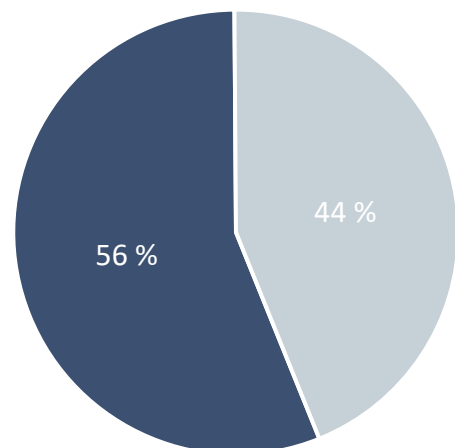
The products we manufacture consist of components/materials from 351 suppliers located in 19 countries.

The total count of suppliers engaged in commercial relationships with the company last year (2022) is 242.

### Type of sourcing/ supplier relationship

Our supplier base is grouped into two primary categories: Manufacturers and Distributors. The proportion of each category is indicated on the right.

Both manufacturers and distributors supply our manufacturing process directly. The main distinction lies in the sourcing location. Manufacturers deliver directly from their production facilities, while distributors serve as mid-stream suppliers, connecting us to manufacturers further down in the supply chain. In general, it is more challenging to map the complete supply chain for distributors.



*Share of Manufacturers/Distributors*


■ Manufacturers ■ Distributors

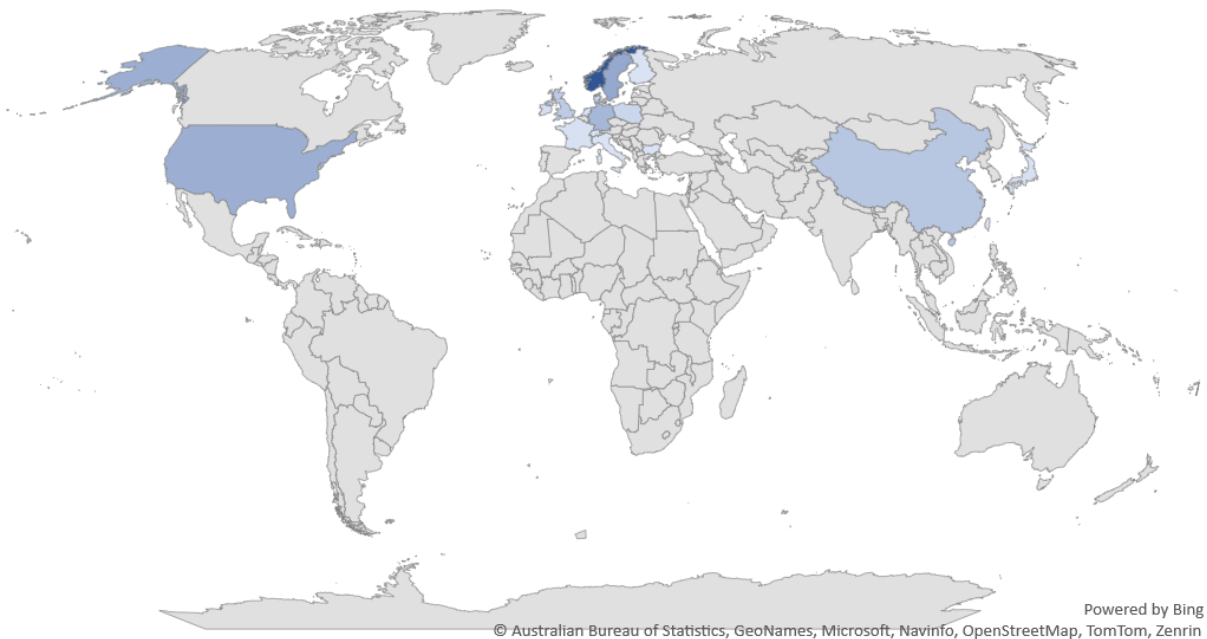


## Manufacturers by country

Below manufacturers in our supply chain are plotted on the world map. Darker color means higher number of suppliers.

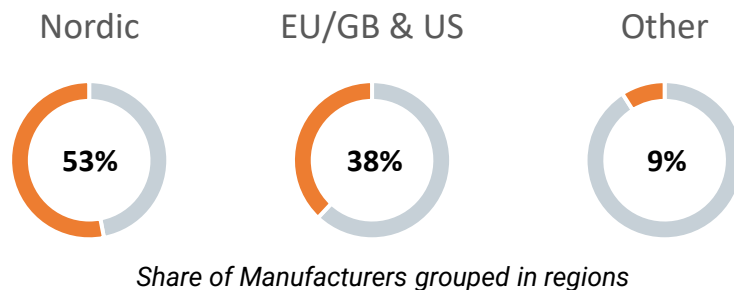
### Manufactures

Number of manufacturers   
1 67



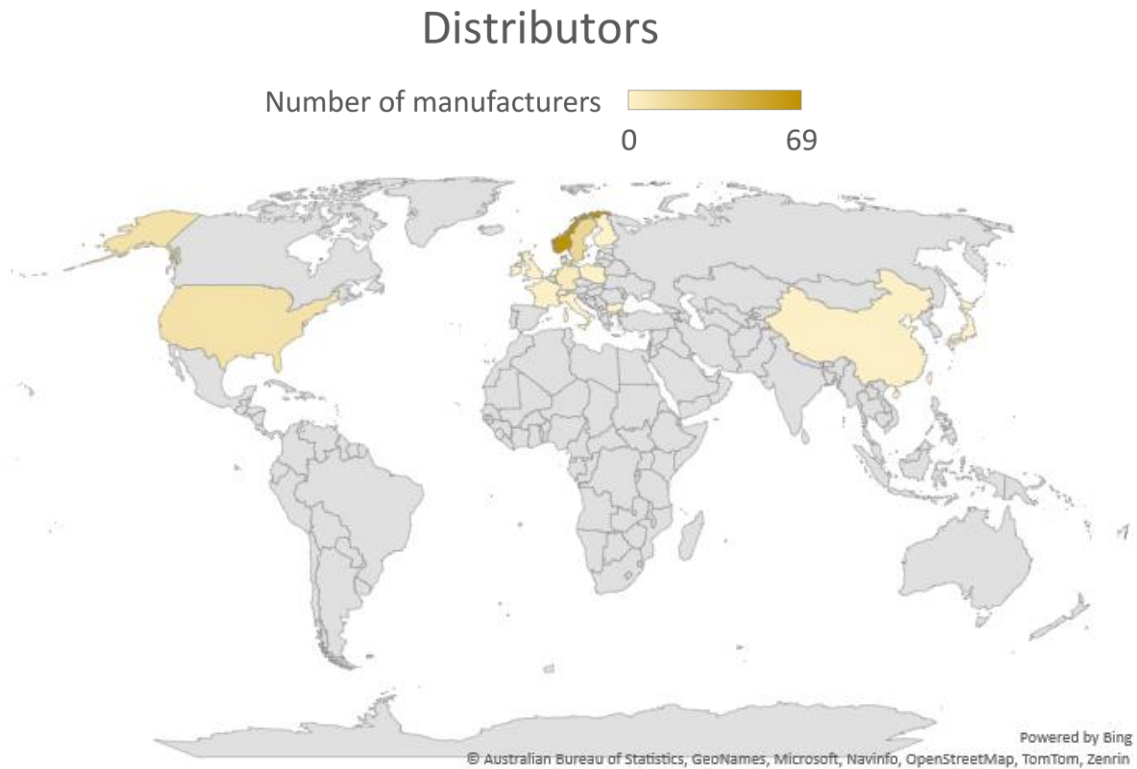
## Manufacturers grouped by region

Below manufacturers in our supply chain grouped in regions



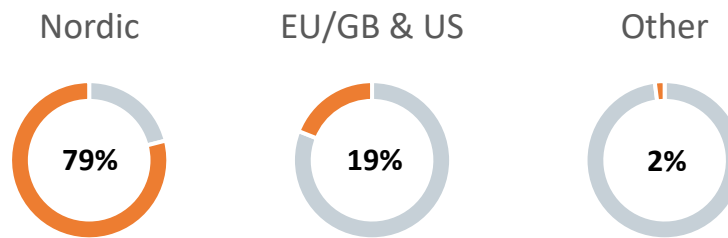
## Distributors by country

Below distributors in our supply chain are plotted on the world map. Darker color means higher number of suppliers.



## Distributors grouped by region

Below manufacturers in our supply chain grouped in regions

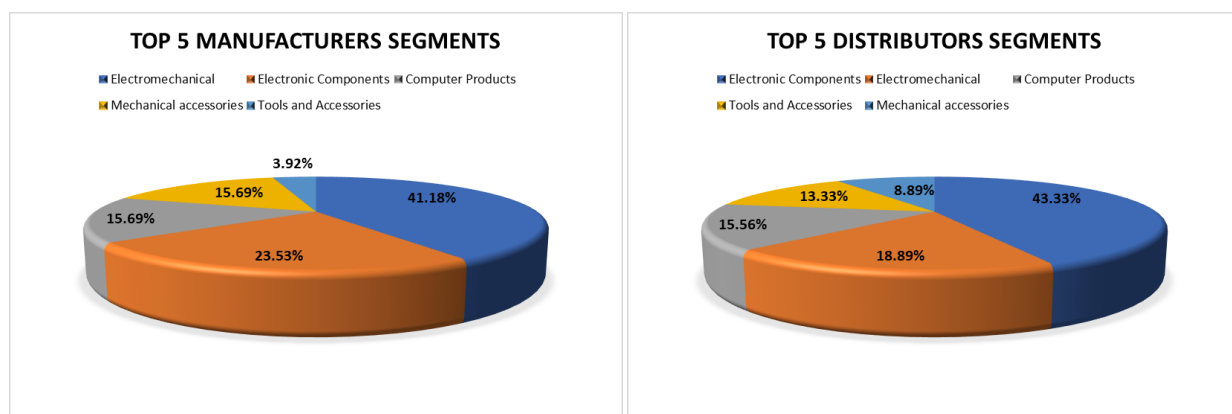


*Share of Distributors grouped in regions*

## Key inputs, commodity and origin/geography

Within Manufacturing we have grouped the suppliers in 18 segments or commodity groups.

For Distributors, the number of commodity groups are 13.



The top 5 commodities are listed below, showing share of suppliers in relation with total for each commodity. Suppliers' country of origin in right column.

Top Commodities	% of tot. suppliers	Country
Electronic components	20%	Norway, USA, Sweden, Germany, UK, Denmark, Netherlands, Ireland, Poland
Electromechanical	15%	Norway, Sweden, USA, Germany, UK, China, France, Ireland, Denmark
Mechanical	10%	Norway, China, Germany, Sweden Poland, USA, Taiwan, Denmark, Netherlands
Computer products	9%	Norway, Germany, USA, Sweden, Hong Kong, Netherlands
Graphic & Packaging	7%	Norway, China, Sweden, Denmark, UK

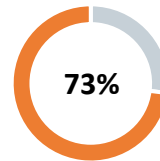
## Key inputs, commodity and origin/geography

To streamline the process of mapping our suppliers and the participants involved in the production of a final product or part, we have categorized our suppliers as "complex" and "not-complex." This classification helps us differentiate between suppliers with intricate supply chains and those with more straightforward ones.

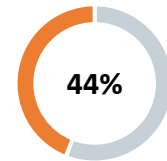
The majority of our distributors, along with manufacturers who deliver products or parts containing complex supply chains, fall under the "complex" category. These suppliers often have multiple tiers of suppliers and involve various intermediaries or subcontractors in their production processes, making it more challenging to trace the complete supply chain. By grouping them together, we can allocate appropriate resources and implement robust strategies to effectively manage and monitor these complex supply chains.

We have categorized our suppliers as shown on the right. 73% of our distributors and 44% of our manufacturers have a complex supply chain.

Distributors



Manufactures



*Share of Suppliers with complex supply chains*



## Key areas for adverse impact/harm on people, society or environment

The electronics industry, like many other global industries, does carry a risk of human rights violations and poor working conditions within its supply chain. The complex and global nature of the electronics supply chain, involving multiple tiers of suppliers across different countries, can create challenges in ensuring respect for human rights and decent working conditions.

Issues such as forced labor, child labor, excessive working hours, unsafe working conditions, inadequate wages, and lack of workers' rights are risks within the electronics industry that can occur at different stages of the supply chain e.g., the extraction of raw materials, manufacturing, assembly, and component production. Common risk factors are:

**Complex supply chain:** As mentioned on previous pages, electronics supply chain is often complex, with numerous suppliers involved in the production of a single device. This complexity can make it difficult for companies to have complete visibility and control over all stages of production, increasing the risk of labor rights violations and poor working conditions going undetected.

**Outsourcing and Subcontracting:** Electronics manufacturers frequently outsource production or subcontract parts of the manufacturing process to third-party suppliers. While outsourcing can bring cost efficiencies, it also increases the risk of labor rights abuses if proper due diligence and monitoring systems are not in place.

**Raw Material Extraction:** The extraction of minerals and metals used in electronics, such as coltan, cobalt, and gold, has been associated with human rights violations, including forced labor and hazardous working conditions, particularly in certain regions of the world.

We recognize that mapping the various risk factors and developing specific actions to address them across the entire supply chain requires a significant investment of time and resources. However, we firmly believe that achieving this goal is feasible when all participants in the supply chain are united and working towards a shared objective.

As a contract manufacturer, establishing a close cooperation with our customers is particularly important. As the owners of the products we manufacture, they play a major role in defining the parameters within which we operate to ensure the respect for human rights and maintain decent working conditions.



**Key areas for adverse impact/harm on people or society based on countries identified in the “other” category p.8 & 9**

Preliminary list of countries in our supply chain. Complex supplier investigation is ongoing.

Identified adverse impact	Description	Geography
Forced Labour	This includes situations where individuals are coerced or compelled to work against their will, often through threats, physical violence, or withholding of wages. Forced labor is a severe violation of human rights and can involve various forms, such as debt bondage, human trafficking, or modern slavery.	China Hong Kong Japan
Child Labour	Child labor refers to the engagement of children in work that is mentally, physically, socially, or morally harmful and interferes with their education. It deprives children of their right to a proper childhood and can have long-lasting negative effects on their well-being	China
Working Conditions	This aspect encompasses issues such as excessively long working hours, unsafe work environments, lack of proper protective equipment, and failure to provide adequate rest periods. Poor working conditions can result in physical harm, occupational hazards, and negative health outcomes for workers.	China
Discrimination	Discrimination in the workplace based on characteristics such as race, gender, age, religion, disability, or nationality is a violation of human rights. It undermines equal opportunities, fairness, and dignity in employment.	China Hong Kong Japan

Wages and Benefits	Inadequate or unfair compensation, including non-payment of wages, extremely low pay, or denial of benefits, can deprive workers of their right to fair remuneration, impacting their standard of living and overall well-being.	China Hong Kong Japan
Health and Safety Risks	Unsafe working conditions, lack of proper safety protocols, exposure to hazardous substances, and failure to provide necessary training and protective measures can lead to occupational accidents, injuries, and long-term health issues for workers.	China Japan
Freedom of Association	Denial of the right to freedom of association, including the right to form trade unions and engage in collective bargaining, hinders workers' ability to voice their concerns, negotiate fair conditions, and protect their rights collectively.	China Hong Kong
Corruption and unethical behaviour	Bribery, fraud, and unethical conduct in both public and private sectors	

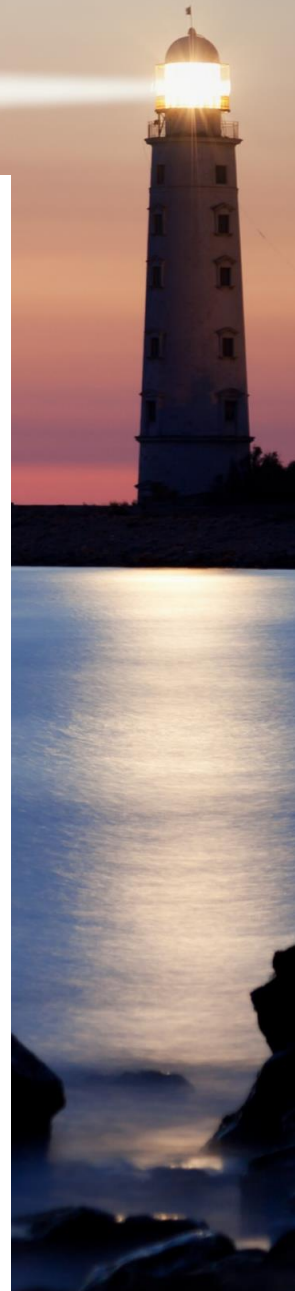
Source: U.S. Department of State, 2022 Country Reports on Human Rights and Transparency International, Corruption perceptions index 2022

# 3

## **Cease, Prevent or Mitigate**

### Adverse Impacts

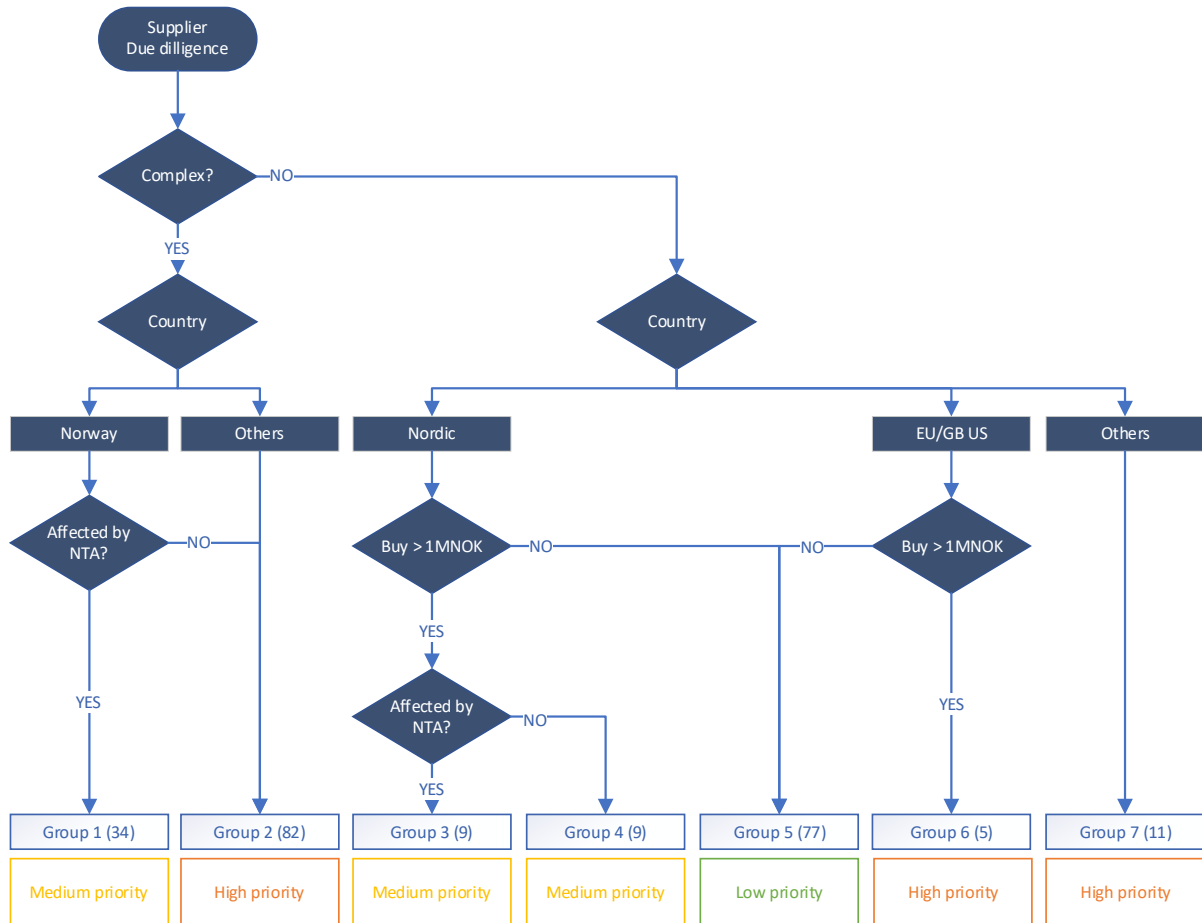
Taking action to cease, prevent, or mitigate impacts. Implement measures, such as changing business practices, adopting safeguards, and implementing risk management strategies to minimize negative consequences.



## Management of prioritized adverse impact

Following the analysis from section 2, we have categorized our supply chain into seven action groups. See flow chart below. Each group will be managed individually and with different priority to ensure compliance with the transparency act.

Implementing differentiated management approaches for these groups will enable us to effectively monitor and address any potential risks or non-compliance issues that may arise.



\*NTA – Norwegian Transparency Act

*Logic flow of supply chain grouping*

Action group no.	Mitigating/ preventive action	Status
1, 3	Request annual NTA report from supplier. Analyze result and make individual action plan.	Ongoing
2, 4, 6, 7	Request completed Norautron Supplier Self Assessment by supplier. Analyze result and make individual action plan.	Ongoing
5	No actions at this point	Done

# 4

## **Track**

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### Implementation & Results

Monitoring and tracking the implementation of responsible business practices and evaluating their effectiveness. It involves collecting data, measuring performance, and assessing progress towards achieving desired outcomes.



## Objectives and KPI's

Norautron aims to focus on strategic initiatives that allow for impactful and sustainable change.

Norautron will engage in robust human rights due diligence across its operations and supply chain, identifying and addressing the most salient risks. The company will collaborate closely with its business partners, aligning efforts with the Responsible Business Alliance (RBA) and adhering to its Supplier Conduct Principles. Through stakeholder engagement and transparent reporting, Norautron will foster accountability and ensure that its commitment to human rights is upheld.

Internally, Norautron will prioritize raising awareness and building capacity to address potential human rights risks. Communication campaigns, training and workshops will empower employees and strengthen the organization's ability to navigate human rights challenges effectively.

By taking measured steps aligned with available resources, Norautron demonstrates its dedication to responsible business practices while avoiding mere superficial gestures. The company's focus remains on implementing sustainable initiatives that make a tangible impact in upholding human rights throughout its operations and supply chain.

Objective	Target	KPI
Training and Capacity Building in the supply chain	Norautron will encourage suppliers to align themselves with recognized initiatives such as the Responsible Business Alliance (RBA). By implementing these requirements, Norautron aims to ensure that human rights are upheld throughout its supply chain and that suppliers actively engage in promoting responsible business practices.	% of suppliers in RBA (or similar)
	Promote alternative sustainable solutions and suppliers to customers when possible. During RFQ's and running projects	
Awareness training Norautron group	Norautron plans to conduct training to raise awareness about human rights among employees. Through educational materials, we aim to promote understanding of human rights principles and their practical application, empowering individuals to identify and prevent violations.	% of personnel that have completed training
Auditing	Based on supplier's self assessment result and other relevant input Norautron will extend it's audit plan.	#of NTA related audits

# 5

## **Communicate**

Share information of how impacts are addressed

Transparently sharing information with stakeholders about the measures taken, progress made, and lessons learned in addressing impacts.

## Commitment to Transparency

Norautron is committed to transparently communicating and sharing information about its efforts to address human rights impacts. To achieve this, Norautron will yearly publish Transparency Act reports that provide comprehensive insights into its human rights practices across its operations and supply chain.

These reports will outline the steps taken by Norautron to identify, assess, and mitigate potential human rights risks. By making these reports readily available, Norautron aims to promote transparency and accountability in its approach to human rights.

In addition, Norautron will regularly update its web pages to provide current and accurate information on its human rights initiatives and progress. These updates will serve as a platform for sharing relevant policies, practices, and ongoing efforts to promote responsible business practices and respect for human rights.

Through the publication of due diligence reports and the ongoing updating of its web pages, Norautron aims to engage stakeholders and demonstrate its commitment to transparency in addressing human rights impacts.





# 6

## Provide for or Cooperate

In remediation when appropriate

If adverse impacts have occurred, this stage focuses on providing appropriate remedies or cooperating in remediation efforts. It involves establishing mechanisms for grievance resolution, compensation, and remediation, as well as collaborating with relevant stakeholders to address any harm caused.



## Approach to Addressing Adverse Impacts

Norautron has established a channel that enables individuals or communities to voice their concerns about any adverse impacts they may have experienced. This channel operates by allowing individuals to submit a *notification of concern*, thereby initiating a process to address their grievances. Norautron is committed to handling these concerns in a fair and transparent manner, ensuring that each issue is given proper attention and consideration.

Norautron acknowledges and embraces its responsibility to conduct business in accordance with the OECD Guidelines for Multinational Enterprises. This commitment extends to taking necessary measures in collaboration with relevant stakeholders to restore and provide compensation, as required, when adverse impacts occur.

Norautron has so far not identified cases which call for compensation.





If you have any concerns regarding human rights violations related to Norautron's operations, please fill out the "Notification of Concern" form on our website.

For additional questions regarding our due diligence work related to the Norwegian Transparency Act, or this report.

Refer to our website form (Request for information) or contact:

*Company contact for this report*

Even Engebakken, Business development manager/ Sales dept.

[Even.Engebakken@norautron.com](mailto:Even.Engebakken@norautron.com)

*Address*

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