

# Human rights due diligence

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## Our responsibility

Nordic Unmanned is subject to the Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act),<sup>1</sup> which requires larger business enterprises to undertake due diligence to prevent and address potential and actual negative impacts on human rights and international decent work standards in own activities and the supply chain.

The due diligence standard set out in the law is based on the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Due Diligence Guidance for Responsible Business Conduct. To meet this standard, business enterprises are required to:

- a) embed responsible business conduct into the enterprise's policies
- b) identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners
- c) implement suitable measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritizations and assessments pursuant to (b)
- d) track the implementation and results of measures pursuant to (c)
- e) communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (c) and (d)
- f) provide for or co-operate in remediation and compensation where this is required.

The law specifies that *"due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions."*

To support the objective of greater awareness and openness, the Transparency Act requires that enterprises subject to the law publishes an account on its due diligence. The minimum requirements for the published account, which must be made easily accessible on the enterprise's website, include:

- a) a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions
- b) information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence
- c) information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.

The present account has been prepared to meet Nordic Unmanned's duty to account for its human rights due diligence pursuant to the Transparency Act. This will be updated and published on our website every year by 30 June (required from 2023), and otherwise in case of significant changes to the enterprise's risk assessments.

**The due diligence is approved by the CEO and the board of directors of Nordic Unmanned ASA.**

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<sup>1</sup> Transparency Act: <https://lovdata.no/dokument/NL/lov/2021-06-18-99>

## About Nordic Unmanned

Building on years of experience in the emerging unmanned aerial systems industry, Nordic Unmanned delivers high-end products and services related to drones and data capture. The company has established itself as a leading integrator, through strategic partnerships and long-term framework agreements, and is committed to further developing the unmanned industry.

As client needs are evolving, Nordic Unmanned is devoted to providing solutions that safely and cost effectively produce economic benefits and efficiency gains, while minimizing the environmental footprint. The company's adaptability, catered by its experienced and diverse team, is beneficial in any step of the journey all the way from concept and consulting to production and operation.

Nordic Unmanned is certified as an operator with European Light Unmanned Air System Operator Certificate (LUC) by the Norwegian Civil Aviation Authority in 2021 as the first Norwegian company and is also ISO 9001:2015 and ISO 14001:2015 certified.

In December 2020, the company became the first listed European drone operator with a quotation on the Euronext Growth trading platform in Oslo.

Nordic Unmanned aims to be the leading drone operator in Europe and with global ambitions. The operational priorities are safety, services, and technology development.

Unmanned aviation represents an alternative to legacy solutions which reduces time, costs and CO<sub>2</sub> emissions while increasing safety of operations. Drones also enhance data analytics, which facilitates better decision making. The largest revenue segment in the drone industry is expected to be services, where Nordic Unmanned is operating. The Group's overall objectives are to be the preferred solution provider of unmanned systems and services in

Europe and to generate profitability and return it to its shareholders.

## Nordic Unmanned's structure

Nordic Unmanned ASA (public limited company, from Desember 2020) is the parent of the Nordic Unmanned Group, headquartered in Sandnes, Norway. Subsidiaries:

- Founded in 2005, AirRobot® GmbH & Co. KG ("AirRobot") is a true pioneer in the European drone industry. The company is a long-standing supplier for the Bundeswehr of both drone systems and Maintenance, Repair and Overhaul (MRO) services.
- Founded in 2003, Ecoxy AS ("Ecoxy") has particularly focused on NOx measurements, following the introduction of NOx taxes. Ecoxy performs measurement assignments, and has long-standing relations with environmental authorities in Norway, Sweden, Denmark, including the Norwegian NOx Fund as well as shipping companies, engine builders and suppliers of emission reduction services.
- The mission of NUAer AS ("NUAer") is to support the acceleration of the green transition in the maritime industry through world-leadership control of marine air pollution. NUAer is a venture with the Finnish company Aeromon.
- Nordic Unmanned UK Ltd. provides Nordic Unmanned with a local base to serve its UK customers and the opportunity to work with other innovative small and medium sized enterprises that are developing new technologies to support the projected high growth of the unmanned aviation sector. The company is strategically located at Cranfield University, known for its aeronautical focus.
- Nordic Unmanned DK ApS provides access to important facilities for testing and training of pilots and gives us closer reach to mainland Europe and the customers of the company. The office in Odense, Denmark, provides access to a resourceful cluster.

- Nordic Unmanned North America LLC provides Nordic Unmanned with a local presence in the US with focus on sales activities.
- DroneMatrix is a leading hi-tech company building and implementing the next generation of aerial robotic technology. These automated intelligent drone solutions are safe, reliable and flexible to implement in any kind of industrial environment. DroneMatrix is the founding father of unmanned drone technology in Belgium and is responsible for the development of the commercial air layer operated by aerial robotics (6th NeTWorK). DroneMatrix is committed to making its mark in a growing global unmanned market through important references and solid partnerships. Nordic Unmanned currently holds a 55% share in DroneMatrix and has a right and obligation to acquire 100% by 2025.

in addition to being an owner and operator of Schiebel CAMCOPTER and Textron Aerosonde systems, official reseller of the Lockheed Martin's Indago and Condor drones. Highly trained technicians and engineers provide extensive customization for customers' own systems, to suit specific needs.

The company performs contracts for the European Maritime Safety Agency (EMSA), Norwegian Ministry of Defence, UK Ministry of Defence, Lockheed Martin UK, the German Bundeswehr and others.

## **Area of operations**

The Nordic Unmanned Group consists of the following services, provided across the group.

### **Nordic Unmanned - Flight and data services**

Nordic Unmanned is a flight service provider and operator, delivering time-sensitive, actionable data to large corporate entities and government customers.

### **AirRobot**

AirRobot is an OEM with a leading product platform in lightweight drones tailored for military utility.

### **DroneMatrix**

DroneMatrix is an OEM offering a fully integrated and autonomous drone system with proprietary software.

Additionally, Nordic Unmanned currently manufactures the AirRobot AR100 drone series, the AirRobot Heimdal sensor and the DroneMatrix Yacob drone-in-a-box solution, in

## Our approach for managing human rights risks

### Guidelines for handling adverse impacts on fundamental human rights and decent working conditions

Nordic Unmanned is deeply committed to respecting human rights. Treating people with dignity and ensuring the safety and well-being of our employees and individuals affected by our business is at the core of our values and how we work.

We comply with relevant national and international laws, rules, regulations and norms in our daily business and external assignments. As part of this commitment, we strive to implement our corporate responsibility to respect human rights in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights and the OECD Guidelines for Multinational Enterprises throughout our operations.



We respect all internationally recognized human rights including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We have developed a dedicated [human rights policy](#) that explains our commitment and how we seek to put it into practice. The human rights

policy is approved by our CEO, and the group management is responsible for overseeing its implementation across the company. The policy commitment is integrated into our management system.

The human rights policy identifies and addresses the key current human rights risk areas for our own activities, our supply chain, and our downstream value chain. It is complemented by other policies and procedures, particularly our:

- Ethical guidelines and code of conduct for employees
- Code of conduct for suppliers
- Product and service governance policy
- Health and safety policy
- Diversity, inclusion, and equality policy

The responsibility to respect human rights is also of relevance in the context of our compliance with Norwegian, as well as international, export control regimes, which includes human rights risk considerations related to "dual use" technologies, as part of the export license systems. Our product and service governance policy, together with our human rights policy, address post-sales dual use risks.

We seek to implement our responsibility to respect by working to avoid causing or contributing to adverse human rights impacts through our own activities and by working to address adverse impacts from activities in which we are involved. Furthermore, we seek to prevent or mitigate negative human rights impacts that are directly linked to our operations, products, or services by our business relationships. We undertake human rights due diligence in line with the UNGP and OECD Due Diligence Guidance for Responsible Business Conduct, to identify, prevent, mitigate and account for how we address risks to people's human rights in our operations and our value chain.



Providing access to grievance mechanisms where concerns can be raised and processes to address them is a vital part of our responsibility as a company. Other persons than employees, such as suppliers, customers and other partners, or persons affected by HSEQ incidents or other ethical and compliance concerns, may report these to our dedicated external incident and compliance concern channel. Reports may be sent by email or made anonymously through a dedicated electronic form:

[https://nordicunmanned.centrik.net/SMS/Cas  
e/ExternalReport.aspx?ReportingSubsystemId=  
cee1d6](https://nordicunmanned.centrik.net/SMS/Cas<br/>e/ExternalReport.aspx?ReportingSubsystemId=<br/>cee1d6)

All reports are handled by a group consisting of HSEQ, Legal and HR, and are treated confidentially. We will not accept any discrimination or retaliation against individuals who raise compliance concerns in good faith. Our HSEQ incidents, JUST culture and internal whistleblowing procedures enable employees to raise concerns about HSEQ, security and other workplace conditions without fear of retaliation.

The human rights policy and other related policy commitments apply to the entire Nordic Unmanned Group.

## Adverse impacts and significant risks identified

*Our ongoing human rights due diligence and the risk assessment carried out in preparation of our due diligence account did not uncover any actual significant adverse impacts in our own activities or directly linked to our operations, products or services via the supply chain or business partners. The process identified a number of potential adverse impacts that might arise in the context of our own activities or our wider value chain.*

### Key issues for our own activities and operations

The most salient “people risk” in the context of our activities is health and safety. If things go wrong during drone operations, there may be potential negative impacts on personnel involved in the operation or other directly affected persons. Such situations may adversely affect individuals’ right to life and right to health.

Reinforcing these rights, we have a dedicated Health, Safety, Environment, and Quality (HSEQ) function which actively manage, track, and mitigate potential health and safety risks, underpinned by our solid record of zero severe injuries. Furthermore, we ensure that data collection for these safety measures complies with international and EU data protection regulations.

A limited number of our operations may also expose involved personnel to potential security risks.

Other key issues for our own activities and workplace – currently considered as low risk – include:

- Diversity and anti-discrimination, including gender balance.
- Trade union dialogue and collective bargaining.
- Personnel privacy.

- Data security.

Our internal whistleblower procedure provides a mechanism for raising concerns related to these areas.

A potential salient risk in the context of data collection operations concerns data that may comprise sensitive personal information of individuals, even if this may not be directly linked to the purpose of the operation. Protecting individuals’ personal data is an integral part of protecting their life, integrity, and dignity. However, this is not a salient issue in our current activities relating to monitoring and surveillance. These are almost exclusively in the maritime sector and involve monitoring of oil spills, emission monitoring, fishery inspections, and search and rescue operations. Security sector customers who buy our drones and who might collect such data are themselves subject to international obligations and EU data protection regulations.

### Key issues for our supply chain

Our commitment to respecting human rights includes a full value chain approach focusing not only on our own activities but also on our supply chain.

It is well-known that global electronics and hardware manufacturing supply chains involve significant human rights risks. Workers in many countries that are part of supply chains – particularly in parts of Asia where many key components are produced – are vulnerable to forced labour and breaches of international decent work standards, including freedom of association, low pay, discrimination, and exposure to unsafe working conditions. The Covid-19 pandemic has further increased the vulnerability of workers in global supply chains.

Further upstream, as is the case with a range of electronic products, some critical minerals and metals may originate from conflict-affected and other high-risk areas. Actors involved in illicit



trade and armed violence in the context of the extraction of some of these raw materials often commit severe human rights abuses. The risk of forced and child labour can also be high in some of these contexts.

There are several tiers between the products we use in our activities and the raw material extraction. We do not have any direct relationships with minerals extraction companies.

### **Key issues for our downstream value chain**

Several technological innovations that bring benefits to individuals, business and societies also have potential of being used in harmful ways. A key issue for UAS, as with other products and services with such “dual use” potential, concerns the need to ensure responsible end use.

Drones produced or sold by Nordic Unmanned are non-lethal and not armed, and we are not engaging in services related to arming drones. Yet, we are aware of the challenge that drones and UAS used for civilian purposes or lawful, legitimate security sector purposes, may have other applications after the point of sale. The two most salient human rights issues for the UAS industry in general concerns:

- the use of armed drones in breach of international humanitarian law and fundamental human rights standards
- drone-collected data that either intentionally or inadvertently may be used for harming individuals’ life, integrity, and dignity.

Risks related to responsible end-use in our downstream value chain are currently low, given our military and other customers in the security business area are exclusively within the EU and NATO or recognized by EU and NATO country authorities, who are subject to international obligations of international humanitarian law

and international standards for human rights and the rule of law and are subject to EU dual-use export controls.

Additionally, while some of our drone suppliers are defense corporations that also produce weapons and weapons systems, assembly of drones are not part of the same product lines, so there is no direct linkage to the products procured by Nordic Unmanned. These suppliers are based in NATO countries and themselves subject to strict export control regulations.

## Measures to mitigate significant risks of adverse impacts and expected results

### General approach

Our commitment to respect human rights and decent work standards is set out in our human rights policy and is implemented in line with the UNGP and OECD Guidelines. This approach includes:

- Top level commitment and oversight
- Embedding the responsibility to respect human rights across the company, through integration in our management system and connection with other relevant policies and procedures
- Awareness-raising among employees
- Processes to identify potential and actual human rights risks in our own activities and in our value chain
- Requiring human rights due diligence from our suppliers and business partners
- Routines for engagement with clients and other relevant stakeholders when required, to ensure responsible end use of our products and services
- Procedures to follow up on identified risks and impacts
- Tracking the effectiveness of measures to address identified risks and impacts, with a view to ensure continuous improvement
- Reporting on our human rights due diligence, in line with the Transparency Act
- Contributing to remediation of harms if caused or contributed to by our activities
- Periodically reviewing and improving our human rights policy and its implementation

### Responsibility and accountability

Nordic Unmanned Chief Executive Officer is accountable for the human rights policy at Nordic Unmanned. Its implementation is supported by the HSEQ, human resources, supply chain, sales and legal affairs functions.

### Grievances and reporting of concerns

Our mechanisms for reporting concerns relating to HSEQ incidents, or other ethical and compliance concerns, provide both internal and external stakeholders a means for raising any concerns related to actual or potential adverse human rights impacts. The effectiveness of the grievance mechanisms is regularly reviewed.

### Measures to address specific risk areas and expected results

#### Health and safety in our operations

Safe operation remains at the heart of all our operations, and we are committed to an incident-free workplace, every day, everywhere. We conduct our activities in a way that protect people and the environment from harm, applying risk management principles. Ensuring a safe and healthy workplace for our employees and others involved in our operations is a fundamental responsibility for the company, governed by our health and safety policy. Our just culture and emergency response procedures support effective awareness-raising, accountability and learning concerning HSEQ risks and incidents.

#### Personnel security

Our procedures for safeguarding personnel in these types of operations cover all security disciplines including physical security, information security, and personnel security. We cooperate with relevant authorities to address such risks in line with international standards and best practice.

## Employee human rights, diversity and anti-discrimination

We prohibit forced, bonded or compulsory labor, human trafficking and child labour in connection with any company activities and relationships. We actively promote the rights of our employees and regularly engage in dialogue with our employees and union representatives.

We comply with legal requirements for fair and safe working conditions, diversity and anti-discrimination and respect employee's freedom of association and engage in collective bargaining. Nordic Unmanned was the first drone company to establish a collective union agreement in 2022.

We are committed to strengthening diversity across the company, which includes strengthening gender balance at management level and recruiting employees from different nationalities. We do not accept any form of harassment or discrimination toward employees or others with whom we relate through our business. Our efforts in this area are governed by our policy on diversity, inclusion and equality.

The privacy of our employees, which is governed by our policy for personnel privacy. Our just culture and internal whistleblowing procedure enable employees to raise concerns about HSEQ, security and other workplace conditions without fear of retaliation.

## Responsible supply chain

We have mapped all our suppliers and assessed the potential risk of involvement in human rights abuse or breaches of international decent work standards. We have followed up with suppliers where we did not have adequate information to make a reasonable assessment of the likelihood of actual or potential adverse human rights impacts at supplier level or in lower tiers.

To prevent and address potential adverse impacts in our supply chain, we expect suppliers and other business partners to adhere to our code of conduct for suppliers, which includes an expectation to meet the globally agreed

minimum standard of respecting international human rights and decent work standards, including preventing and addressing forced and child labour.

We screen our suppliers on their commitment to human and labour rights and their own human rights due diligence. Suppliers are requested to provide documentation about their human rights policy, human rights due diligence, decent working conditions in line with ILO standards, and responsible sourcing.

We are updating our contract terms to align with our new human rights policy and the UNGP.

If we identify direct links to severe human rights abuses in any components of our products, we will enter into dialogue with the supplier to address the issue. If identified abuses are not addressed and remediated after a reasonable period of time, contracts may be suspended or terminated.

There are several tiers between the products we use in our activities and the raw material extraction. We do not have any direct relationships with minerals extraction companies. We ask our suppliers to document their own due diligence concerning responsible sourcing of the metals and minerals that are used for manufacturing of drone components, and we prohibit the use of conflict-minerals unless they are purchased from responsible sources.

## Responsible end-use (dual use risks)

All projects are assessed in terms of ethical risk and human rights risk prior to entering an agreement. Above all we comply with legal requirements and meet international standards.

Dual use products are subject to strict export and import control regulations. These include the Norwegian export control system, EU regulations, and the US Government's International Traffic in Arms Regulations (ITAR). Complying with the Norwegian, as well as

international, export regulations is an integrated part of our sales process. Sales to defence sector customers is subject to the Norwegian export control system, which requires that defence-related products, technology, and services are only exported from Norway in accordance with Norwegian security and defence policy, and that exports of dual-use items do not contribute to the proliferation of weapons of mass destruction (nuclear, chemical, and biological weapons) or their means of delivery.

Moreover, the Norwegian and EU regulations also prohibit exports if, among other things, there is a clear risk that the exported item might: be used for internal repression (based on UN, EU or Council of Europe assessments of the country's records of respecting international human rights and international humanitarian law); be used to commit war crimes; be used aggressively in conflict zones; be used for acts of terrorism; or be diverted to an undesirable end-user or for an undesirable end use.

We expect our clients to use products in a manner consistent with UN conventions, international humanitarian law, and human rights standards. We also expect our clients to notify us if they learn of potential misuse.

We undertake due diligence to determine the likelihood that our products and services may be misused. Responsible usage is a key consideration for our product and service governance policy, which guides our assessment of post-sale risks and clearly signals our expectation that customers and end-users will use products in a manner consistent with international standards.

If we receive information that our products or services in our downstream value chain have been connected with alleged human rights abuses and breaches of international standards, we will enter into dialogue with the relevant client or business partner norms to uncover facts and require necessary action to prevent or

remediate abuse. We expect clients and business partners to notify us if human rights abuses directly linked to our products or services should occur.

We know our customers. All our military and other customers in the security business area are exclusively within the EU and NATO or recognized by EU and NATO country authorities, who are subject to international obligations of international humanitarian law and international standards for human rights and the rule of law and are subject to EU dual-use export controls. Should special circumstances require the customer base to extend beyond EU and/or NATO members, an approval by the board is required, ensuring appropriate due diligence and alignment from a commercial, risk and ethical evaluation point of view.

Security sector customers who buy our drones and who might collect sensitive personal data of individuals are themselves subject to international obligations and EU data protection regulations.



