

# **FREYR Battery Norway AS and FREYR Battery Giga Arctic AS**

Status on Human Rights Due Diligence 2023

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## **Background and scope**

FREYR Battery Norway AS and FREYR Battery Giga Arctic AS (hereinafter collectively referred to as “FREYR Battery Norway”) are part of a corporate group which includes FREYR Battery Inc., a Delaware corporation, as the ultimate parent company, and its subsidiaries (“FREYR”, “we”, “us”). FREYR’s mission and vision is to accelerate the decarbonization of global energy and transportation systems by producing sustainable cost-competitive batteries. Through our strategy of Speed, Scale, and Sustainability, we seek to serve our primary markets of energy storage systems (“ESS”) and commercial mobility, including marine applications and commercial vehicles. We have future ambitions to serve the electric vehicles market (“EV”). FREYR has its corporate headquarters in Newnan, Georgia in the U.S., its European headquarters in Luxembourg, and is listed on the New York Stock Exchange.

FREYR is continuing the development of its Giga America battery cell manufacturing project in the U.S. At FREYR’s Customer Qualification Plant (“CQP”) in Mo i Rana, Norway, we continue our efforts to fully automate production of customer testable batteries using the SemiSolid™ technology licensed from 24M Technologies, Inc. We are simultaneously pursuing a conventional battery technology path to diversify our technology basis and accelerate delivering our products to market.

As of 31 December 2023, FREYR has not yet initiated commercial manufacturing, delivered products to market or derived revenue from our principal business activities.

This statement on the status of human rights due diligence concerns FREYR’s Norwegian activities. FREYR Battery Norway’s commercial activities in 2023 were focused on the startup of operations and refinement of the manufacturing process using the SemiSolid™ technology at the CQP in Mo i Rana and on the construction of a giga scale manufacturing plant in Mo i Rana.

The Norwegian Transparency Act establishes legal requirements for larger enterprises to account for the work they do to ensure respect for fundamental human rights and decent working conditions in their own operations and activities, and in their supply chains. The purpose of the act is the promotion of an *“enterprises’ respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions”*. As part of our commitment to be transparent about our operations, even during this early stage of our development, we filed our first report as required by the transparency act in 2022 and follow up with this report for 2023. This report is covering our full reporting year 2023, from January 1<sup>st</sup> to December 31<sup>st</sup> of 2023.

### **A. Human rights due diligence at FREYR**

FREYR Battery Norway is committed to respect all internationally recognized human rights and labor rights as set out both in the FREYR Code of Business Conduct and Ethics, our Human Rights Policy, as well as our Supplier Code of Conduct, all of which are public documents that are found in the Governance section of our website (<https://ir.freyrbattery.com/governance/governance-documents>)

FREYR embeds respect for human rights in our way of working and in our management system. In doing so we are guided by the United Nations “Protect, Respect and Remedy” -framework as described in the *United Nations Guiding Principles for Business and Human Rights*, the *Ten principles of the United Nations Global Compact*, and the *OECD Guidelines for Multinational Enterprises*, and applicable domestic laws governing human rights. We aim to continuously learn from our experiences and seek

to mature and improve our human rights efforts. We review our governing documents and processes regularly, and update these when and where necessary.

Human rights risk assessments and mitigating action plans are integrated in FREYR's enterprise risk management process. Our risk-based approach means we conduct a more thorough human rights impact assessments where there is a higher risk for adverse human rights impacts and include mitigating action plans as necessary.

During 2023, FREYR undertook a series of activities including internal management training on potential human rights risks. We prioritized key risks within key departments and aggregated the risks on a corporate level and identifying relevant mitigating activities. This has been reviewed and discussed with the FREYR management team as well as with the Audit and Risk Committee of FREYR's board of directors. We will continue to invest time and resources as we strengthen our capabilities and efforts to identify, assess, and mitigate actual and potential risks across the value chain from our business activities. Given the interconnected nature of our business, we strongly believe that a key success criterion is collaboration with partners and suppliers in a joint effort to safeguard human rights. One such example is our membership of the Responsible Mineral Initiative, which provides tools and resources to make smart sourcing decisions and provides us with an arena for collaboration within our value chain.

## **B. Our human rights risks**

FREYR Battery Norway has assessed where we may find the highest risk across our business areas, specifically where we may be causing, contributing to, or be directly linked to factors that adversely impact human rights and decent working conditions.

### **Our suppliers**

The majority of FREYR's procurement activities are related to purchasing of goods and services for building and operating our future production plants. We depend on third-party suppliers and manufacturers for the technologies, equipment, and materials to construct and operate our facilities. Our suppliers are to a large degree part of complex, global supply chains. Global supply chains for several critical components, including for example, steel, construction blocks and electronics, involve inherent social risks. As our contractors and suppliers are themselves at the end of long lower tiers supply chains with limited transparency and traceability it is possible that human rights violations can occur within our supply chain. The complexity of lengthy supply chains and the difficulty in obtaining complete traceability may i.a. lead to uncertainty about the original production sites of products and the origins of raw materials.

Geography, lack of transparency in supply chains, and the limited familiarity with international standards of some suppliers and sub-suppliers indicate potential risks that need to be understood, assessed, and mitigated.

FREYR has implemented an environmental, social, and governance ("ESG") risk framework into our contract and procurement process, to identify potential environmental, social and governance risks prior to commitments. The ESG risk framework has a risk-based approach. We conduct integrity due diligence as part of the general counterparty check for all signed contracts and for all business partners above minimum value thresholds. Further, the monetary value and/or the strategic value of the contract impacts the level of ESG risk assessment. In cases where potential medium or high social

and/or environmental risks are identified, further assessment actions are required to ensure that we are in line with our ethical requirements.

For all strategic procurement of goods and services, ESG is part of the prequalification of suppliers. The ESG component of our prequalification procedure includes human rights due diligence. In certain cases, a prequalification audit will be conducted either by FREYR, or by other appointed third parties. For all strategic suppliers, or any high value contracts where the supplier is identified as high-risk, an ESG action plan is developed for the specific contract. The ESG Action plan is managed throughout the contract delivery. We expect our suppliers to sign FREYR's Supplier Code of Conduct, which i.a. specifies FREYR's human rights expectations.

#### *Supplier management through contracting and delivery phase*

Strategic contracts may be subject to supplier audits during the delivery phase, to monitor the implementation of improvement measures agreed with the supplier in the ESG action plan.

We expect our tier one suppliers to conduct human rights due diligence in their value chain, and we are continuously working to extend and verify our map of sub-suppliers. To secure internal awareness and alignment in FREYR, reviews of overall risk status are conducted with the FREYR management team before a strategic contract is awarded. We also conduct regular ESG reviews with the executive management team and the Audit and Risk Committee of FREYR's board of directors.

FREYR currently has approximately 450 active contracts. Construction companies and raw materials suppliers are mostly strategic, and also have higher risks associated with contract delivery.

<b>Type of supplier</b>	<b>Number of active suppliers</b>
Construction companies	4
Raw material suppliers	14

#### **Construction activities**

We have engaged construction companies to carry out construction work on our behalf. Due to the nature of the work and the industry itself, on-site construction and installation presents potential risks to health and safety, labor rights and fair working conditions. We also have contracted workers to deliver, service, and install equipment for our operations. These workers, who are provided by our suppliers, may originate from countries with substandard labor conditions. This may indicate an increased risk related to these service providers.

Furthermore, within the construction industry there are known concerns related to fair remuneration and working conditions, as well as the potential for social exploitation. This includes risks pertaining to decent wages, excessive working hours, and other forms of exploitive labor practices. For project development and construction activities related to projects in Norway, where labor standards and oversight from government authorities are generally considered to be high, we have clear requirements and expectations that our suppliers will comply with applicable laws and regulations. Our established HSE processes are intended to further reduce these risks, and we will continue to hold the human rights of all workers involved in our operations as a key priority.

As we have chosen locations for our facilities that were already regulated for industrial use, the risk of violating land rights is not expected to be relevant in Mo i Rana.

### Extra focus on raw material suppliers

Given the strategic importance of our supply chain, the large volume of purchases we anticipate, and the common risks related to raw material production in our industry, we maintain a high focus on ESG related to our raw material suppliers. As of the end of 2023, we have conducted an ESG audit of the majority of our tier one raw material suppliers. We conduct follow-up meetings to review agreed lists of major and minor improvement points, and we promote progress and support improvement efforts where possible. We have also become a member of the Responsible Mining Initiative, and work in partnership with them to improve our own knowledge, conduct supplier audits, and improve human rights and labor conditions across the value chain.

Number of tier one raw material suppliers	% signed FREYR Supplier Code of Conduct	Audits conducted	Follow up meetings- review corrective action plan in 2023	% of audits closed
14 companies	100%	10 companies	3 meetings	20%

Consequently, we will continue to map inputs, materials, and countries of origin for our prioritized suppliers, applying a risk-based approach, and use engagement with suppliers and audits to inform our risk picture and set appropriate mitigations. All companies that have been audited are invited to regular and dedicated ESG follow up meetings where we discuss the action plan from the audit and work toward solving all identified gaps.

### Our operations

FREYR has produced its first battery, but has not yet started regular production of battery cells at the CQP. In preparation for further production, FREYR has conducted assessments of the potential for negative impacts to human rights and decent working conditions from our planned operations.

We aim to design FREYR's workplaces to be attractive places to work, while at the same time making sure our practices minimize risks to people.

### Our employees

We continue to monitor the working conditions of our employees and identify further improvements on a continuous basis. We do this through various tools, including risk assessments, policies, contractual requirements, and governing documents.

The most important potential risks that we have identified are:

- Health and safety, including musculoskeletal disorders, exposure to hazardous materials, and psychosocial risks, including negative stress, for employees working in both office and production locations.
- Discrimination, harassment, and bullying.
- Personal data protection.

Some of the initiatives we have taken to mitigate adverse impacts on employees in 2023 include:

- Management training and regular management review of key metrics regarding health, safety, and wellbeing, including overtime, sick leave, remote work, employee turnover and training.
- Implementing an addendum to employment contracts regarding health, safety, and wellbeing for remote workers, with information and training for leaders.
- Training for managers in anti-harassment and bullying.

- Monitoring skill levels and offering relevant training courses for all employees, including health and safety training, and providing information and training targeted at non-Norwegians to ensure they are aware of their rights as employees in Norway.
- Fostering strong partnerships with the local authorities to ensure basic needs for our employees are met, and to help employees settle quickly into their new home.
- Conducting audits and screening of employment agencies assisting in recruitment from abroad.
- Setting clear requirements for all third parties, including systems providers relating to data privacy and GDPR compliance

#### *Human and labor rights during a restructuring*

In November 2023, we embarked on a significant down-sizing as part of a restructuring to save costs and focus on critical initiatives. This resulted in 58 employees, and an additional 20 full time consultants, receiving a notice of termination in 2023. A key priority was to ensure that this process was done in a respectful, fair, and dignified manner. We worked closely with external advisors to ensure that we followed all appropriate regulations regarding the treatment of our employees throughout this process. We met regularly with union representatives and the Working Environment Committee to gain input and seek endorsement for the tools we used, including the methods used for fairly assessing employees for remaining roles.

#### **C. Actual adverse human rights impacts**

Our due diligence efforts across business areas have, as of this report, not identified any significant actual adverse impacts on fundamental human rights and decent working conditions. However, we will continue to be diligent in our efforts to identify any potential adverse impacts on human rights across the value chain and will work to continuously increase our understanding of our risks and their impacts.

#### **D. Stakeholder engagement**

Stakeholder dialogue and recognition is key for understanding and managing human rights risks. We engage in dialogue, where appropriate, with employees' representatives, employee forums, or unions. FREYR Battery Norway has a Collective Bargaining Agreement with the unions in Norway. Where relevant and in line with our risk-based approach, we have regular dialogue with communities, and will aim for more frequent and structured dialogue in communities with higher risk of facing adverse human rights impacts. We also have strategic conversations with our key suppliers and customers.

#### **E. Grievance mechanisms and remediation**

We continually evaluate how to facilitate access to effective grievance mechanisms, where relevant, for people who could be affected by our operations. In situations where we identify adverse human rights impacts that we have caused or contributed to, we aim to cooperate with, promote access to and/or provide fair remediation.

FREYR has a Whistle Blower Policy where we encourage, and will not retaliate against, individuals who in good faith raise concerns regarding FREYR's respect for human rights or any potential wrongdoings.

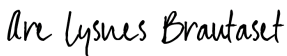
FREYR's Whistle-blower Channel is accessible on FREYR's website, and also allows reports to be submitted anonymously. Additionally, FREYR allows for individuals to register any grievances with human resources personnel or with FREYR's Compliance Officer.

FREYR is committed to not interfere, retaliate, or hinder access to judicial or non-judicial mechanisms to resolve grievances. Non-judicial mechanisms include the OECD National Contact Points and the Compliance Advisor Ombudsman.


**F. Focus for next phase of implementation**

As outlined in this report, FREYR Battery Norway has several measures in place to exercise human rights due diligence across the company and in its business relationships. As we continue to mature and evolve as an organization, we will work on improving our systematic approach to human rights management. This involves continuing to perform risk based human rights due diligence in supplier qualification and follow-up, in our project execution, as well as our operations as part of our ESG risk management system. As we continue to evolve, we will gradually widen the scope of our supply chain efforts and work towards ensuring consistency and continuous improvement. Key focus areas to further strengthen our human rights approach include:


- Continue developing and improving internal templates, toolkits, and guidelines to support the implementation of ESG and human rights due diligence across the company.
- Build awareness and capability to train employees' and management's risk awareness and ensure adequate competence to carry out due diligence activities.
- Execute on our plan to conduct risk assessments on existing and new suppliers and develop and follow up ESG action plans for suppliers which are considered strategic and/or high risk.
- Continue with and strengthen due diligence efforts related to raw material suppliers. Conduct follow up meetings with the companies that have been audited and conduct audits with any new tier one suppliers.
- Collaborate closely with the Responsible Mineral Initiative and its members, both in building capabilities as well as conducting due diligence activities for refiners and raw material exploration companies.

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