

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

KONGSBERG GRUPPEN ASA

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	7/8
2. Internal Controls	6	9/12
3. Support to Employees	7	10/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	7	3/14
6. Supply Chain Management	5	6/10
7. Agents, Intermediaries and Joint Ventures	10	10/20
8. Offsets	4	2/8
9. High Risk Markets	4	5/8
10. State-Owned Enterprises	5	8/10
TOTAL		62/112
BAND		C

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
<p>There is evidence that the company has a publicly stated anti-bribery and corruption commitment, which details the company's stance against any form of bribery or corruption within the organisation. It is clear that this commitment is authorised and endorsed by the company's President and CEO.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 25/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.44] Responsible Business Conduct</p> <p>"KONGSBERG takes the prevention of corruption very seriously. We have zero tolerance for corruption among our employees, consultants or business associates. As a company with significant international activities, KONGSBERG has implemented a comprehensive anti-corruption programme, and high ethical standards are an integral part of our business."</p> <p>Geir Håøy, President and CEO</p> <p>[2] How we do business (Webpage) Accessed 25/06/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/</p> <p>WE ARE RELIABLE CITIZENS Fully integrating our Code of Ethics and Business Conduct into our business operations at every level of our organisation is extremely important for KONGSBERG. Based on our four values, determined, innovative, collaborative and reliable, we are all committed to conducting our business ethically and in compliance with the applicable laws and regulations in the markets in which we operate.</p> <p>This is a responsibility at every level of KONGSBERG. Top level management and senior management are completely committed to the lawful and proper conduct of our business. We are to both ensure and conduct business that follows our code of ethics amongst our customers, regulators and authorities, partners and colleagues.</p> <p>We respect culture, environment and ethnic diversity in our operations, and are particularly aware of our legal, ethical and social responsibilities when entering new geographical areas. This applies to aspects of our own operation, including our supply chain.</p> <p>Our Code of Ethics and Business Conduct is applicable to all companies within KONGSBERG, including majority owned companies. For minority owned companies, as well as partnerships and constellations not involving ownership, we encourage the same level of responsibility.</p> <p>Group directors, management, employees, market representatives are entailed by this. When acting on behalf of KONGSBERG you are representing more than yourself, you are representing an entire company with all our employees and a value chain and ecosystem that stretches beyond. We have to be proactive and aware. We are a company with a strong culture, driven by our four values. We are reliable citizens.</p> <p>[3] Code of Ethics and Business Conduct (Document)</p>

Accessed 25/06/2019

<https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf>

[p.2] Fully integrating our Code of Ethics and Business Conduct into our business operations at every level of our organization is extremely important for KONGSBERG. Based on our four values, determined, innovative, collaborative and reliable, all of us are committed to conducting our business ethically and in compliance with the applicable laws and regulations in the markets we operate.

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GEIR HÅØY, President and CEO, KONGSBERG

[4] Anti-Corruption (Webpage)

Accessed 25/06/2019

<https://www.kongsberg.com/our-commitment/anti-corruption/>

The corporate Board of Directors and Executive Management of KONGSBERG devote considerable attention to this topic. At KONGSBERG there is zero tolerance for corruption. Anti-corruption is an area in which we maintain constant focus on prevention, risk reduction measures and the identification of non-compliance.

[5] Anti-Corruption Guide (Document)

Accessed 25/06/2019

<https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788>

[p.5] MESSAGE FROM THE CEO

We live in an ever more complex world. Risks, and combinations of risks, are natural parts of our business execution. Understanding our total risk picture, foreseeing upcoming risks, as well as knowing how to respond to them, are prerequisites for the success of global enterprises like ours.

At KONGSBERG, we are well aware that our operations represent inherent risks related to business commitments, contracts, geographical markets and technology solutions. Given our presence in all corners of the world, we also encounter different political systems, legislation, institutions, financial conditions, business cultures and, most importantly, different people. Further, we operate in some of the world's most challenging industries: defence, maritime and oil & gas.

This guide is about managing a specific part of our total risk picture – namely the business ethics risks. I trust it will capture your attention and trigger some reflections on your part. It is intended to promote understanding and respect for our anti-corruption efforts. The text is based on KONGSBERG's existing Code of Ethics, as supported by our policies, procedures and compliance programmes. In other words, the guide enshrines KONGSBERG's standing anti-corruption culture. It represents how we base our activities, processes and decisions not only on legislation and regulations, but also on attitudes, experience and best practice.

With this guide, we want to communicate our position clearly, raise awareness and provide guidance for actions.

Geir Håøy, President and CEO

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company publishes an Anti-Corruption Guide and a Code of Ethics and Business Conduct, both of which specifically prohibit bribery, payments to public officials, commercial bribery and facilitation payments. These policies apply to all employees and board members.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 25/06/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788</p> <p>[p.2] Kongsberg is opposed to all forms of corruption "It is prohibited for anyone to demand, receive, or accept an offer of an undue advantage in connection with a position, engagement or task, or to offer or give any person the same. The same also applies if the purpose is to seek to influence someone else in their position, engagement or task. Aiding in such activities is also prohibited. This relates to situations with both governmental officials and private commercial counterparts."</p> <p>[p.3] How to use this guide This guide is designed to help KONGSBERG's management, employees and others who act on our behalf, to comply with our anti-corruption standards.</p> <p>[p.4] "All employees who are acting on behalf of KONGSBERG, and all other persons representing KONGSBERG, must be familiar with and comply with applicable laws, our Codes and governance documents."</p> <p>[p.16] Facilitation payments are payments of small sums of money to facilitate or expedite the performance of routine government functions, such as issuing permits or licences or processing government papers (visas, customs clearances, etc.).</p> <p>Facilitation payments imply bribery of public officials. Facilitation payments are therefore illegal and punishable under most circumstances and in most countries, including the Norwegian Penal Code.</p> <p>Requests for facilitation payments from KONGSBERG employees or representatives shall be reported to his/her superior or to the legal department. Any payments made will only be reimbursed when accounted for on travel expense records with explicit specification of the amount and the reason for payment. The payment shall be recognised on the accounts separately, specifying its purpose.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 25/06/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf</p> <p>[p.2] Our Code of Ethics and Business Conduct is applicable to all companies within KONGSBERG, including majority owned companies. For minority owned companies, as well as partnerships and constellations not involving ownership, we encourage the same level of responsibility.</p> <p>Group directors, management, employees, market representatives are entailed by this. When acting on behalf of KONGSBERG you are a representing more than yourself, you are representing an entire company with all our employees and a value chain and ecosystem that stretches beyond. We have to be proactive and aware. We are a company with a strong culture, driven by our four values. We are reliable citizens.</p> <p>GEIR HÅØY President and CEO, KONGSBERG</p>

[p.15] 5.3 Anti-Corruption

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, and will adhere to the Norwegian anti-corruption law, as well as other relevant international anti-corruption legislation.

Corruption is defined as demanding, receiving or accepting, for oneself or for other persons, an offer of an improper advantage in connection with a position, office or assignment, or to offer or give any person the same. An improper advantage can include

[p.16] (but is not limited to) cash, tangible gifts; cost coverage, discounts, payment of travel or lodging expenses, services, attendance to social events etc.

KONGSBERG thus prohibits for anyone to demand, receive or accept an offer of an undue advantage in connection with a position, engagement or task, or to promise, offer or give any person the same. The same also applies to promising, offering or giving any person an undue advantage, or requesting or accepting the same, if the purpose is to seek to influence someone else in their position, engagement or task. Aiding in such activities is also prohibited. This relates to situations with both public officials and private commercial counterparts.

[p.18] 5.3.3 Facilitation Payments

Facilitation payments are payments of small sums of money to facilitate or expedite the performance of routine government functions, such as issuing permits or licenses or processing government papers, to which one is anyway entitled.

[p.19] KONGSBERG consider facilitation payments as a form of corruption, and payments of this kind is not permitted under this Code.

Exemptions where facilitation payments are deemed not to be illegal are few and interpreted narrowly. Only in exceptional cases and only in order to protect life, liberty, health or, in strictly limited situations, property, from imminent threats, the prohibition against facilitation payments will not apply. Such situations shall therefore always be considered carefully with a view to their legality and necessity. In line with the general principle of correct and transparent accounting, any facilitation payment shall be recorded as such with an explanatory note correctly describing the situation that made the payment legal by exemption.

[13] E-learning – KONGSBERG's culture, values and Code of Ethics and Business Conduct (Webpage)

Accessed 17/07/2019

<https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true>

[p.15]

TO WHOM DO THE CODE OF ETHICS AND BUSINESS CONDUCT APPLY?

Mark all the answers you believe are correct.

1. Employees
2. Managers
3. Members of the Board of Directors
4. Customers
5. Consultants and other who represent KONGSBERG
6. Shareholders

- ☒
- ☒
- ☒
- ☐
- ☒
- ☐

Submit

Right answer :-)

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
1
Comments
<p>There is some evidence that the Board of Directors provides oversight of the company's anti-corruption and compliance programme, including for example by adopting the Code of Ethics and Business Conduct. The company has an Ethics Committee appointed by the Board, which is responsible for promoting high ethical standards.</p> <p>However, although there is some evidence that the board reviews the results of internal audits, it is not sufficiently clear that the scope of these audits include the company's anti-bribery and corruption programme. There is also no clear evidence that the board or a board committee receives reports from management on the programme's performance and ensures that required changes are made.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 26/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.40] The Board of Directors The Board decides in all significant matters and has overall responsibility for the strategy and management of the company. The Board adopts the Group's Code of Ethics and Business Conduct and Strategy for Sustainability and Corporate Social Responsibility, and the Sustainability Report is reviewed and approved by the Board.</p> <p>[...]</p> <p>Ethics Committee The Group's Ethics Committee aims to help raise ethical awareness, ensuring good behaviour and KONGSBERG's good reputation. In the first instance, the Committee shall address matters of principle and questions related to policies and provisions. The composition of the Ethics Committee is subject to Board approval.</p> <p>[p.86] The Board's responsibilities The Board bears the ultimate responsibility for managing the Group and for monitoring day-to-day administration and the Group's business activities. This means that the Board is responsible for establishing control systems and for ensuring that the Group operates in compliance with the adopted value platform and the Corporate Code of Ethics and Business Conduct, as well as in accordance with the owners' expectations of good corporate governance.</p> <p>[p.88] Compliance with values, ethics and corporate social responsibilities KONGSBERG stresses that our values and Code of Ethics and Business Conduct are to be an integral part of operations. We expect our employees and partners to demonstrate high ethical standards and compliance with applicable rules and regulations.</p> <p>In 2018, KONGSBERG continued the work on systematic development and follow-up of important areas for compliance with regulations, rules and internal guidelines. The Group has a strong focus on the anti-corruption programme, where employee training, cooperation with business partners on anti-corruption measures as well as training and review of market representatives have been the key elements. We also have a particular focus on export control and sanctions. The Group has compliance functions at both corporate level and in the business areas. In the same way as the financial reporting, the internal control was established in accordance with a decentralized</p> <p>[p.89] management model. The KONGSBERG compliance programme is coordinated and monitored from a corporate level. Routines have been established for notification and follow-up on any alleged misconduct. The</p>

Group has a whistleblower system with a web-based notification channel available to all employees globally, providing the opportunity for external notifications and anonymity for whistleblowers.

The Group has an Ethics Committee whose purpose is to promote high ethical standards and good behaviour, and to ensure that KONGSBERG maintains a good reputation.

[p.105] KONGSBERG is exposed to different types of risks, and the Board closely monitors trends in the various risk areas. The Board is of the opinion that there is a healthy balance between the overall risk and the Group's capacity to deal with risk. The administration prepares monthly operating reports and quarterly risk reports which are reviewed by the Board. The administration carries out annual risk analyses of more general nature. In addition, the administration (and the Board) perform risk analyses when considering major investments, customer contracts, ventures and acquisitions. The Board has an Audit Committee to support the Board to deal with the financial statements and relevant judgement issues, and to follow up internal control, compliance and risk management within the Group. The Audit Committee meets, as a minimum, in connection with the issue of annual and interim financial statements. The Group's activities are international with delivery of high-tech systems and solutions, primarily to customers in the offshore market, merchant marine and defence. Market risk could therefore vary somewhat within these different segments.

[30] Who We Are – Board of Directors (Webpage)

Accessed 21/02/2020

<https://www.kongsberg.com/who-we-are/board-of-directors/>

Audit Committee

The Audit Committee consists of at least three board members who supervise corporate accounts, our financial reporting and internal audit, Enterprise Risk Management and the work of the external auditor.

The audit committee is appointed by the Board and perform an oversight function with respect to the following:

[...]

d) Monitoring KONGSBERG's compliance with its Code of Ethics and Business Conduct as well as its compliance program

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
2
Comments
<p>There is clear evidence that a designated senior executive has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the board committee that provides oversight of the anti-bribery and corruption programme. There is evidence of feedback activities between this person and the board as part of the company's reporting structure.</p>
Evidence
<p>[2] How we do business (Webpage) Accessed 25/06/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/ Compliance Organization The CEO of Kongsberg has mandated the Chief Compliance Officer (CCO) with the development, coordination and maintenance of the Code of Ethics and Business Conduct and the Compliance Program, including directives, guidelines and other relevant policies.</p> <p>The CCO reports functionally to the CEO of KONGSBERG and the Audit Committee and administratively to the CFO and have direct and prompt access to the Kongsberg Group BoD and top management.</p> <p>[9] Our Responsibilities (Webpage) Accessed 28/06/2019 https://www.kongsberg.com/our-commitment/our-responsibilities/ INTERNAL MANDATORY TRAINING KONGSBERG's Training Programme for Ethics, Anti-Corruption and Business Conduct and Compliance is intended to give employees the understanding and awareness required to carry out their responsibilities in compliance with legislation, regulations and the corporate Code of Ethics and Business Conduct, including supplemental business conduct and compliance documents.</p> <p>[...]</p> <p>The training material and instructors are to be approved by the Corporate Compliance Officer. The annual training plan is to be risk based, focusing on new laws and requirements, KONGSBERG's Directives and mandatory governing documents.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>There is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of its anti-corruption and bribery programme. The company indicates that its risk assessments incorporate a range of sector-specific risks, including industry, country, business area and the use of third parties. There is evidence that the board reviews risk management and internal control procedures, as well as the group's governance documents, on an annual basis. Since this process is interpreted to include risks relating to the company's anti-bribery and corruption approach, the company receives a score of '2'.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 26/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.37] We operate in industries and countries that can involve different types of risk. We conduct risk analysis and seek to prioritise and manage risk to prevent and mitigate to the greatest possible extent.</p> <p>[p.44] Business Ethics Our Code of Ethics and Business Conduct is regularly updated in line with national and international developments. It expresses our basic attitudes and indicates how we shall relate to colleagues, customers and society at large.</p> <p>Anti-corruption</p> <p>[p.45] KONGSBERG has zero tolerance for corruption. By that, we mean that we will never permit sales to be achieved through corruption. Meanwhile, we recognise that doing business in vulnerable parts of the world may involve greater risks for corruption. For our business partners, zero tolerance in practice means requiring that any historical situations are regularised, that an approved anti-corruption programme is implemented and complied with, and that corruption is clearly denounced through words and actions. Our attitude is expressed clearly through our Code of Ethics and Business Conduct, and our endorsement of the UN Global Compact, the OECD's Guidelines for Multinational Enterprises and our membership of Transparency International. The Board and executive management devote considerable attention to this work.</p> <p>Our Code of Ethics and Business Conduct is the backbone for how we conduct our operations, and the code applies regardless of where, when and which of our employees is doing business.</p> <p>[p.46] Our challenges We perform risk assessments in all our business areas and facilitate action plans to reduce identified risk. KONGSBERG operates in both the defence industry and the oil and gas industry, which, according to Transparency International, are two of the sectors most susceptible to corruption.</p> <p>Our activities involve the use of market representatives. The use of third parties is generally known to imply a high risk of corruption, so we pay particular attention to that aspect of our anti-corruption programme. We have drawn up and implemented comprehensive internal regulations for signing and following up agreements with market representatives. The regulations include assessments of a market representative's ethical standards and reputation. Further, risk is assessed based on industry, country and company, and approval procedures have been introduced for the use of standard terms of business and verification of payments, as well as for follow-up during the agreement period and including training and audits.</p> <p>We carry out periodic evaluation of our compliance and anti-corruption programme. The last occasion was in 2017, when an external compliance audit was carried out of Kongsberg Gruppen ASA's (the parent company) anti-</p>

corruption system against the new ISO Standard 37001. The main result was satisfactory and a follow-up plan was established for the identified improvement measures. In 2017 and 2018, KM and KDA performed internal compliance audits against the corresponding criteria.

[p.47]

Goals for 2018 – what we said	Status for 2018 – what did we do?	Goals for 2019 – 1 year	Goals for 2020-2023 – 5 years
<ul style="list-style-type: none"> Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed 	<ul style="list-style-type: none"> We carry out systematic risk analyses as the basis for risk mitigation measures and internal controls. Internal audits are conducted to confirm that internal control is working. This will be further developed and strengthened in the future 	<ul style="list-style-type: none"> Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed Strengthen the internal control function in our compliance department 	<ul style="list-style-type: none"> Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed

[p.87] The Company's business plan, strategy and risk are regularly reviewed and evaluated by the Board.

[p.88] Follow-up by the Board

The Board follows up risk management and internal controls through its annual cycle and agenda. This includes a quarterly review of strategic and operational risks, central discretionary items related to financial reporting and non-financial compliance. The Board processes and approves major customer quotations according to the Group's authority matrix. The Board is also involved in the Group's strategy processes on an ongoing basis.

The Group's financial position and risks are thoroughly described in the Directors' Report.

The Board conducts an annual review of the Group's key governance documents to ensure that these are updated and cover the relevant topics.

[p.105] KONGSBERG is exposed to different types of risks, and the Board closely monitors trends in the various risk areas. The Board is of the opinion that there is a healthy balance between the overall risk and the Group's capacity to deal with risk. The administration prepares monthly operating reports and quarterly risk reports which are reviewed by the Board. The administration carries out annual risk analyses of more general nature. In addition, the administration (and the Board) perform risk analyses when considering major investments, customer contracts, ventures and acquisitions. The Board has an Audit Committee to support the Board to deal with the financial statements and relevant judgement issues, and to follow up internal control, compliance and risk management within the Group. The Audit Committee meets, as a minimum, in connection with the issue of annual and interim financial statements.

The Group's activities are international with delivery of high-tech systems and solutions, primarily to customers in the offshore market, merchant marine and defence. Market risk could therefore vary somewhat within these different segments.

Question												
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?												
Score												
2												
Comments												
Based on publicly available information, there is evidence that the company's anti-bribery and corruption programme is subject to periodic evaluation and a regular internal audit process. Evidence in the company's Annual Report indicates that the company plans to carry out internal audits of its internal controls and compliance processes on an annual basis, supplemented by an external audit of the anti-corruption programme every third year. In addition, it is clear that the findings of these audits are presented to the Board and used to develop follow-up risk management plans. Although it is not explicitly clear where ownership for this process lies, it is assumed to sit with the Board's Audit Committee.												
Evidence												
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 26/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.46] We carry out periodic evaluation of our compliance and anti-corruption programme. The last occasion was in 2017, when an external compliance audit was carried out of Kongsberg Gruppen ASA's (the parent company) anti-corruption system against the new ISO Standard 37001. The main result was satisfactory and a follow-up plan was established for the identified improvement measures. In 2017 and 2018, KM and KDA performed internal compliance audits against the corresponding criteria.</p> <p>[p.47]</p> <table><tr><th>Goals for 2018 – what we said</th><th>Status for 2018 – what did we do?</th><th>Goals for 2019 – 1 year</th><th>Goals for 2020-2023 – 5 years</th></tr><tr><td><ul style="list-style-type: none">• Carry out external compliance auditing against ISO standard 37001 "Management systems for anti-corruption"• Assess certifications</td><td><ul style="list-style-type: none">• The business areas have carried out compliance audits with satisfactory results, and established action plans for improvement measures• We have assessed our certifications and our conclusion is that we will wait for the standard to become more established internationally</td><td><ul style="list-style-type: none">• Follow up of audits that have been carried out against the ISO standard for "Anti-corruption management systems"</td><td><ul style="list-style-type: none">• Carry out external evaluation of compliance and the anti-corruption programme every third year</td></tr><tr><td><ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures.• Carry out risk reduction measures as needed</td><td><ul style="list-style-type: none">• We carry out systematic risk analyses as the basis for risk mitigation measures and internal controls. Internal audits are conducted to confirm that internal control is working. This will be further developed and strengthened in the future</td><td><ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed• Strengthen the internal control function in our compliance department</td><td><ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed</td></tr></table> <p>[p.87] The Board's Audit Committee The Audit Committee shall support the Board in its responsibilities related to financial reporting, audits, internal control and overall risk management. The Audit Committee is also a preparatory body in terms of non-financial policy and control.</p>	Goals for 2018 – what we said	Status for 2018 – what did we do?	Goals for 2019 – 1 year	Goals for 2020-2023 – 5 years	<ul style="list-style-type: none">• Carry out external compliance auditing against ISO standard 37001 "Management systems for anti-corruption"• Assess certifications	<ul style="list-style-type: none">• The business areas have carried out compliance audits with satisfactory results, and established action plans for improvement measures• We have assessed our certifications and our conclusion is that we will wait for the standard to become more established internationally	<ul style="list-style-type: none">• Follow up of audits that have been carried out against the ISO standard for "Anti-corruption management systems"	<ul style="list-style-type: none">• Carry out external evaluation of compliance and the anti-corruption programme every third year	<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures.• Carry out risk reduction measures as needed	<ul style="list-style-type: none">• We carry out systematic risk analyses as the basis for risk mitigation measures and internal controls. Internal audits are conducted to confirm that internal control is working. This will be further developed and strengthened in the future	<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed• Strengthen the internal control function in our compliance department	<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed
Goals for 2018 – what we said	Status for 2018 – what did we do?	Goals for 2019 – 1 year	Goals for 2020-2023 – 5 years									
<ul style="list-style-type: none">• Carry out external compliance auditing against ISO standard 37001 "Management systems for anti-corruption"• Assess certifications	<ul style="list-style-type: none">• The business areas have carried out compliance audits with satisfactory results, and established action plans for improvement measures• We have assessed our certifications and our conclusion is that we will wait for the standard to become more established internationally	<ul style="list-style-type: none">• Follow up of audits that have been carried out against the ISO standard for "Anti-corruption management systems"	<ul style="list-style-type: none">• Carry out external evaluation of compliance and the anti-corruption programme every third year									
<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures.• Carry out risk reduction measures as needed	<ul style="list-style-type: none">• We carry out systematic risk analyses as the basis for risk mitigation measures and internal controls. Internal audits are conducted to confirm that internal control is working. This will be further developed and strengthened in the future	<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed• Strengthen the internal control function in our compliance department	<ul style="list-style-type: none">• Carry out risk analyses, internal controls and audits to confirm compliance with legislation, rules and internal procedures. Carry out risk reduction measures as needed									

[p.88] 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board's responsibilities and the purpose of internal control KONGSBERG's internal control and risk management system for financial reporting are based on the internationally recognised COSO framework.

The Group has established a decentralised management model featuring delegated responsibility for profits. As a result, the control function follows the Group's management model, and it is the individual unit's responsibility to make sure that it has the capacity and expertise required to carry out responsible internal control. Corporate executive management and the individual technological fields are responsible for controlling that the business areas have implemented the appropriate internal controls.

Ten times per year, the management prepares operating reports including risk analyses, and these are sent to the directors. In addition, quarterly financial reports are published for the financial market. The Audit Committee reviews the Group's quarterly report ahead of the Board meeting. The auditor takes part in the Audit Committee's meetings and meets with the entire Board in connection with the presentation of the interim annual financial statements and as otherwise required.

[...]

Follow-up by the Board

The Board follows up risk management and internal controls through its annual cycle and agenda. This includes a quarterly review of strategic and operational risks, central discretionary items related to financial reporting and non-financial compliance. The Board processes and approves major customer quotations according to the Group's authority matrix. The Board is also involved in the Group's strategy processes on an ongoing basis.

The Group's financial position and risks are thoroughly described in the Directors' Report.

The Board conducts an annual review of the Group's key governance documents to ensure that these are updated and cover the relevant topics.

[p.91] 15. AUDITOR

The auditor's relationship to the Board

The Group's auditor is elected by the General Meeting. A summary of the main aspects of the work planned by the auditor shall be presented to the Audit Committee once a year.

The auditor is always present at the Board's discussions of the annual accounts. At that meeting, the Board is briefed on the financial statements and any other issues of particular concern to the auditor, including any points of disagreement between the auditor and management. The auditor normally also participates in the Audit Committee's meetings.

The Audit Committee arranges annual meetings with the auditor to review the report from the auditor that addresses the Group's accounting policy, risk areas and internal control routines.

At least one meeting a year will be held between the auditor, the Audit Committee and the Board without the presence of the CEO or other members of executive management.

The auditor has presented a written declaration to the Board concerning the fulfilment of fixed independence requirements between the auditor and the Group pursuant to the Accountancy Act.

The Board has dealt with the guidelines for the business relationship between the auditor and the Group.

Ernst & Young AS is the Group auditor. Some smaller companies within the Group use other audit firms. Some foreign companies do not have auditors as this is not a part of the local requirements. In addition to ordinary auditing, the auditing company has provided consultancy services related to accounting

[...]

At regular intervals, the Board evaluates whether the auditor exercises a satisfactory level of control and assesses the auditor's competitiveness otherwise.

[2] Our Commitment – How We Do Business (Webpage)

Accessed 23/06/2020

<https://www.kongsberg.com/our-commitment/how-we-do-business/>

The Group's Code of Ethics and Business Conduct is compatible with the UN Global Compact and the OECD's Guidelines for Multinational Enterprises and is subject to evaluation and revision, if so required, at least every other year.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>There is evidence that the company publicly commits to investigating bribery and corruption allegations or incidents, which includes a statement that all allegations must be investigated promptly and by personnel who have no connection with the case. In addition, there is a specific procedure in place to deal with whistleblowing cases which stipulates documentation and actions to be taken at each step, covering the whole investigation process from receipt to final outcome. The company commits to providing those who raise concerns – including whistleblowers – with updates on the outcome of investigations. Although the company does not explicitly state that a senior central body receives and reviews summary information of all incidents on a regular basis, the involvement of the CCO and legal department in the investigation process is assumed to cover this role.</p>
Evidence
<p>[6] E-learning - Whistleblowing (Webpage) Accessed 28/06/2019 https://www.nanolearning.com/LessonViewer/?el=278562&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true [p.7] What happens afterwards? KONGSBERG has set up a group that receives notifications and decides who will handle them further.</p> <p>The person who is appointed must see to that:</p> <ul style="list-style-type: none"> • The issue is given a serious and professional treatment • The whistleblower's right to discretion is taken care of • All personal data is handled in accordance with regulations • All parties are given the opportunity to comment <p>The whistleblower must be informed of the outcome. In some cases, it will not be possible to provide a detailed feedback.</p> <p>[7] Directive for Raising Concerns and Follow up of Raising Concerns (Document) Accessed 28/06/2019 https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf [p.4] 1.6 Roles and responsibilities</p> <p>1.6.1 The person who raises a concern It is primarily employees of Kongsberg Gruppen who will raise concerns about censurable conditions. Notifications may also come from external partners, in which case they must be handled in accordance with the requirements of this directive.</p> <p>1.6.2 The person who receives a notification This will normally be:</p> <ul style="list-style-type: none"> • The immediate manager, or another manager if the immediate manager is believed to be disqualified due to conflict of interest etc. • The HR department of the company or group • The Compliance Officer of the business area or group • Ombudsmen (the Ethics Council in Kongsberg Gruppen) • A safety delegate, member of the Working Environment Committee or employee representative • All employees can also use the web-based whistleblower channel which can be used by all employees of Kongsberg Gruppen, as well as business partners and external third parties. It is possible to be anonymous when using the whistleblower channel. There are a link to the web-page from kongsberg.com https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx • As a last resort, the employee can notify Kongsberg Gruppen's Board of Directors.

[p.5] 1.6.3 Who decides who will handle the notification

Who is to handle the notification is decided by a group consisting of:

- Corporate Compliance Officer (chair)
- VP Corporate HR (deputy chair)
- Compliance Officer of the business area concerned
- Ombudsman from the business area concerned

1.6.4 The person(s) who will handle the case

Case handling of a notification must be performed by the line management or HR department, as close as possible to the event or issue. This must always take the possibility of disqualification into account, so as to ensure that any employee who is or might be involved in the event or issue has no responsibility for case handling and that the necessary independence and objectivity can be maintained.

1.6.5 The person who is the subject of the notification

As soon as possible, depending on the nature of the case, the person about whom the notification has been made must be made aware of the allegation and of the information that has been given. This person must be given the opportunity to make a statement about what has happened.

2.2 What must you do if you receive a notification

Anyone who receives a notification must immediately fill in the checklist (see appendix) and immediately notify the Corporate Compliance Officer (CCO).

2.3 The group that decides who will handle the notification

The CCO receives the notification and calls in the group, ref 1.6.3. The CCO decides whether and when the responsible management and the CEO should be informed. The responsible management is normally informed without undue delay.

[p.6] If calling the group together would delay the processing of the case, the CCO must begin initial investigations, so as to prepare for handling the case.

The group must begin by considering whether any member may be disqualified in the particular case.

The group must then decide on the correct and most competent person to take the case further. The group then transfers the case to this person as quickly as possible. The group must follow up to ensure that the case is handled properly, keep a case register and inform the Ethics Council if the case involves a question of principle.

2.4 Case handling of a notification:

The person handling the case must ensure:

- that notification cases are handled seriously and professionally
- that the right to discretion of the person making the notification is maintained
- that all personal data is handled in accordance with regulations
- that all parties have the right to express themselves

Investigations after a notification must be performed by personnel who have no connection with the case, must begin without undue delay and must be completed as soon as the proper processing of the case enables this.

The group that decided who would handle the notification may be consulted during the process. The group must be kept informed of progress and also informed of the outcome as soon as processing of the notification has been completed.

The person who raised the concern must be advised that the situation is being investigated, along with a probable date by which information about the outcome can be expected.

The person who raised the concern must be advised of the eventual outcome as soon as the case has been concluded. The outcome may however be of such a nature that detailed feedback cannot be given, for example in personnel cases.

[1] Annual Report and Sustainability Report 2018 (Document)

Accessed 28/06/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.45] The Group has procedures for notification of any breach of the corporate Code of Ethics and Business Conduct.

[p.89] Routines have been established for notification and follow-up on any alleged misconduct. The Group has a whistleblower system with a web-based notification channel available to all employees globally, providing the opportunity for external notifications and anonymity for whistleblowers.

[8] Whistleblowing Channel (Webpage)

Accessed 28/06/2019

<https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx>

You may monitor the progress of your case by logging in with the case number issued to you upon submission of your report, and using the password you have selected.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
<p>There is no evidence that the company assures itself of the quality of investigations. Although the company provides information about its investigation process, it does not provide any publicly available evidence of how it ensures the quality of these procedures, for example by stating that staff tasked with conducting investigations are properly trained and qualified. There is also no mention of how complaints about the process are handled, nor does the company state that an appropriate senior individual is responsible for oversight of this process. Additionally, there is no evidence that the company reviews its investigations procedure at least every three years or in response to any changes in the regulatory environment.</p>
Evidence
<p>[8] Whistleblowing Channel (Webpage) Accessed 28/06/2019 https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx Welcome to our whistleblowing channel, operated by BDO Forensic Services in Norway. Our whistleblowing channel enables all employees of KONGSBERG, business partners and stakeholders to report any serious concerns or offenses in a confidential manner.</p> <p>All reports are treated in a strictly confidential manner. Should you wish to remain anonymous, it is not possible for KONGSBERG to trace your identity through this channel.</p> <p>[7] Directive for Raising Concerns and Follow up of Raising Concerns (Document) Accessed 28/06/2019 https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf [p.4] 1.6 Roles and responsibilities</p> <p>1.6.1 The person who raises a concern It is primarily employees of Kongsberg Gruppen who will raise concerns about censurable conditions. Notifications may also come from external partners, in which case they must be handled in accordance with the requirements of this directive.</p> <p>1.6.2 The person who receives a notification This will normally be:</p> <ul style="list-style-type: none"> The immediate manager, or another manager if the immediate manager is believed to be disqualified due to conflict of interest etc. <p>[...]</p> <ul style="list-style-type: none"> The HR department of the company or group The Compliance Officer of the business area or group Ombudsmen (the Ethics Council in Kongsberg Gruppen) A safety delegate, member of the Working Environment Committee or employee representative All employees can also use the web-based whistleblower channel which can be used by all employees of Kongsberg Gruppen, as well as business partners and external third parties. It is possible to be anonymous when using the whistleblower channel. There are a link to the web-page from kongsberg.com https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx As a last resort, the employee can notify Kongsberg Gruppen's Board of Directors. <p>[p.5] 1.6.3 Who decides who will handle the notification Who is to handle the notification is decided by a group consisting of:</p> <ul style="list-style-type: none"> Corporate Compliance Officer (chair) VP Corporate HR (deputy chair)

- Compliance Officer of the business area concerned
- Ombudsman from the business area concerned

1.6.4 The person(s) who will handle the case

Case handling of a notification must be performed by the line management or HR department, as close as possible to the event or issue. This must always take the possibility of disqualification into account, so as to ensure that any employee who is or might be involved in the event or issue has no responsibility for case handling and that the necessary independence and objectivity can be maintained.

2.3 The group that decides who will handle the notification

The CCO receives the notification and calls in the group, ref 1.6.3. The CCO decides whether and when the responsible management and the CEO should be informed. The responsible management is normally informed without undue delay.

[p.6] If calling the group together would delay the processing of the case, the CCO must begin initial investigations, so as to prepare for handling the case.

The group must begin by considering whether any member may be disqualified in the particular case.

2.4 Case handling of a notification:

The person handling the case must ensure:

- that notification cases are handled seriously and professionally
- that the right to discretion of the person making the notification is maintained
- that all personal data is handled in accordance with regulations
- that all parties have the right to express themselves

Investigations after a notification must be performed by personnel who have no connection with the case, must begin without undue delay and must be completed as soon as the proper processing of the case enables this.

The group that decided who would handle the notification may be consulted during the process. The group must be kept informed of progress and also informed of the outcome as soon as processing of the notification has been completed.

The person who raised the concern must be advised that the situation is being investigated, along with a probable date by which information about the outcome can be expected.

The person who raised the concern must be advised of the eventual outcome as soon as the case has been concluded. The outcome may however be of such a nature that detailed feedback cannot be given, for example in personnel cases.

The person who has been tasked with handling the notification must decide whether there is a need for protection of the person(s) involved in the notification until the circumstances can be investigated. If such protection is considered necessary, the HR department of the company, or if necessary of the group, must be informed and must decide on the necessary measures.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>There is evidence that the company's investigative procedure includes provisions to report material findings to the board and potential criminal conduct to the relevant authorities where appropriate. There is evidence that there are procedures in place which determine the relevant senior manager responsible for reporting findings to authorities.</p>
Evidence
<p>[7] Directive for Raising Concerns and Follow up of Raising Concerns (Document) Accessed 28/06/2019 https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf [p.5] The employer is always entitled to contact official supervisory bodies, such as the Norwegian Labour Inspection Authority for example, on relevant issues.</p> <p>[p.6] If the notification might indicate that a criminal act has occurred, the CCO must inform the group's legal department immediately.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 25/06/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf [p.30] 6.3 Follow-up and consequences Any non-compliance with this Code, KONGSBERG's governing documents and/or relevant laws and regulations, shall be followed up and consequences shall be predictable and proportionate. Infringement of the Group's ethical rules or relevant statutory provisions can lead to disciplinary measures or dismissal, and may be reported to the relevant authorities. Any direct participation in corrupt activities, even if no benefits is received by the employee, will normally lead to termination of</p> <p>[p.31] employment and reported to authorities. Similarly applies to contractual parties, even if the corruption may not relate to business or other interaction with or for KONGSBERG.</p> <p>[13] E-learning – KONGSBERG's culture, values and Code of Ethics and Business Conduct (Webpage) Accessed 17/07/2019 https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true [p.20] ADVICE, RAISING CONCERNS AND CONSEQUENCES You should seek advice from your manager, Compliance Officer or by e-mail to ethics@kongsberg.com if you are in doubt about an issue! You can also use our routines for raising concerns.</p> <p>Violation of the Code of Ethics and Business Conduct is a serious matter. It may be against the Law and can have serious legal consequences for the individual(s) involved and/or for KONGSBERG.</p> <p>It can damage our reputation and brand, and finally our shareholders' values. It can lead to disciplinary measures or even dismissal for individuals involved, and may be reported to the relevant authorities.</p> <p>[2] Our Commitment – How We Do Business (Webpage) Accessed 23/06/2020 https://www.kongsberg.com/our-commitment/how-we-do-business/ The Group has a management response plan which ensures that KONGSBERG responds in a timely manner to any incidents, and minimizes adverse consequences. The plan describes KONGSBERG's procedure and the internal responsibility between the Board and management for dealing with possible compliance incidents.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
1
Comments
<p>There is evidence that the company publishes data on the number of ethics and compliance-related investigations involving its employees for the most recently reported financial year.</p> <p>However, this data is insufficiently detailed: it does not include the number of reports received, including through whistleblowing channels, nor the number of disciplinary actions taken as a result of investigation findings.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 28/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.45] Notification of alleged misconduct In 2018 we have processed eleven cases internally, mainly concerning the work environment and financial irregularities of a personal character.</p> <p>[p.46] Law violations in 2018 None of the companies in KONGSBERG were sanctioned due to law violations related to business ethics in 2018.</p> <p>[34] Annual Report and Sustainability Report 2019 (Document) Accessed 23/06/2020 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/1739-kog-rapport-2019-gb-final.pdf [p.50] In 2019 we have processed 32 cases internally, mainly concerning the work environment and financial irregularities of a personal character. All issues are considered in accordance with our procedures, and the majority of these issues were closed during 2019.</p>

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>Based on publicly available information, the company provides a training module that outlines the principles of its anti-bribery and corruption policy that includes the whistleblowing options available to employees. There is evidence that employees receive basic online training on the Code of Ethics, as well as classroom training for all new employees and new line managers. There is evidence that training is provided to all employees in all divisions and geographies, and in all appropriate languages. There is evidence that employees are required to refresh their training at least every three years.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 28/06/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.25] TRAINING KONGSBERG's Training Programme for Ethics, Anti-Corruption and Business Conduct and Compliance is intended to give employees the understanding and awareness required to carry out their responsibilities in compliance with legislation, regulations and the corporate Code of Ethics, including supplemental business conduct and compliance documents. KONGSBERG has developed various mandatory training tools, including basic e-learning based on our Code of Ethics for all employees, classroom training for new employees and new line managers, and specific training for exposed personnel, managers and market representatives. The training material and instructors are to be approved by the Corporate Compliance Officer. The annual training plan is to be risk based, focusing on new laws and requirements, KONGSBERG's Directives and mandatory governing documents.</p> <p>[9] Our Responsibilities (Webpage) Accessed 28/06/2019 https://www.kongsberg.com/our-commitment/our-responsibilities/ INTERNAL MANDATORY TRAINING KONGSBERG's Training Programme for Ethics, Anti-Corruption and Business Conduct and Compliance is intended to give employees the understanding and awareness required to carry out their responsibilities in compliance with legislation, regulations and the corporate Code of Ethics and Business Conduct, including supplemental business conduct and compliance documents.</p> <p>KONGSBERG has developed various mandatory training tools, including basic e-learning based on our Code of Ethics and Business Conduct for all employees, classroom training for new employees and new line managers, and specific training for exposed personnel, managers and market representatives.</p> <p>The training material and instructors are to be approved by the Corporate Compliance Officer. The annual training plan is to be risk based, focusing on new laws and requirements, KONGSBERG's Directives and mandatory governing documents.</p> <p>E-learning, mandatory for all KONGSBERG employees:</p> <ul style="list-style-type: none"> • Lesson 1 <u>KONGSBERG's culture, values and Code of Ethics and Business Conduct</u> • Lesson 2 <u>Anti-corruption</u> • Lesson 3 <u>Health, Safety and the Environment (HSE)</u> • Lesson 4 <u>Code of Ethics and Business Conduct</u> • Lesson 5 <u>Gifts and Hospitality</u> • Lesson 6 <u>Whistleblowing</u> • Lesson 7 <u>GDPR Basic</u>

[11] E-learning – Code of Ethics and Business Conduct (Webpage)

Accessed 17/07/2019

<https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqikw4e&mode=1&version=1346&resetresponse=true>

[p.3] THE GOAL FOR THIS TRAINING

The goal for this training is to ensure that all our employees, managers and Board of Directors shall have basic knowledge about our Compliance System including Code of Ethics and Business Conduct, and act according to that knowledge.

[1] Annual Report and Sustainability Report 2018 (Document)

Accessed 28/06/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.46] In-house training

All our new employees go through a training programme that deals with the Group's Code of Ethics and Business Conduct. The programme is updated regularly, and it consists of e-learning courses and classroom courses for new employees and line managers. In addition, a complex training programme has been further developed in the field of ethics, business-related behaviour and special topics for exposed target groups.

[35] Our Commitment – Responsible Business Conduct (Webpage)

Accessed 23/06/2020

<https://www.kongsberg.com/kda/our-commitment/responsible-business-conduct/>

KDA COMPLIANCE TRAINING

KDA's compliance training program includes all employees in KDA and its subsidiaries. The training program is risk based, and different target groups receive customized mandatory training, based on exposure, either annually, every second year or every three years. Target groups identified include different levels of management, board members, expatriates, as well as marketing, sales and procurement personnel. Training is conducted in the appropriate language. Compliance training is based on our Code of Ethics and Business Conduct and addresses topics such as Conflicts of Interest, Gifts & Hospitality, Anti-corruption and Anti-bribery, Money laundering, Economic sanctions, Export Control, Trafficking and bonded labor, Antitrust/Competition law and Raising concerns. An important focus of our compliance training is on how to identify and handle dilemmas, for instance related to bribery, gifts & hospitality and conflicts of interest.

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>Based on publicly available information, there is evidence that employees in certain positions receive specialised or tailored anti-bribery and corruption training. The company states that risk-exposed personnel, managers and market representatives, and board members receive specific training. In addition, the company states that the annual training plan is risk-based, and updated to include new laws and requirements. There is evidence that high-risk positions are required to undertake refresher training on an annual basis.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 28/06/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.25] TRAINING KONGSBERG's Training Programme for Ethics, Anti-Corruption and Business Conduct and Compliance is intended to give employees the understanding and awareness required to carry out their responsibilities in compliance with legislation, regulations and the corporate Code of Ethics, including supplemental business conduct and compliance documents. KONGSBERG has developed various mandatory training tools, including basic e-learning based on our Code of Ethics for all employees, classroom training for new employees and new line managers, and specific training for exposed personnel, managers and market representatives. The training material and instructors are to be approved by the Corporate Compliance Officer. The annual training plan is to be risk based, focusing on new laws and requirements, KONGSBERG's Directives and mandatory governing documents.</p> <p>[9] Our Responsibilities (Webpage) Accessed 28/06/2019 https://www.kongsberg.com/our-commitment/our-responsibilities/ INTERNAL MANDATORY TRAINING KONGSBERG's Training Programme for Ethics, Anti-Corruption and Business Conduct and Compliance is intended to give employees the understanding and awareness required to carry out their responsibilities in compliance with legislation, regulations and the corporate Code of Ethics and Business Conduct, including supplemental business conduct and compliance documents. KONGSBERG has developed various mandatory training tools, including basic e-learning based on our Code of Ethics and Business Conduct for all employees, classroom training for new employees and new line managers, and specific training for exposed personnel, managers and market representatives. The training material and instructors are to be approved by the Corporate Compliance Officer. The annual training plan is to be risk based, focusing on new laws and requirements, KONGSBERG's Directives and mandatory governing documents.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 28/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.46] All our new employees go through a training programme that deals with the Group's Code of Ethics and Business Conduct. The programme is updated regularly, and it consists of e-learning courses and classroom courses for new employees and line managers. In addition, a complex training programme has been further developed in the field of ethics, business-related behaviour and special topics for exposed target groups.</p> <p>[35] Our Commitment – Responsible Business Conduct (Webpage) Accessed 23/06/2020 https://www.kongsberg.com/kda/our-commitment/responsible-business-conduct/ KDA COMPLIANCE TRAINING</p>

KDA's compliance training program includes all employees in KDA and its subsidiaries. The training program is risk based, and different target groups receive customized mandatory training, based on exposure, either annually, every second year or every three years. Target groups identified include different levels of management, board members, expatriates, as well as marketing, sales and procurement personnel. Training is conducted in the appropriate language. Compliance training is based on our Code of Ethics and Business Conduct and addresses topics such as Conflicts of Interest, Gifts & Hospitality, Anti-corruption and Anti-bribery, Money laundering, Economic sanctions, Export Control, Trafficking and bonded labor, Antitrust/Competition law and Raising concerns. An important focus of our compliance training is on how to identify and handle dilemmas, for instance related to bribery, gifts & hospitality and conflicts of interest.

[30] Who We Are – Board of Directors (Webpage)

Accessed 21/02/2020

<https://www.kongsberg.com/who-we-are/board-of-directors/>

Board members are trained every 3rd year through classroom training. In addition, new board members receive ethics and compliance training as part of the on-boarding.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
2
Comments
<p>There is publicly available evidence that the company takes steps to assure itself of the effectiveness of its anti-bribery and corruption communications and training programme. Information suggests that the company assures itself of this annually, and that the results of its reviews are used to update specific parts of the company's anti-bribery and corruption communications and training programme.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 26/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.47] GOALS AND ACTIVITIES RESPONSIBLE BUSINESS CONDUCT</p> <p>[...]</p> <p>Goals for 2018 -what we said</p> <ul style="list-style-type: none"> • Carry out external compliance auditing against ISO standard 370001 "Management systems for anti-corruption" • Assess certifications <p>Status for 2018 -what did we do?</p> <ul style="list-style-type: none"> • The business areas have carried out compliance audits with satisfactory results, and established action plans for improvement measures • We have assessed our certifications and our conclusion is that we will wait for the standard to become more established internationally <p>Goals for 2019 -1 year</p> <ul style="list-style-type: none"> • Follow up of audits that have been carried out against the ISO standard for "Anti-corruption management systems" <p>Goals for 2020-2023 -5 years</p> <ul style="list-style-type: none"> • Carry out external evaluation of compliance and the anti-corruption programme every third year <p>[p.48] Goals for 2018 -what we said</p> <ul style="list-style-type: none"> • Further develop and carry out continuous training <p>Status for 2018 -what did we do?</p> <ul style="list-style-type: none"> • We have a comprehensive training plan. In 2018, we carried out training with some minor deviations from and delays to the plan. We will strengthen and develop our training in 2019 <p>Goals for 2019 -1 year</p> <ul style="list-style-type: none"> • Further develop and carry out continuous training <p>Goals for 2020-2023 -5 years</p>

- Further develop and carry out continuous training

[6] E-learning - Whistleblowing (Webpage)

Accessed 29/06/2019

<https://www.nanolearning.com/LessonViewer/?el=278562&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true>

[slide 8]

What about you?

Please rate the statements below to the best of your ability.

1 = I don't agree at all

6 = I totally agree

I know how to report serious concerns in KONGSBERG

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6

I feel that it will be safe to report such issues in KONGSBERG

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6

I will notify if I become aware about such issues

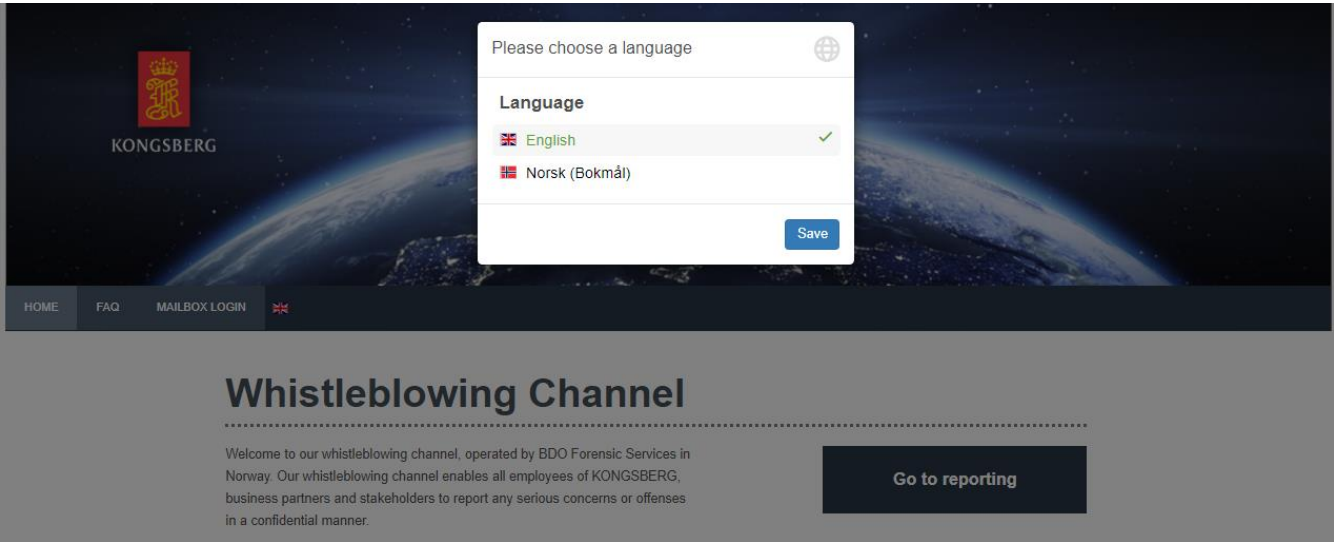
☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6



Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no publicly available evidence to indicate that the company's incentive schemes incorporate ethical or anti-corruption principles.
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 29/06/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.87] The Board's Compensation Committee</p> <p>[p.88] The committee shall prepare issues for Board discussion related to remuneration, management development and diversity. This includes, among others, discussion of issues associated with the remuneration for the CEO, and questions of principle relating to salary levels, bonus systems, pension schemes/terms, employment contracts, etc. for leading employees. The committee also prepares issues regarding other conditions associated with remuneration that the committee considers of particular significance to the company's competitive position, profile, recruitment ability, reputation, etc.</p> <p>Performance-based part of salary In 2006, the Board introduced a new bonus system for executive management. The scheme was adjusted slightly in 2016 and continued in 2017. Performance-based compensation is linked to profit growth, profit margin and individual goals. The payment of performance-based salary has a ceiling of 50 per cent of the basic salary. A more de- tailed description of the scheme is given in Note 27, "Declaration regarding the determination of salaries and other remuneration to senior executives" in the annual report for 2018. In 2018, the group had 76 managers who were covered by an incentive plan that included an individual performance element. The Bonus System meets guidelines for salaries and other remuneration to senior employees of enterprises and companies with a state shareholding. In 2018, the bonus system included a maximum accrual percentage and direct payments of margin and an individual progress component. The progress component went</p> <p>[p.89] into a bonus bank. The bonus bank scheme will be discontinued from 2019 onward, and the maximum accrual on personal goals has been reduced. The bonus is now linked to the degree of personal goal achievement. The personal goals are linked to growth in operating income and improvements in EBIT and ROACE.</p> <p>Long-term incentive (LTI) In 2012, the Board decided to introduce a (LTI) scheme as part of the regular remuneration for the CEO and other members of corporate executive management. The programme was changed to a variable performance system in 2016. Criteria were introduced for achievement, and the framework for remuneration was revised upwards to 30 per cent of the annual base salary for the CEO and 25 per cent for the other members of the Corporate Executive Management (level 1 in the organisation). The rationale is to be competitive with comparable companies. A more detailed description of the scheme is provided in Note 27 of the annual financial statements for 2018. In order to adjust executive management salaries to market level, from 2019 onward the LTI scheme is being extended to cover salaries at level 2 in the organisation, as well as certain defined key positions. The levels in the LTI scheme will be 15 and 10 per cent of these respectively.</p>

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
1
Comments
<p>There is evidence that the company commits to support or protect employees who refuse to act unethically.</p> <p>However, there is no evidence that the company assures itself of its employees' confidence in this statement through anonymised surveys or other clearly stated means.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 17/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.27] KONGSBERG considers it important for the development of the Group that employees provide constructive positive and negative feedback on work-related matters. Such feedback will ordinarily be part of the ongoing dialogue between employee and supervisor in the continuous efforts to make improvements. KONGSBERG aims to ensure that employees are taken seriously when they provide feedback to their employer.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 17/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf [p.29] KONGSBERG considers it important that employees provide feedback on matters perceived as positive as well as on matters perceived as negative, to protect the company, our colleagues and our stakeholders. KONGSBERG encourages all who become aware of potential violations of this Code, relevant laws and regulations, or KONGSBERG governing documents to notify appropriate company personnel.</p> <p>[2] Our Commitment – How We Do Business (Webpage) Accessed 23/06/2020 https://www.kongsberg.com/our-commitment/how-we-do-business/ We know that any unwanted incidents involving or relating to KONGSBERG can damage our reputation and potentially threaten our ability to continue to do business. KONGSBERG recognizes that our values, principles and internal requirements will sometimes preclude us from pursuing business opportunities.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company has a clear policy of non-retaliation against both whistleblowers and employees who report concerns.</p> <p>However, the company receives a score of '1' as it does not explicitly commit to assure itself of its employees' confidence in this commitment through surveys or other clearly stated means.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 11/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.45] KONGSBERG will not tolerate a whistleblower being subject to reprisals or negative reactions.</p> <p>[p.89] The Group has a whistleblower system with a web-based notification channel available to all employees globally, providing the opportunity for external notifications and anonymity for whistleblowers.</p> <p>[7] Directive for Raising Concerns and Follow up of Raising Concerns (Document) Accessed 11/07/2019 https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf [p.3] Retaliation, whether by managers or colleagues, is unacceptable. Managers, HR and employee representatives must ensure that those who raise concerns are not subjected to negative reactions.</p> <p>[10] Raising Concerns (Webpage) Accessed 11/07/2019 https://www.kongsberg.com/our-commitment/raising-concerns/ Further, retaliation against persons who reports concerns is prohibited.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 11/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.27] Provisions regarding raising concerns are set out in Norway's Working Environment Act. Pursuant to these provisions, employees have the right to report censurable conditions on the part of their employer as long as the notification is justified and carried out in good faith. Reprisals against persons who report concerns on this basis, are prohibited.</p> <p>[6] E-learning - Whistleblowing (Webpage) Accessed 11/07/2019 https://www.nanolearning.com/LessonViewer/?el=278562&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true [p.4] Whistleblowers have special protection according to law. You will not be met with sanctions. And it's not up to you to prove the matter.</p>

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>There is evidence that the company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme, including through a dedicated whistleblowing channel. These channels allow for anonymous and confidential reporting, and are sufficiently varied to allow employees to raise concerns across the management team. There is also evidence that the channels are available and accessible to employees in multiple jurisdictions, in all relevant languages (Norwegian and English), including those employed by the group as suppliers or other external parties.</p>
Evidence
<p>[7] Directive for Raising Concerns and Follow up of Raising Concerns (Document) Accessed 17/07/2019 https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf [p.4] 1.6.1. The person who raises a concern It is primarily employees of Kongsberg Gruppen who will raise concerns about censurable conditions. Notifications may also come from external partners, in which case they must be handled in accordance with the requirements of this directive.</p> <p>[8] Whistleblowing Channel (Webpage) Accessed 17/07/2019 https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx</p>  <p>Whistleblowing Channel</p> <p>Welcome to our whistleblowing channel, operated by BDO Forensic Services in Norway. Our whistleblowing channel enables all employees of KONGSBERG, business partners and stakeholders to report any serious concerns or offenses in a confidential manner.</p> <p>Go to reporting</p>
<p>Whistleblowing Channel Welcome to our whistleblowing channel, operated by BDO Forensic Services in Norway. Our whistleblowing channel enables all employees of KONGSBERG, business partners and stakeholders to report any serious concerns or offenses in a confidential manner.</p> <p>All reports are treated in a strictly confidential manner. Should you wish to remain anonymous, it is not possible for KONGSBERG to trace your identity through this channel.</p> <p>You may monitor the progress of your case by logging in with the case number issued to you upon submission of your report, and using the password you have selected.</p>

Thank you for using our whistleblowing channel.

WHAT?

You may report issues and concerns related to KONGSBERG.

This may include instances of bullying, harassment, discrimination, racism, substance abuse, and suspicion of financial irregularities (such as embezzlement, theft, fraud, corruption, misappropriation of funds, etc.)

Examples of violations include, but are not limited to: fraud and corruption, harassment and discrimination, conflict of interest, unfair competition and violations of environmental and human rights laws.

HOW?

It is important that you describe the facts and circumstances to the best of your ability.

If you have written documentation available, please attach and upload the document in a digital format.

When clicking Report Here above you will be directed to an input form.

You will be able to describe your concern, attach any documents, decide whether you wish to remain anonymous and if you want to follow the handling of the report or not.

For further information, see Frequently Asked Questions (FAQ) above.

WHAT'S NEXT?

You can decide if you want to remain anonymous.

When you file a report, you have the option to follow the case proceedings. We encourage you to monitor your case, as those processing it may need to ask clarifying questions so as to move forward with the investigation.

When you file a report, you will be able to establish a secure mailbox. When you create this mailbox, you will be assigned a case number and be given the option to choose your own password for accessing and following your case.

Once you have reported an issue, you have the option to continue communication regarding the case even if you have chosen to stay anonymous. Regardless of whether or not you wish to remain anonymous, we recommend that you open a mailbox. This makes it safer and easier for us to communicate.

All communication with us is anonymous, if you wish it to be.

[1] Annual Report and Sustainability Report 2018 (Document)

Accessed 17/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.45] Notification of alleged misconduct

The Group has procedures for notification of any breach of the corporate Code of Ethics and Business Conduct.

Employees will always have the right to issue alerts about circumstances worthy of criticism, and are under a duty to do so if there is a question of a violation of laws, rules or our corporate Code of Ethics and Business Conduct.

KONGSBERG will not tolerate a whistleblower being subject to reprisals or negative reactions.

The Group has two ombudsmen who can provide advice and receive alerts from employees. Internal and external questions about ethics, whistleblowing, etc., can be directed to the Corporate Compliance Officer by sending an e-mail to: ethics@kongsberg.com or to our global web-based notification channel.

[p.89] Routines have been established for notification and follow-up on any alleged misconduct. The Group has a whistleblower system with a web-based notification channel available to all employees globally, providing the opportunity for external notifications and anonymity for whistleblowers.

[5] Anti-Corruption Guide (Document)

Accessed 17/07/2019

<https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788>

[p.26] DO YOU NEED GUIDANCE?

All business areas have dedicated compliance officers who can provide guidance on compliance issues.

Information is available on the business area's intranet. The Corporate Compliance Officer supports all business areas, including employees and external parties. Questions can be sent by e-mail to ethics@kongsberg.com.

The Corporate Legal Department is responsible company-wide for legal advice, and consultations.

[p.27] DO YOU NEED TO RAISE A CONCERN?

KONGSBERG aims to ensure the same standard in all our operations world-wide, though always with respect for local legislation. Provisions regarding raising concerns are set out in Norway's Working Environment Act. Pursuant

to these provisions, employees have the right to report censurable conditions on the part of their employer as long as the notification is justified and carried out in good faith. Reprisals against persons who report concerns on this basis, are prohibited. See more about how to raise a concern in the next section.

KONGSBERG considers it important for the development of the Group that employees provide constructive positive and negative feedback on work-related matters. Such feedback will ordinarily be part of the ongoing dialogue between employee and supervisor in the continuous efforts to make improvements. KONGSBERG aims to ensure that employees are taken seriously when they provide feedback to their employer.

[p.28] HOW TO RAISE A CONCERN

It is important that employees demonstrate the requisite discretion in raising concerns, to protect the interests of KONGSBERG, individuals involved, and third parties from unnecessary harm. Such interests may include trade secrets and the risk of losing customers, the climate of cooperation, as well as personal data.

In ordinary situations, an employee should notify his/her immediate superior, or the next level superior, about the concern. Local or corporate HR may constitute another communication path. Only if such communication is highly problematic should the employee raise the issue elsewhere, e.g. with KONGSBERG's Ethics Council through the Council's ombudsmen, a safety delegate, a member of the Working Environment Committee or a trade union representative. As a last resort, the employee can notify KONGSBERG's Chairman of the Board. The intention is for any censurable conditions to be resolved through KONGSBERG's routines. However, employees may also contact public supervisory bodies, e.g. the Norwegian Labour Inspection Authority, about relevant matters. Ordinarily, notifications should be submitted in writing. Although KONGSBERG prefers to know the identity of the notifying person, it is also possible to report anonymously. However, anonymous reporting may make it more difficult to follow up with important questions and clarifications. External parties who want to report concerns can do so by sending an email to ethics@kongsberg.com.

Employees in the US or Canada can also raise concerns electronically through the AlertLine <https://kongsberg.alertline.com/gcs/welcome> where you can report anonymously while still being available for dialogue and follow-up questions.

[12] Supplier Conduct Principles (Document)

Accessed 17/07/2019

https://www.kongsberg.com/contentassets/b63bf88a08e04f1e8837835aeb2173a7/kog_scp_2018_english.pdf

[p.12] Suppliers should also provide means for employees to report on or discuss noncompliance confidentially.

8.6 Asking questions and raising concerns

Suppliers should have a system for reporting and handling concerns, including breach of the Principles, and shall without delay inform KONGSBERG in writing of any concerns related to business with KONGSBERG.

KONGSBERG expects full cooperation in relation to the investigation of the matter. Suppliers shall not practice retaliations against anyone raising or helping to address a genuine business integrity concerns. Our suppliers shall implement programmes to ensure confidentiality and protection of whistle-blowers.

Questions or reporting of concerns can be made to ethics@kongsberg.com or anonymous to KONGSBERG's web-based whistle-blower channel: <https://kongsberg.whistleblownetwork.net>.

[3] Code of Ethics and Business Conduct (Document)

Accessed 17/07/2019

<https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf>

[p.30] 6.2 Reporting of concerns

Employees who are aware of any violation of laws and regulations, or KONGSBERG governing documents shall immediately report to the responsible superior or follow KONGSBERG's guidelines for reporting concerns.

KONGSBERG has internal guidelines for following up on reported concerns. KONGSBERG will not tolerate any form of reprisals against anyone who, in good faith, reports a violation or suspected violation of this code.

Employees can seek guidance from the HR department, the Ombudsmen, the Compliance Officers or by posting email to ethics@kongsberg.com

[9] Our Responsibilities (Webpage)

Accessed 17/07/2019

<https://www.kongsberg.com/our-commitment/our-responsibilities/>

WHAT WE EXPECT OF OUR EMPLOYEES

- Participate in fostering a solid and robust culture of ethical behavior.
- Comply with this Code and other governing documents and applicable laws that are relevant to your work.
- Consult with their leader or Compliance Officer if they are in doubt about an ethics or compliance issue. Any unresolved questions should be addressed to KONGSBERG's Corporate Compliance Officer or Legal Department.
- Report any suspicion or observation of misconduct to their supervisor or Compliance Officer, or follow the routines for "Raising Concerns". Never misuse reporting of concerns to harm others.

[6] E-learning - Whistleblowing (Webpage)

Accessed 17/07/2019

<https://www.nanolearning.com/LessonViewer/?el=278562&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true>

[p.7] What happens afterwards? KONGSBERG has set up a group that receives notifications and decides who will handle them further. The person who is appointed must see to that:

- The issue is given a serious and professional treatment
- The whistleblower's right to discretion is taken care of
- All personal data is handled in accordance with regulations
- All parties are given the opportunity to comment

The whistleblower must be informed of the outcome. In some cases, it will not be possible to provide a detailed feedback.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on conflicts of interest that covers actual, potential and perceived conflicts. This policy applies to both employees and board members. It defines and describes financial interests and other employment as categories of potential conflict of interest risk.</p> <p>However, the company receives a score of '1' because its conflict of interest policy does not clearly define all types of relationship listed in the question guidance, such as employee and government relationships. It is also not clear whether this policy applies to those not directly employed by the company, such as those of subsidiaries and other controlled entities.</p>
Evidence
<p>[3] Code of Ethics and Business Conduct (Document) Accessed 17/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf [p.24] 5.10 Conflicts of interest KONGSBERG shall respect individual employees' and board members right to privacy and personal interests, at the same time as all employees and board members are expected to be loyal to KONGSBERG's interests.</p> <p>Employees and board members shall not participate in financial or business-related activities that could potentially involve a conflict between KONGSBERG and their own personal, familiar or a close third-party's interests.</p> <p>A conflict of interest, or even if it can appear as a conflict of interest to others, shall be disclosed to your manager.</p> <p>All directorships, employments or other assignments held or carried out by KONGSBERG employees and board members in other enterprises that have, or may be expected to have, commercial relations with KONGSBERG, must be approved by KONGSBERG management.</p>

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
1
Comments
<p>There is some publicly available evidence that the company has procedures in place to manage conflicts of interest; for example, its conflict of interest policy states that any actual or potential conflicts must be disclosed to a manager and receive approval.</p> <p>However, there is no evidence that actual and potential conflict of interest declarations are held in a central register, nor that such declarations are reviewed and overseen by a designated body or individual with ultimate accountability for the management of the process. Moreover, the company does not provide any further detail on its criteria for recusals or the potential disciplinary measures for breaches of the policy.</p>
Evidence
<p>[3] Code of Ethics and Business Conduct (Document) Accessed 17/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf</p> <p>[p.24] 5.10 Conflicts of interest KONGSBERG shall respect individual employees' and board members right to privacy and personal interests, at the same time as all employees and board members are expected to be loyal to KONGSBERG's interests.</p> <p>Employees and board members shall not participate in financial or business-related activities that could potentially involve a conflict between KONGSBERG and their own personal, familiar or a close third-party's interests.</p> <p>A conflict of interest, or even if it can appear as a conflict of interest to others, shall be disclosed to your manager.</p> <p>All directorships, employments or other assignments held or carried out by KONGSBERG employees and board members in other enterprises that have, or may be expected to have, commercial relations with KONGSBERG, must be approved by KONGSBERG management.</p>

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no publicly available evidence to indicate that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no publicly available evidence to indicate that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
Although the company indicates that it generally prohibits political contributions, there is evidence that they are permitted in certain circumstances.
Evidence
<p>[3] Code of Ethics and Business Conduct (Document) Accessed 17/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf [p.18] 5.3.2 Sponsorship, Political and Charitable Contributions Special caution shall be taken when assessing sponsorships and charitable contributions due to the potential for appearance of impropriety and any risk of corruption. KONGSBERG shall not give political contributions, even if combined with charity. Charitable contributions shall fully comply with public disclosure requirements and shall be reported according to internal processes.</p> <p>[4] Anti-Corruption (Webpage) Accessed 17/07/2019 https://www.kongsberg.com/our-commitment/anti-corruption/ SPONSORSHIP, POLITICAL AND CHARITABLE CONTRIBUTIONS Special caution shall be taken when assessing sponsorships and charitable contributions due to the potential for appearance of impropriety and any risk of corruption. Political contributions are not provided.</p> <p>[14] Directive for Sponsorship in Kongsberg (Document) Accessed 17/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0039-directive-for-sponsorship-in-kongsberg-revb-01mar2017.pdf [p.4] 1.4.3 Framework for sponsorship in KONGSBERG: As a main rule we do not sponsor the following:</p> <ul style="list-style-type: none"> a) Travel/trips b) Individuals <ul style="list-style-type: none"> • May only be awarded sponsorships if there is sound, business-related justification. c) Measures or activities in which the recipient of the funds is a public official, or if a public official has an interest in or is related to the recipient of the funds. <ul style="list-style-type: none"> • May only be awarded sponsorships if there is sound, business-related justification, and they in no way have business relations with KONGSBERG. d) Religious organizations <ul style="list-style-type: none"> • Exceptions for those who only have a humanitarian aspect-such as the Church City Mission e) Political parties f) Political and charitable contributions (of political nature) <ul style="list-style-type: none"> • Such contributions should be avoided because questions may arise about the purpose of contribution. Charitable contributions of this nature require written justification and prior approval from the President of the Business Area concerned. An assessment should also be obtained from the Corporate Compliance Officer or KONGSBERG's legal department. Reference is given to KONGSBERG'S Code of Ethics and Business Conduct (KOG-GOV- 0011), and Directive for Gifts and Hospitality (KOG-DIR-0040) where sponsorship in relation to the U.S. is described in more detail in a separate appendix.

[p.7] The sponsorship shall not involve; (if it does describe and refer to written justification and prior approval from the President of the Business Area concerned. An assessment should also be obtained from the Corporate Compliance Officer or KONGSBERG's legal department.)

[...]

- e) Political parties
- f) Political and charitable contributions (of political nature)

[15] Directive for Gifts and Hospitality (Document)

Accessed 18/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0040-directive-for-gifts-and-hospitality-rev-b-08dec2017.pdf>

[p.9] 3.2 COMPANY POLICY ON GIFTS AND COURTESIES TO PUBLIC OFFICIALS IN THE U.S.

[p.10] 3.2.4 Political and Charitable Contributions

KONGSBERG's policy is that all employees must seek prior approval from the Executive Vice President of the business division in question and the Corporate Compliance Officer or KONGSBERG's Legal Department before making any personal contribution to any political party, party official, party representative or candidate, if such party, official, representative or candidate might be in a position to influence KONGSBERG's business.

Any such donation must comply with all applicable laws and regulations and be accurately recorded in KONGSBERG's books and accounts.

KONGSBERG employees should also seek guidance from the Corporate Compliance Officer or KONGSBERG's Legal Department when contemplating charitable contributions, so as to avoid the potential for the appearance of impropriety.

[5] Anti-Corruption Guide (Document)

Accessed 17/07/2019

<https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788>

[p.17] SPONSORSHIPS AND POLITICAL CONTRIBUTIONS

KONGSBERG carefully offers sponsorship of projects and initiatives that promote our values. Our sponsorship activities shall harmonise with our fundamental values, Code of Ethics and sponsorship strategy. Any sponsorship should be based on the principles of predictability, transparency and non-discrimination. Some of our sponsorship activities and the requirements for being considered for sponsorships are presented on our website under Corporate Social Responsibility.

KONGSBERG has issued detailed provisions, including procedures for approval, for granting sponsorships. Sponsorship activities shall be perceived as positive by our employees and in the communities in which we operate, and shall contribute positively to the general image of KONGSBERG. The directive also covers charitable gifts and marketing activities bordering on sponsorship. Charitable gifts are financial contributions to socially beneficial, non-political causes, such as charitable organisations, social initiatives or the like. The gifts are provided unconditionally and without expectation of any form of return favour.

KONGSBERG does not sponsor political parties or representatives due to the potential for the appearance of impropriety.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
0
Comments
There is no evidence that the company discloses details of its political contributions.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure covering both charitable donations and sponsorships. These policies include specific measures to ensure that such donations are not used as vehicles for bribery and corruption, for example by specifying criteria for donations, provisions for senior sign-off and due diligence on recipients. The company also publishes some information on the recipients of its donations, but it is not clear whether this description represents a full list of all recipients.</p> <p>However, the company does not publish sufficient details on its charitable donations and sponsorships, such as the amount, country of recipient and which corporate entity made the payment.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 18/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.17] SPONSORSHIPS AND POLITICAL CONTRIBUTIONS KONGSBERG carefully offers sponsorship of projects and initiatives that promote our values. Our sponsorship activities shall harmonise with our fundamental values, Code of Ethics and sponsorship strategy. Any sponsorship should be based on the principles of predictability, transparency and non-discrimination. Some of our sponsorship activities and the requirements for being considered for sponsorships are presented on our website under Corporate Social Responsibility.</p> <p>KONGSBERG has issued detailed provisions, including procedures for approval, for granting sponsorships. Sponsorship activities shall be perceived as positive by our employees and in the communities in which we operate, and shall contribute positively to the general image of KONGSBERG. The directive also covers charitable gifts and marketing activities bordering on sponsorship. Charitable gifts are financial contributions to socially beneficial, non-political causes, such as charitable organisations, social initiatives or the like. The gifts are provided unconditionally and without expectation of any form of return favour.</p> <p>KONGSBERG does not sponsor political parties or representatives due to the potential for the appearance of impropriety.</p> <p>[14] Directive for Sponsorship in Kongsberg (Document) Accessed 17/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0039-directive-for-sponsorship-in-kongsberg-revb-01mar2017.pdf [p.5] 1.5 Roles and responsibility</p> <ul style="list-style-type: none"> • Chief Executive Officer of KONGSBERG shall approve this directive, and any deviations from it. • Corporate Communication has the responsibility for planning and communicating the overall sponsorship strategy; e.g. which parties and projects that shall be prioritized to promote KONGSBERG's values. • Corporate Compliance Officer has the responsibility for drawing up internal requirements for the process for approval of sponsorships, communicating this to the Business Areas and follow up compliance to the requirements. <p>The Business Areas (BA) shall:</p> <ul style="list-style-type: none"> ○ Communicate this directive throughout the BA ○ Ensure compliance with this directive in the BA ○ Appoint a "Sponsorship Manager" who shall be responsible for coordinating sponsorship approvals, documentation, reporting etc. ○ Yearly provide a summary of all sponsorships and charitable gifts, and other marketing activities in the compliance status report. <ul style="list-style-type: none"> • Corporate Management Team (CMT) shall assess and approve national or international sponsorship of NOK 250,000 and above.

- Corporate sponsorship-board consisting of Chief Administration Officer, Chief Communication Officer and Corporate Compliance Officer shall assess and approve national or international sponsorship of NOK 100,000 up to NOK 250,000, and recommend cases above NOK 250,000 to CMT.
- Event Manager at CEO's office shall keep a register for all sponsorships and charitable gifts, and other marketing activities of or exceeding NOK 100,000, and also maintain running information of all allocations of or above NOK 100,000 on KONGSBERG's website.

2. Focus areas and priorities

KONGSBERG sponsorship strategy focuses on activities and projects nationally and internationally within the following focus areas:

- Sports – especially local sports activities for young people within the local communities in which KONGSBERG operates.
- Culture – especially within the local communities in which KONGSBERG operates.
- Social, humanitarian and/or environmental activities - locally, nationally and internationally that have a sustainable objective

3. Procedural and decision-making process

- Contributions toward activities in local communities nationally or internationally where KONGSBERG operates, will generally be decided locally, and shall be in accordance with approved budgets and awarded authorizations.
- Activities of more national or international character shall be recommended from the BA or relevant executive director, and approved by the Corporate sponsorship-board if value of NOK 100,000 up to NOK 250,000, or approved by Corporate Management Team if value at NOK 250,000 or above.

3.1 Compliance due diligence

- Before entering into any sponsorship agreement the recipient shall be evaluated following the internal routines for compliance due diligence (CDD). The BA or relevant executive director who recommends the sponsorship is responsible for the compliance due diligence.
- The CDD shall be documented by using the checklist, ref chapter 5.

[p.6] 3.2 Contract Terms

3.2.1 Duration

Sponsorship agreements should not have a duration of more than three years at a time.

All agreements in excess of one year must include a clause that allows us terminate the agreement within the current year. Although the recipient benefits from predictability, it is advantageous to KONGSBERG to be as flexible as possible in terms of how much funds are to be distributed and to whom.

3.2.2 Agreements

All sponsorship activities shall be regulated in writing.

All sponsorship activities of or exceeding NOK 50,000 shall be regulated in KONGSBERG standard contract for sponsorships and charitable gifts or other marketing activities. The Code of Ethics and Business Conduct shall be a part of the contract.

Any significant deviation from the standard agreement shall be approved by the Corporate Compliance Officer or the Legal Department.

3.3 Budget

Sponsorships should be approved in the annual budget process.

[4] Anti-Corruption (Webpage)

Accessed 18/07/2019

<https://www.kongsberg.com/our-commitment/anti-corruption/>

SPONSORSHIP, POLITICAL AND CHARITABLE CONTRIBUTIONS

Special caution shall be taken when assessing sponsorships and charitable contributions due to the potential for appearance of impropriety and any risk of corruption. Political contributions are not provided.

[1] Annual Report and Sustainability Report 2018 (Document)

Accessed 18/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.63] We support children and young people to raise interest in the natural sciences

The natural sciences are essential to solving some of the challenges the world is facing. Therefore, we want to motivate children and young people to study physics, maths and natural sciences through a variety of measures, all

[p.64] the way from kindergarten to college. We therefore support the science centre Kongsberg Vitensenter, which is free to schools and kindergartens. Children are introduced to the natural sciences through play and experiments, as well as teaching modules in subject areas such as energy, mechanics, mathematics, technology and animation with more for the older ones. We collaborate with a number of lower and upper secondary schools, colleges and universities in Norway. Here we hold motivational lectures, invite people to visit the company, participate in career days and take on students for work placement. We support selected student projects where the students wish to write their master's degree in collaboration with KONGSBERG.

KONGSBERG has a strong focus on vocational education and we offer, along with other companies in the town of Kongsberg, a unique training programme for apprentices through the K-Tech training centre. An apprentice-ship certificate programme in polymer composites has also been established at the composite factory in Kongsberg. KONGSBERG has collaborated with NTNU to establish the world's first professorship in Big Data Cybernetics, which combines the fields of chemometrics and cybernetics. The agreement involves a five-year endowed professorship sponsored by KONGSBERG.

KONGSBERG is the main sponsor for two multi-disciplinary student projects at NTNU where students get to set theory into practice. KONGSBERG has since 2014 been the main sponsor of Revolve NTNU. Every year a new team of students develops, designs and builds a racing car to compete with. Ascend is a project that participates in the annual International

[p.65] Aerial Robotics competition, where the goal is to push the limits of what autonomous drones are capable of doing. In 2016, we opened the KONGSBERG Innovation Center, where our employees can bring their children and experiment with drones, robots and visualisation. The centre is also used in connection with visits from local school classes and educational institutions and students that we collaborate with.

From theory to practice – the summer job programme

Every year, KONGSBERG takes on a large number of students who work in different departments and summer projects throughout the company. The projects are very popular, and many have been extended for several years. The oldest project is "LocalHawk", which started already in 2008.

Through the summer jobs, students get to see what opportunities are available when they graduate, and we hope this will motivate them to study harder and complete their degrees. At the same time, it is a good recruitment arena for us where we get to know the students better.

Contributions to sports, culture and social activities KONGSBERG's sponsor strategy focuses on activities and projects in Norway and internationally within the following areas:

- Sports – in particular local sports activities for young people in the local communities in which KONGSBERG operates.
- Culture – in particular local communities in which KONGSBERG operates.
- Social, humanitarian and/or environmental activities – locally, nationally and internationally – that focus on sustainability.

Norway

In Norway we have concentrated on supporting organisations in the local communities where we are represented. KONGSBERG has chosen to support many different sports, especially for children and young people, and we always sponsor teams and not individuals. Our two biggest cultural sponsorships are with the Kongsberg Jazz Festival and Glogerfestpillene (classical music festival). Both festivals hold a very high professional level and have their own programmes for developing young talents.

[...]

Contributions to sports, culture and social activities KONGSBERG's sponsor strategy focuses on activities and projects in Norway and internationally within the following areas:

- Sports – in particular local sports activities for young people in the local communities in which KONGSBERG operates.
- Culture – in particular local communities in which KONGSBERG operates.
- Social, humanitarian and/or environmental activities – locally, nationally and internationally – that focus on sustainability.

[p.71]

SOCIAL INVESTMENTS

<i>MNOK</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Financial support to organisations, etc. ¹⁾	6.9	9.1	12.4	9.3	8.8	7.3	6.7

¹⁾ In addition, there is funding for professorships and direct costs such as wages etc. for our own employees contributing in part-time positions at various colleges and educational institutions. See [pages 63–65](#) for further information.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company has a policy on lobbying that applies to all employees and associated lobbying firms. The company states that any lobbying activities must comply with all relevant laws and regulations, and that lobbying on behalf of the company must never be used to gain an improper advantage.</p> <p>However, the company's approach does not define and control the standards of conduct required to ensure responsible lobbying. There is some evidence that the company may provide this information in an internal document, but this is not publicly available.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 18/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 <p>[p.3] HOW TO USE THIS GUIDE This guide is designed to help KONGSBERG's management, employees and others who act on our behalf, to comply with our anti-corruption standards. It is also intended to communicate and promote understanding of and respect for KONGSBERG's anti-corruption efforts outside the Group.</p> <p>[p.16] Trading in influence exists when an improper advantage is offered or requested in order to influence someone's duties. Lobbying is a legal activity using an intermediary to influence decisions in the private or public sector. Use of lobbyists must comply with KONGSBERG's requirements for entering into such arrangements. KONGSBERG rejects any illegal trading in influence, and lobbying on behalf of KONGSBERG may never imply any improper advantage to achieve the desired influence.</p> <p>[15] Directive for Gifts and Hospitality (Document) Accessed 18/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0040-directive-for-gifts-and-hospitality-rev-b-08dec2017.pdf <p>[p.6] 1.9 Lobbying Activities All lobbying firms, as well as any KONGSBERG employees who are authorized to engage in lobbying activities on behalf of the company, must be duly registered as such and are expected to comply with all lobbying regulations under local law, including written disclosure requirements.</p> <p>KONGSBERG employees should consult the Corporate Compliance Officer or KONGSBERG's Legal Department for guidance on relevant registration and disclosure requirements in the particular jurisdictions where lobbying occurs.</p> <p>[p.9] 3.2 COMPANY POLICY ON GIFTS AND COURTESIES TO PUBLIC OFFICIALS IN THE U.S.</p> <p>[p.10] 3.2.5 Lobbying Activities All lobbying firms, as well as any KONGSBERG employees who are authorized to engage in lobbying activities on behalf of the company, must be duly registered as such and are expected to comply with all lobbying regulations under Federal, state and local law, including written disclosure requirements.</p> <p>KONGSBERG employees are encouraged to consult the Corporate Compliance Officer or KONGSBERG's Legal Department for guidance on relevant registration and disclosure requirements in the particular jurisdictions where lobbying occurs.</p> <p>[2] Our Commitment – How We Do Business (Webpage)</p> </p> </p>

Accessed 23/06/2020

<https://www.kongsberg.com/our-commitment/how-we-do-business/>

With respect to lobbying activities our policy is that all lobbying firms working for us as well as any KONGSBERG employees who are authorized to engage in lobbying activities on behalf of the company, must be duly registered as such and are expected to comply with all lobbying regulations under local law, including written disclosure requirements.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no publicly available evidence to indicate that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no publicly available evidence to indicate that the company publishes any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy and procedure on the giving and receipt of gifts and hospitality. The policy specifies financial or proportional limits for different types of promotional expenses. It also addresses the risks associated with gifts and hospitality given to/received from public officials.</p> <p>Although the company indicates that gifts and hospitality must be recorded in financial records, there is no evidence the company has a dedicated register or central depository that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[15] Directive for Gifts and Hospitality (Document) Accessed 18/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0040-directive-for-gifts-and-hospitality-rev-b-08dec2017.pdf [p.3] 1.3 Objective This Directive shall regulate KONGSBERGS attitude towards gifts and hospitality.</p> <p>KONGSBERG operates in many countries, and each country has its own culture for giving and receiving gifts and hospitality. Certain giving's might be inappropriate under the applicable anti-corruption laws. Any gift and hospitality must be considered carefully according to the situation at hand. KONGSBERG appreciates that to refuse a gift in certain circumstances and/or countries would cause offence to our business partners.</p> <p>Gifts and hospitality shall be in accordance with the principles of predictability, transparency and equal treatment. Gifts and hospitality must be in keeping with KONGSBERGS's values and Code of Ethics and Business Conduct and in accordance with current relevant legislation in Norway and other countries.</p> <p>Special care shall be taken when dealing with public officials, both national and foreign, and when being in negotiations, decision-making processes, bids, tenders and similar situations to avoid the appearance of impropriety or excessively. The main rule is to avoid gifts, and to be very careful in participating or offering hospitality in such situations. Remember; you shall seek advice whenever in doubt, either from your manager or compliance officer.</p> <p>[p.4] 1.7 Travel, board and lodging, gifts and hospitality provided to customers and business associates</p> <p>1.7.1 Travel, board and lodging KONGSBERG shall encourage any customer or business associate to pay own travel, board and lodging expences. Any such payment from KONGSBERG shall be approved by the Compliance Officer in the Business Area. Such expenses covered by KONGSBERG, must be reasonable and necessary to the business activity in question, and not lavish or excessive. Expenses should under no circumstances be provided when the same products or services could be reasonably promoted locally at a lower cost.</p> <p>No spending money should be provided to public officials, customers or business associates. Payments for travel, board and lodging expenses should be paid directly to the service providers themselves (for example, the hotels and airlines) and not to the individuals receiving the services.</p> <p>1.6.4 Gifts and hospitality Gifts should never exceed a reasonable value, and KONGSBERG encourage giving promotional items bearing KONGSBERG's name or logo.</p>

The provision of a gift or hospitality by way of a business courtesy must not be done if any of the following circumstances apply:

- It is contrary to any applicable laws and/or regulations
- It is done with a view to obtaining any improper advantage or to reward for such an advantage

The provision of a gift or hospitality must be:

- Reasonable and customary under the circumstances
- Provided openly and transparently
- Given in good faith and without expectation of reciprocity.

Some examples of allowable gifts and hospitality might be:

- Symbolic gifts of insignificant value (equivalent/comparable to maximum 100 USD in local spending power. Gifts to the same business partner within a year should not be above this level.)
- Ordinary promotional products with the company's logo or a modestly priced item in consideration for participating in a company event or forum.

[p.5]

- Invitations to a concert, dinner, etc., provided that the costs are moderate. Invitees shall be given the opportunity to pay expenses covering their own participation.

Any gift and/or hospitality must be duly accounted for in the financial accounts of the giver and in a manner which permits reasonable traceability. Symbolic gifts and ordinary promotional products with the company's logo purchased in large quantities are not expected to be traced to individual receiver.

KONGSBERG should give the invitees information regarding their own liability as to possible tax consequences.

1.7.3 General prohibition against gifts to public officials for improper purposes

Several countries have special severe provisions as to gifts and other advantages to public officials. Taking this into account KONGSBERG employees are prohibited from offering, promising or giving gifts, favors or anything of value to any public official or employee, or their families and business associates, in order to influence his or her judgment in conducting governmental duties.

1.7.4 Gift Giving and Courtesies to U.S. Public Officials

The U.S. has special provisions related to gifts and courtesies to public officials. These are described in detail in appendix ref chapter 3.

[...]

1.8 Travel, lodging, gifts and hospitality received by an employee of KONGSBERG

KONGSBERG employees are encouraged to engage in network building on behalf of the Group, but not to the extent that such activity is in conflict with laws or requirements given by KONGSBERG, related to anti- corruption, fair trading, antitrust and competition or any other items covered in the Code of Ethics and Business Conduct.

1.8.1 Travel, board and lodging

If a KONGSBERG employee is invited to events or on trips, the travel and lodging expenses are to be paid by KONGSBERG.

Where a trip or event is solely of a professional nature and has no element of being a holiday, it will, according to Norwegian tax rules, entail no tax liability for the employee. Where the trip or the event is a combination of work and holiday, you are, according to Norwegian tax rules, liable to taxation on the part that is considered a holiday. Please note that the tax regulation may be different in other countries.

The participation of a spouse should generally be paid for out of the employee's own pocket. In exceptional cases, to the extent that KONGSBERG will cover a spouse's expenses, this is subject to prior approval of the Compliance Officer in the Business Area. Spouse-related expenses shall be reported on the employees wage slip.

1.8.2 Hospitality

Where, by virtue of being a KONGSBERG employee, you are invited on a trip or to an event, the participation must be subject to a prior approval from your superior. The professional content of the invitation must be assessed, and it should be decided whether the activity is of sufficient interest to KONGSBERG.

Employees are allowed to participate in cultural and sports events (and similar events); meetings and dinners in Norway and abroad in connection with business-related activities, provided that it is reasonable and justifiable, and not lavish nor excessive.

[p.6] 1.8.3 Gifts

A gift of significant value (equivalent/comparable to 100 USD or more in local spending power) should only be accepted when it may be considered discourteous to refuse. In such case you shall promptly report it to your immediate supervisor, and hand over the gift to KONGSBERG. This will also apply when receiving several gifts from the same business partner which within a year sum up to the above-mentioned level.

Accepting the gift could have consequences under the laws of one or more countries, including customs duty and the applicable tax laws if the value of the gift exceeds the limit for tax-exempt gifts. You are responsible for handling the gift according to tax and customs rules.

[...]

1.10 Payments and Accounting and Recordkeeping Controls

All payments from KONGSBERG's accounts shall be made by bank transfer. No cash payments are allowed. Any deviation shall be documented, and approved by the Compliance Officer in the Business Area.

To secure internal control on internal and external hospitality, the check shall as a main rule always be paid by the highest ranking KONGSBERG manager attending. (Deviation from the main rule shall be explained.)

Any payment of gifts and hospitality must be on separate accounts for this in the accounts. The voucher must clearly state what payment is for (purpose). Payment for hospitality shall clearly state both purpose and who were attending, both internal and external participants.

[...]

Reimbursements to KONGSBERG employees for travel expenses and any other costs shall be made based on submitted expense reports. The expense report shall state clearly the purpose and justification for each expense regardless the amount. All such reports shall be verified and approved by a superior, according to relevant approval matrix, prior to payment in accordance with company regulations. (If the approval is delegated, e.g. to the finance manager, the superior/chair of the board shall as a minimum review the expense reports periodically.)

Expenses and payments shall be recorded in the financial accounts in a way that provides accuracy and full transparency to the purpose of the expense.

[p.9] 3.2 COMPANY POLICY ON GIFTS AND COURTESIES TO PUBLIC OFFICIALS IN THE U.S.

3.2.3 Guidelines on Gifts, Hospitality and Other Courtesies

Proposals for gifts and other courtesies submitted to the Corporate Compliance Officer or KONGSBERG's Legal Department for approval must be submitted in advance of making any gifts or other courtesies of any kind, and the gifts or other courtesies must:

- be of nominal value
- not be motivated by a desire to influence the public official inappropriately or to reward the public official for any official act
- be reasonable and customary under the circumstances
- be provided openly and transparently
- be given in good faith and without expectation of reciprocity

Examples of gifts that might be approved by the Corporate Compliance Officer or KONGSBERG's Legal Department in the appropriate circumstances include:

- greeting cards
- plaques, certificates, trophies or other prizes of nominal value awarded at events open to the public
- unsolicited advertising or promotional material (e.g., pens, pencils, note pads, calendars, and other items of nominal intrinsic value) bearing KONGSBERG's name or logo
- sodas, juice, coffee, or light refreshments during the course of a luncheon or dinner meeting to discuss KONGSBERG's business
- [p.10] reasonably necessary expenses incurred for meals, lodging and travel of a public official for his or her appearance in an official capacity at an event related to the official's public office, such as an aerospace

exhibition or other trade show for the promotion, demonstration, or explanation of products or services involving aerospace and defense technology.

[3] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

<https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf>

[p.17] 5.3.1 Gifts and hospitality

KONGSBERG encourage our employees to build and maintain relationships with our Business Partners through networking and social interaction, and at the same time always be aware of relevant legislation and our internal rules for gifts and hospitality.

Networking and social activity shall be business-related, reasonable and justifiable, and not lavish nor excessive, and never exercised to an extent that can be perceived as bribery or corruption, or raise question about potentially being a violation of the antitrust laws.

Giving and accepting gifts or hospitality that could affect business decisions shall be avoided. Special care shall be exercised during negotiations, decision-making processes, bids, tenders and similar situations.

Gifts and hospitality shall always be made in a transparent way, within your authority or approved by your superior.

Gifts shall be modest and reasonable. KONGSBERG encourage giving promotional items bearing KONGSBERG's name or logo.

Special caution shall be demonstrated when dealing with public officials, both national and foreign. Gifts and hospitality shall always be in accordance with the public officials internal rules, if more strict than ours. Payment of money or giving anything else of value to any public official as an

[p.18] individual, directly or indirectly, is not allowed under any circumstances. We will pay our own costs for travel expenses etc. and similarly KONGSBERG enables business associates to pay their own travel expenses etc., when invited to events organised by KONGSBERG.

[5] Anti-Corruption Guide (Document)

Accessed 18/07/2019

<https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788>

[p.14] GIFTS & HOSPITALITY

KONGSBERG requires caution when giving and accepting gifts or other enticements that could be perceived as entailing inappropriate influence. Neither monetary nor non-monetary items may be provided, promised or accepted for the purpose of obtaining or rewarding any improper business advantage or personal reciprocity.

In connection with negotiations, bids, tenders and the like, common courtesy in local culture and networking should be exercised with special caution in relation to legal boundaries and business integrity.

Improper and excessive gifts may be in conflict with anti-corruption legislation, and could therefore put KONGSBERG and the individuals involved in a vulnerable position. This also includes non-monetary items such as travel, lodging, events, entertainment and favours. Travel and lodging are to be paid for by KONGSBERG. Gifts, invitations, etc. that may be deemed excessive, of significant value or inappropriate should be discussed with superiors or the Compliance Officer.

Transparency is crucial. Gifts and hospitality must be correctly and traceably recorded in financial records.

[...]

Do not pay anyone to obtain an improper advantage!

Gifts can be items, but also include tickets to events, vouchers, rewards and prizes, and items loaned or bought at below their market value.

Hospitality includes the provision of meals and invitations, and being accompanied to sporting, entertainment and other venues where the inviting party pays some or all of the costs of the attendees.

Gifts and hospitality are to be business-related, not extravagant and not intended to influence business decisions in an improper way.

[p.15] Gifts etc. to public officials or their families are to be considered with extra care. Specific requirements have been established for gifts and courtesies to public officials in the US. Political and charitable contributions should be avoided due to the potential for the appearance of impropriety.

[16] E-learning – Gifts and Hospitality (Webpage)

Accessed 18/07/2019

<https://www.nanolearning.com/LessonViewer/?el=278561&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true>

[p.1] You should always take into consideration relevant laws and rules, as well as our internal rules for gifts and hospitality.

If you are in doubt, you should seek advice and help from your manager or Compliance Officer.

[p.2] MAIN RULES # 1

To give or receive gifts, or provide hospitality, with the goal of influencing a business decision in an improper manner is strictly forbidden!

Gifts and hospitality shall be of a kind and value that not in any way can be looked upon as bribery or corruption, nor lead to questions about possible transgression of laws governing free competition or other legislation.

You have to be exceptionally careful in connection with negotiations, decision-making processes, bids and similar situations to avoid any doubt about the intention of the gift or hospitality provided.

Gifts and representation should always be done in full transparency and withstand the light of the day!

[p.3] MAIN RULES # 2

KONGSBERG encourages the use of "giveaways" marked with the KONGSBERG logo.

Gifts shall be modest and of reasonable value. As a general rule, gifts of high value should not be given or accepted.

High value is interpreted as equivalent/comparable to maximum 100 USD in local spending power. Gifts to the same business partner within a year should not be above this level.

But remember; always consider how the gift can be perceived by others! A gift below 100 USD can be inappropriate in many situations and you must always evaluate the situation at hand!

[p.4] MAIN RULES # 3

When several KONGSBERG employees attend an entertainment, the check shall as a main rule always be paid by the highest ranking KONGSBERG manager.

Costs for gifts and hospitality shall be within your authority and be approved by your manager.

Any payment of gifts and hospitality shall be booked on separate accounts for this in the accounts. The voucher must clearly state what the payment is for (purpose), and for hospitality it shall also clearly state who were attending, both internal and external participants.

[p.5] TO RECEIVE GIFTS

If the situation is such that it would be impolite to decline a gift, even if it exceeds our recommended levels, you may say "yes" on behalf of KONGSBERG.

In such cases, you must report this to your leader and relinquish the gift to your employer. In order to avoid such situations we encourage you to inform suppliers and business partners about our guidelines for gifts and hospitality.

[p.6] RELATIONS TO PUBLIC EMPLOYEES

We should be exceptionally careful in connection with hospitality provided to public employees, both in Norway and internationally. Hospitality must always be in accordance with the government agency in question's internal rules – therefore it is important that you learn about their rules. Paying cash or providing anything else of value to a public employee, directly or indirectly (as through family), is NEVER allowed – under any circumstance.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>There is evidence that the company's procurement department is responsible for establishing all new supplier relationships and for oversight of its supplier base.</p> <p>However, there is no evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p>[29] Suppliers – Doing Business with Us (Webpage) Accessed 21/01/2020 https://www.kongsberg.com/kda/suppliers/doing-business-with-us/</p> <p>SUPPLIER SELECTION</p> <p>The relationship between Kongsberg Defence & Aerospace and our supplier base is based on mutual trust, integrity, and commitment to world class performance. We want suppliers who strive to provide competitive solutions in the areas of cost, quality, continuity of supply, capacity and reliability.</p> <p>We select and qualify suppliers on based on our business needs and capabilities. Criteria may include product or service suitability, technology capability, competitive pricing, delivery terms, financial viability, robust quality systems, and continuous improvement programs.</p> <p>In addition to supplier specific criteria, other factors may also influence our selection process, e.g., Kongsberg Defence & Aerospace's overall sourcing strategy, customer requirements/constraints, offset/industrial participation requirements, or other national/governmental requirements or strategies.</p> <p>[...]</p> <p>SUPPLIER PERFORMANCE MONITORING</p> <p>We use a quantitative and consistent process to compile performance data for assessing supplier relationships and measuring performance in categories we have deemed critical to success. Through this process, we aim to bring about continuous improvement in our supplier relationships.</p> <p>Current areas of assessment include delivery precision, non-conformance, the supplier's quality assurance system, corporate social responsibility (CSR), and overall risk assessment.</p> <p>[31] Suppliers – Conducting Business with Us (Webpage) Accessed 21/01/2020 https://www.kongsberg.com/maritime/about-us/how-we-operate/for-suppliers/</p>

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[36] Suppliers – Sustainability and CSR (Webpage)

Accessed 23/06/2020

<https://www.kongsberg.com/kda/suppliers/sustainability-and-CSR/>

It is a requirement that all of our procurements are performed in accordance with the principle of dualism (segregation of duties). Kongsberg Defence & Aerospace's procurement department is responsible for the establishment of all new supplier relationships and oversight of the supplier base.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company undertakes risk-based anti-corruption due diligence on its supply chain.</p> <p>However, there is no evidence that the due diligence is repeated at least every two years, or that the company might be willing to review or terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 18/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.18] Corruption in the supply chain is a common risk for all private, public and government undertakings. Regular and specific corruption risk assessments, as well as audits and other follow-up processes, are integral to KONGSBERG's supply chain management. The processes include country risk assessment, product risk assessment and other risks. Every year, we set targets for further risk reduction and improvement in the supply chain.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 18/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.47] Status for 2018- What did we do? Our Code of Ethics and Business Conduct was revised in 2018, with effect from 1 March 2019. Management documents for due diligence compliance regarding business partners, gifts and hospitality, as well as sponsorship, have been revised in 2018, and the changes will take effect in the first half of 2019.</p> <p>[p.61] The business areas have established processes and systems for carrying out risk assessments of all critical suppliers and suppliers with purchases above specified limits. The risk assessment covers existing and new suppliers and includes the assessment of environmental conditions, human rights and employee rights, HSE, business ethics and anti-corruption. Based on the result of the initial risk assessment, the supplier is followed up with additional assessment and possible measures. We see it as our ethical responsibility to ensure that the entire value chain relating to our products satisfies our requirements for sustainability and corporate social responsibility, although the legal responsibility rests with the individual supplier. We follow up our responsibility through clear requirements in our agreements with suppliers as well as risk-based follow-up and audits. Our suppliers are obliged to require the same standards of their subcontractors.</p> <p>[36] Suppliers – Sustainability and CSR (Webpage) Accessed 23/06/2020 https://www.kongsberg.com/kda/suppliers/sustainability-and-CSR/ In order to gain in-depth knowledge of our supply chain risks, we perform land analysis and develop land profiles. To reduce operational risks, we regularly perform commercial evaluations and screening of suppliers. Through the use of self-assessment questionnaires and audits, we ensure that our suppliers apply appropriate programs (e.g., with regards to anti-bribery and corruption, health and safety).</p> <p>[2] Our Commitment – How We Do Business (Webpage) Accessed 23/06/2020 https://www.kongsberg.com/our-commitment/how-we-do-business/ Before entering into an agreement with a Business Partner (customers, suppliers, Market Representatives, joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions), we shall know that the Business Partner's ethical standard is satisfactory. We apply a risk-based approach, involving a risk assessment that include a compliance due diligence examination.</p>

We perform such compliance due diligence examinations in accordance with internationally recognized standards. The level of compliance due diligence examination depends on the nature of the potential relationship in question and we conduct screening using well-reputed screening tools. The risk assessment for a specific Business Partner is reviewed and updated on a regular basis. The frequency reflects the compliance risk associated with the specific business relationship.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>Based on publicly available information, there is some evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies and procedures in place. In its Supplier Conduct Principles, the company addresses the bribery, conflicts of interests, gifts and hospitality and whistleblowing procedures that suppliers should have in place. There is also evidence that the company takes active steps to ensure that its suppliers follow the principles, and that it assures itself of this for all new suppliers and on an ongoing basis throughout the duration of the relationship.</p>
Evidence
<p>[12] Supplier Conduct Principles (Document) Accessed 18/07/2019 https://www.kongsberg.com/contentassets/b63bf88a08e04f1e8837835aeb2173a7/kog_scp_2018_english.pdf [p.4] These Supplier Conduct Principles (the Principles) have been established to ensure safe working conditions throughout KONGSBERG's supply chain, ensuring that workers are treated with respect and dignity, impartially and fairly, that business operations are environmentally sound, and that business is conducted in accordance with internationally recognised principles and relevant international conventions (including UN global Compact, ILO conventions, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles on Business and Human Rights, and UN Conventions on Children's Rights).</p> <p>KONGSBERG expects all its suppliers to act in accordance with the Principles. To reduce KONGSBERG operational risks, we regularly perform commercial evaluations and screening of our suppliers.</p> <p>KONGSBERG expects our suppliers to familiarize themselves with KONGSBERG'S values, which are available at www.kongsberg.com. KONGSBERG takes a partnership approach to suppliers in an effort to pursue the Principles by:</p> <ul style="list-style-type: none"> • Proactively seek continuous improvement on the part of suppliers within the areas covered by the Principles. If suppliers fail to comply with the standards in the Principles, KONGSBERG's general policy is to encourage improvement and not terminate the contract. • Encourage rather than penalise suppliers that identify activities that do not measure up to these standards (by themselves or with subcontractors) and who agree to pursue improvements. • Consider a similar ethical trading standard as a reasonable alternative, if suppliers are already working to achieve similar standards. <p>[p.9] 7. Business Integrity 7.1 Anti-Corruption The supplier shall comply with laws and regulations related to bribery, corruption, fraud, and all other illegal business activities. The supplier shall not offer, request, accept, or receive any kind of undue benefit, service, or incentives to/from government officials, international organizations, or other third parties for the purpose of obtaining or retaining business or business advantage, or personal benefits. This applies whether this benefit is being offered directly or indirectly through an intermediary. The supplier shall not by intent or negligently search to get access to information that can give an undue advantage.</p> <p>The supplier shall not, directly or indirectly, offer, give or accept gifts, hospitality or expense coverage that can give, or be perceived as, an improper advantage in connection with a person's position, tasks or missions, unless the gift, etc. is of modest value. Representation, gifts, or expense coverage shall never be given or taken in connection with a bidding processes or negotiations related to contracts. The exception is a normal representation, when there is a legitimate business purpose and the cost is kept within reasonable limits. Cash or cash equivalents shall not be offered or given. Suppliers shall not sponsor political parties or politicians in connection with the contract entered into with KONGSBERG. Suppliers must undertake any lobbying activities in compliance with all applicable laws.</p> <p>[p.10] 7.10 Conflict of interest</p>

We expect our suppliers to avoid any potential conflict of interest, to declare if any should arise, and to collaboratively seek to manage them.

[p.11] 8. Implementation and Administration

8.1 Management System

Suppliers are expected to adopt or establish a management system related to the content of these Principles. The management system shall be designed to ensure compliance with applicable legislation and regulations, conformance with the Principles and identification and mitigation of operational risks related to the Principles. It should also facilitate continuous improvement.

8.2 Responsibilities

The supplier should designate an individual in a senior management position to ensure compliance with the Principles.

8.3 Access for verification

In the event of announced and unannounced audits of the supplier for the purpose of verifying compliance with the requirements in this document, KONGSBERG personnel, KONGSBERG's customer or KONGSBERG consultants shall have unlimited access to any part of the premises where work under a contract is being performed. This also includes work performed at any subcontractors' premises.

[p.12] 8.4 Records

The supplier is expected to maintain appropriate records to demonstrate conformance with the requirements of these Principles.

[...]

8.6 Asking questions and raising concerns

Suppliers should have a system for reporting and handling concerns, including breach of the Principles, and shall without delay inform KONGSBERG in writing of any concerns related to business with KONGSBERG.

KONGSBERG expects full cooperation in relation to the investigation of the matter. Suppliers shall not practice retaliations against anyone raising or helping to address a genuine business integrity concerns. Our suppliers shall implement programmes to ensure confidentiality and protection of whistleblowers.

Questions or reporting of concerns can be made to ethics@kongsberg.com or anonymous to KONGSBERG's web-based whistle-blower channel: <https://kongsberg.whistleblownetwork.net>.

[5] Anti-Corruption Guide (Document)

Accessed 18/07/2019

<https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788>

[p.10] Although all of these sources of law prohibit and criminalise corruption, they may apply variably to certain situations. KONGSBERG shall operate in compliance with all relevant anti-corruption legislation, hereunder refusing facilitation payments and trading in influence. We expect the same of our business partners, as well as business representatives, market representatives and others who act on KONGSBERG's behalf.

[p.18] SUPPLIERS

Corruption in the supply chain is a common risk for all private, public and government undertakings. Regular and specific corruption risk assessments, as well as audits and other follow-up processes, are integral to KONGSBERG's supply chain management.

The processes include country risk assessment, product risk assessment and other risks. Every year, we set targets for further risk reduction and improvement in the supply chain.

KONGSBERG has developed special Suppliers' Conduct Principles that apply to our suppliers. These principles require suppliers to maintain the highest standards of integrity in all business interactions. Suppliers shall prohibit any and all forms of corruption, bribes and other means of obtaining undue or improper advantage.

Suppliers are expected to communicate KONGSBERG's principles to all internal and external parties that take part in their supply chain, hereunder the requirement to implement monitoring and enforcement procedures to ensure compliance, and to provide means for their employees to report or discuss their concerns confidentially.

Ensuring KONGSBERG's interests in the supply chain is balanced with KONGSBERG's treatment of suppliers, making sure that all suppliers compete on an equal footing with other suppliers.

[3] Code of Ethics and Business Conduct (Document)

Accessed 19/07/2019

<https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf>

[p.12] 4.2 Sustainable Supply Chain

In collaboration with our suppliers, KONGSBERG shall strive to ensure that operations are conducted in compliance with internationally recognised principles for business ethics and corporate social responsibility. In selecting suppliers, some of our assessment criteria shall be the suppliers' work with human rights and workers' rights and anti-corruption, and the supplier's work in the area of climate and the environment. KONGSBERG has drawn up dedicated principles for supplier conduct, in order to ensure this. KONGSBERG's principles apply to the entire supply chain. In cases where irregularities are discovered in relation to the supplier principles, remedial measures shall be implemented.

[1] Annual Report and Sustainability Report 2018 (Document)

Accessed 19/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.107] KONGSBERG has, and will continue to have, a great focus on anti-corruption and corporate social responsibility in its supplier network, as well as on the follow-up of human and workers' rights, both in our own organisation and with our business partners.

[36] Suppliers – Sustainability and CSR (Webpage)

Accessed 23/06/2020

<https://www.kongsberg.com/kda/suppliers/sustainability-and-CSR/>

When selecting suppliers, our assessment criteria include the suppliers' work with regards to human rights, workers' rights, health and safety, and anti-corruption initiatives, in addition to climate and environment. In order to gain in-depth knowledge of our supply chain risks, we perform land analysis and develop land profiles. To reduce operational risks, we regularly perform commercial evaluations and screening of suppliers. Through the use of self-assessment questionnaires and audits, we ensure that our suppliers apply appropriate programs (e.g., with regards to anti-bribery and corruption, health and safety).

Kongsberg Defence & Aerospace has established dedicated principles for supplier conduct, "KONGSBERG Supplier Conduct Principles", which are intended to ensure safe working conditions, that workers are treated with respect and dignity, and that business activities in the supply chain are sustainable and carried out in compliance with internationally recognized principles for business ethics. The principles apply to the entire supply chain, and all of our suppliers must confirm in writing that they accept the content of these principles.

Kongsberg Defence & Aerospace takes a partnership approach to suppliers in an effort to pursue these principles. We proactively seek continuous improvement on the part of suppliers within the areas covered by the principles. If suppliers fail to comply with the standards in the principles, our general policy is to encourage improvement and not terminate the contract. Kongsberg Defence & Aerospace encourages rather than penalizes suppliers that identify activities that do not measure up to our standards (by themselves or in their own supply chain) and that agree to pursue improvements. We consider a similar ethical trading standard as a reasonable alternative.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
2
Comments
Based on publicly available information, there is some evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme is applied by sub-contractors throughout the supply chain. The company states that it ensures this by requiring audit rights and access to data for contractors throughout its supply chain.
Evidence
<p>[12] Supplier Conduct Principles (Document) Accessed 18/07/2019 https://www.kongsberg.com/contentassets/b63bf88a08e04f1e8837835aeb2173a7/kog_scp_2018_english.pdf</p> <p>[p.4] These Supplier Conduct Principles (the Principles) have been established to ensure safe working conditions throughout KONGSBERG's supply chain, ensuring that workers are treated with respect and dignity, impartially and fairly, that business operations are environmentally sound, and that business is conducted in accordance with internationally recognised principles and relevant international conventions (including UN global Compact, ILO conventions, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles on Business and Human Rights, and UN Conventions on Children's Rights).</p> <p>KONGSBERG expects all its suppliers to act in accordance with the Principles. To reduce KONGSBERG operational risks, we regularly perform commercial evaluations and screening of our suppliers.</p> <p>KONGSBERG expects our suppliers to familiarize themselves with KONGSBERG'S values, which are available at www.kongsberg.com. KONGSBERG takes a partnership approach to suppliers in an effort to pursue the Principles by:</p> <ul style="list-style-type: none"> • Encourage rather than penalise suppliers that identify activities that do not measure up to these standards (by themselves or with subcontractors) and who agree to pursue improvements. <p>[p.12] 8.5 Communication of the Principles Suppliers are expected to communicate the requirements of the Principles to all workers, suppliers or subcontractors engaged in their supply chain. Suppliers should take steps to ensure that their suppliers and subcontractors comply with requirements of the Principles. Suppliers should also provide means for employees to report on or discuss noncompliance confidentially.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 18/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788</p> <p>[p.18] Suppliers are expected to communicate KONGSBERG's principles to all internal and external parties that take part in their supply chain, hereunder the requirement to implement monitoring and enforcement procedures to ensure compliance, and to provide means for their employees to report or discuss their concerns confidentially.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 19/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf</p> <p>[p.12] 4.2 Sustainable Supply Chain In collaboration with our suppliers, KONGSBERG shall strive to ensure that operations are conducted in compliance with internationally recognised principles for business ethics and corporate social responsibility. In selecting suppliers, some of our assessment criteria shall be the suppliers' work with human rights and workers' rights and anti-corruption, and the supplier's work in the area of climate and the environment. KONGSBERG has drawn up dedicated principles for supplier conduct, in order to ensure this. KONGSBERG's principles apply to the entire supply chain. In cases where irregularities are discovered in relation to the supplier principles, remedial measures shall be implemented</p>

[29] Suppliers – Doing Business with Us (Webpage)

Accessed 21/01/2020

<https://www.kongsberg.com/kda/suppliers/doing-business-with-us/>

MANAGEMENT OF SUPPLIERS' OWN SUPPLIER BASE AND FLOW-DOWN

We expect our suppliers to take responsibility for managing and assessing their own (lower-tier) suppliers' performance. This includes securing a commitment, as well as flow-down of applicable Kongsberg Defence & Aerospace requirements.

In addition to Kongsberg Defence & Aerospace's specific requirements, we may need to present our suppliers with certain flow-down requirements set by our customers.

Kongsberg Defence & Aerospace has contracts (either as a prime or lower-tier sub) with many government entities around the world, all of which have specific national legislation that regulates public-funded acquisitions and many of which have additional rules that regulate contracts related to defence acquisitions. One example is the US government, which is by far the largest public acquisition entity in the world and consequently has high negotiation power due to its sheer size. This has led to acquisition rules that are restrictive and, in many cases, non-negotiable.

It is our responsibility to ensure that suppliers adhere to flow-down requirements and, in some cases, provide 'open book' access (certified cost or pricing data or other audit rights, including access to data).

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations relating to its suppliers, or the associated disciplinary actions.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a policy covering the use of agents. This policy addresses the corruption risks associated with the use of agents and applies this to subsidiaries and joint ventures. The company states that the use of agents must be justified with a business rationale.
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.46] Our activities involve the use of market representatives. The use of third parties is generally known to imply a high risk of corruption, so we pay particular attention to that aspect of our anti-corruption programme. We have drawn up and implemented comprehensive internal regulations for signing and following up agreements with market representatives. The regulations include assessments of a market representative's ethical standards and reputation. Further, risk is assessed based on industry, country and company, and approval procedures have been introduced for the use of standard terms of business and verification of payments, as well as for follow-up during the agreement period and including training and audits.</p> <p>[p.88] In 2018, KONGSBERG continued the work on systematic development and follow-up of important areas for compliance with regulations, rules and internal guidelines. The Group has a strong focus on the anti-corruption programme, where employee training, cooperation with business partners on anti-corruption measures as well as training and review of market representatives have been the key elements. We also have a particular focus on export control and sanctions. The Group has compliance functions at both corporate level and in the business areas.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788</p> <p>[p.19] MARKET REPRESENTATIVES (AGENTS AND OTHERS) Before entering into an agreement with a market representative, managers are responsible for checking that the representative's ethical standards are satisfactory. To support our business lines in assuring the integrity and compliance of our market representatives, we have established a separate directive for the entering into and following up of agreements with such representatives. Corruption risk assessments are included in this directive.</p> <p>All market representatives are contractually committed to act in compliance with KONGSBERG's Code of Ethics or standards of equal level. Without the loyal adherence of our market representatives, KONGSBERG will be unable to fulfil its commitment to compete fairly and to build our business and reputation on world-class quality.</p> <p>The inherent risk in engaging market representatives shall be mitigated to an acceptable level in accordance with the abovementioned directives. If risks cannot be sufficiently controlled, KONGSBERG may not enter into the market representative relationship in question.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 19/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf</p>

[p.3] Our Code of Ethics and Business Conduct is applicable to all companies within KONGSBERG, including majority owned companies. For minority owned companies, as well as partnerships and constellations not involving ownership, we encourage the same level of responsibility. Group directors, management, employees, market representatives are entailed by this. When acting on behalf of KONGSBERG you are representing more than yourself, you are representing an entire company with all our employees and a value chain and ecosystem that stretches beyond. We have to be proactive and aware. We are a company with a strong culture, driven by our four values. We are reliable citizens.

[p.14] 5.1 Business Partners and other stakeholders

All Business Partners and other stakeholders shall be treated with respect and integrity, impartially and fairly. Business Partners include customers, suppliers, Market Representatives (agents), joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions. Other stakeholders include investors, owners, finance institutions, governments. We will do our outmost to conduct our operations and all our interaction with Business Partners within applicable laws and regulations. Before entering into an agreement with a Business Partner, we shall know that the Business Partner's ethical standard are satisfactory. The use of Market Representatives (agents) can pose a particular risk to our operations or reputation. In such cases we will apply strict mandatory processes to govern the selection of Market Representatives, together with a strong focus on the composition of the compensation model and follow up during operations. KONGSBERG requires that our Business Partners act in compliance with requirements set forth in agreements enclosing this Code, our Supplier Conduct Principles or other regulation of similar ethical standard.

[2] How we do business (Webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/our-commitment/how-we-do-business/>

COMPLIANCE

[...]

The use of Market Representatives can pose a particular risk to our operations or reputation. We have a strict mandatory process governing the selection and business justification for the use of Market Representatives and this category of Business Partners is subject to thorough compliance due diligence examination as well as follow up during operations.

Agreements with Market Representatives are based on a KONGSBERG standard agreement. The agreement contains, inter alia, audit right for KONGSBERG, anti-bribery and anti-corruption clauses, and the right to terminate the relationship in the event of violation of any applicable law and/or regulation. When preparing an agreement with a Market Representative, special consideration is given to the compensation model. Any models including success fee or bonus must be justifiable, reasonable and in conformity with applicable law.

[...]

DISTRIBUTION

The Code of Ethics and Business Conduct will be distributed to all employees and be attached to all future employment and temporary employment/consultancy contracts. The Code of Ethics and Business Conduct will be attached to agreements associated with the signing of agency contracts, distributor contracts and other representation contracts.

The Group's Code of Ethics and Business Conduct is compatible with the UN Global Compact and the OECD's Guidelines for Multinational Enterprises and is subject to evaluation and revision, if so required, at least every other year.

Any unresolved questions should be addressed to KONGSBERG's Corporate Compliance Officer or Legal Department or by sending an email to ethics@kongsberg.com.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures for conducting risk-based anti-bribery and corruption due diligence prior to engaging and re-engaging its third parties and agents. There is evidence that agents and highest-risk intermediaries are subject to enhanced due diligence. The company also commits to not engaging with intermediaries where risks identified in the due diligence cannot be mitigated.</p> <p>However, there is no evidence that this due diligence is repeated at least every two years or when there is a significant change in the business relationship.</p>
Evidence
<p>[2] How we do business (Webpage) Accessed 19/07/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/ COMPLIANCE</p> <p>[...]</p> <p>We perform such compliance due diligence examinations in accordance with internationally recognized standards. The level of compliance due diligence examination depends on the nature of the potential relationship in question and we conduct screening using well-reputed screening tools. The risk assessment for a specific Business Partner is reviewed and updated on a regular basis. The frequency reflects the compliance risk associated with the specific business relationship.</p> <p>[...]</p> <p>The use of Market Representatives can pose a particular risk to our operations or reputation. We have a strict mandatory process governing the selection and business justification for the use of Market Representatives and this category of Business Partners is subject to thorough compliance due diligence examination as well as follow up during operations.</p> <p>Agreements with Market Representatives are based on a KONGSBERG standard agreement. The agreement contains, inter alia, audit right for KONGSBERG, anti-bribery and anti-corruption clauses, and the right to terminate the relationship in the event of violation of any applicable law and/or regulation. It is our policy to audit all agreements with Market Representatives at least every third year.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.46] Our activities involve the use of market representatives. The use of third parties is generally known to imply a high risk of corruption, so we pay particular attention to that aspect of our anti-corruption programme. We have drawn up and implemented comprehensive internal regulations for signing and following up agreements with market representatives. The regulations include assessments of a market representative's ethical standards and reputation. Further, risk is assessed based on industry, country and company, and approval procedures have been introduced for the use of standard terms of business and verification of payments, as well as for follow-up during the agreement period and including training and audits.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788</p> <p>[p.19] MARKET REPRESENTATIVES (AGENTS AND OTHERS)</p>

Before entering into an agreement with a market representative, managers are responsible for checking that the representative's ethical standards are satisfactory. To support our business lines in assuring the integrity and compliance of our market representatives, we have established a separate directive for the entering into and following up of agreements with such representatives. Corruption risk assessments are included in this directive.

All market representatives are contractually committed to act in compliance with KONGSBERG's Code of Ethics or standards of equal level. Without the loyal adherence of our market representatives, KONGSBERG will be unable to fulfil its commitment to compete fairly and to build our business and reputation on world-class quality.

The inherent risk in engaging market representatives shall be mitigated to an acceptable level in accordance with the abovementioned directives. If risks cannot be sufficiently controlled, KONGSBERG may not enter into the market representative relationship in question.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents and intermediaries, or that it commits to not engaging or terminate its engagement with agents or intermediaries if beneficial ownership cannot be established.
Evidence
No evidence found.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
2
Comments
Based on publicly available information, there is evidence that the company includes anti-bribery and corruption clauses in its contracts with agents and intermediaries. The company includes audit and termination rights in its contracts with these parties to detect, control and prevent breaches.
Evidence
<p>[2] How we do business (Webpage) Accessed 19/07/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/ COMPLIANCE</p> <p>[...]</p> <p>Agreements with Market Representatives are based on a KONGSBERG standard agreement. The agreement contains, inter alia, audit right for KONGSBERG, anti-bribery and anti-corruption clauses, and the right to terminate the relationship in the event of violation of any applicable law and/or regulation.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 [p.19] MARKET REPRESENTATIVES (AGENTS AND OTHERS) All market representatives are contractually committed to act in compliance with KONGSBERG's Code of Ethics or standards of equal level. Without the loyal adherence of our market representatives, KONGSBERG will be unable to fulfil its commitment to compete fairly and to build our business and reputation on world-class quality.</p> <p>The inherent risk in engaging market representatives shall be mitigated to an acceptable level in accordance with the abovementioned directives. If risks cannot be sufficiently controlled, KONGSBERG may not enter into the market representative relationship in question.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.46] Our activities involve the use of market representatives. The use of third parties is generally known to imply a high risk of corruption, so we pay particular attention to that aspect of our anti-corruption programme. We have drawn up and implemented comprehensive internal regulations for signing and following up agreements with market representatives. The regulations include assessments of a market representative's ethical standards and reputation. Further, risk is assessed based on industry, country and company, and approval procedures have been introduced for the use of standard terms of business and verification of payments, as well as for follow-up during the agreement period and including training and audits.</p> <p>[2] How we do business (Webpage) Accessed 19/07/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/ DISTRIBUTION</p> <p>The Code of Ethics and Business Conduct will be distributed to all employees and be attached to all future employment and temporary employment/consultancy contracts. The Code of Ethics and Business Conduct will be attached to agreements associated with the signing of agency contracts, distributor contracts and other representation contracts.</p>

The Group's Code of Ethics and Business Conduct is compatible with the UN Global Compact and the OECD's Guidelines for Multinational Enterprises and is subject to evaluation and revision, if so required, at least every other year.

Any unresolved questions should be addressed to KONGSBERG's Corporate Compliance Officer or Legal Department or by sending an email to ethics@kongsberg.com.

[3] Code of Ethics and Business Conduct (Document)

Accessed 19/07/2019

<https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf>

[p.3] Our Code of Ethics and Business Conduct is applicable to all companies within KONGSBERG, including majority owned companies. For minority owned companies, as well as partnerships and constellations not involving ownership, we encourage the same level of responsibility.

Group directors, management, employees, market representatives are entailed by this. When acting on behalf of KONGSBERG you are representing more than yourself, you are representing an entire company with all our employees and a value chain and ecosystem that stretches beyond. We have to be proactive and aware. We are a company with a strong culture, driven by our four values. We are reliable citizens.

[p.14] 5.1 Business Partners and other stakeholders

All Business Partners and other stakeholders shall be treated with respect and integrity, impartially and fairly.

Business Partners include customers, suppliers, Market Representatives (agents), joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions. Other stakeholders include investors, owners, finance institutions, governments.

We will do our utmost to conduct our operations and all our interaction with Business Partners within applicable laws and regulations. Before entering into an agreement with a Business Partner, we shall know that the Business Partner's ethical standard are satisfactory.

The use of Market Representatives (agents) can pose a particular risk to our operations or reputation. In such cases we will apply strict mandatory processes to govern the selection of Market Representatives, together with a strong focus on the composition of the compensation model and follow up during operations.

KONGSBERG requires that our Business Partners act in compliance with requirements set forth in agreements enclosing this Code, our Supplier Conduct Principles or other regulation of similar ethical standard.

[p.30] 6.3 Follow-up and consequences

Any non-compliance with this Code, KONGSBERG's governing documents and/or relevant laws and regulations, shall be followed up and consequences shall be predictable and proportionate.

Infringement of the Group's ethical rules or relevant statutory provisions can lead to disciplinary measures or dismissal, and may be reported to the relevant authorities. Any direct participation in corrupt activities, even if no benefit is received by the employee, will normally lead to termination of

[p.31] employment and reported to authorities. Similarly applies to contractual parties, even if the corruption may not relate to business or other interaction with or for KONGSBERG.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
1
Comments
<p>There is some evidence that incentive structures for agents are highlighted and addressed as a risk factor in bribery and corruption risk. The company states that fees and bonuses must be justifiable and reasonable, and that payments to agents must be pro rata in accordance with the project.</p> <p>However, there is no evidence that the company imposes a specific threshold on the payment of sales commissions to agents so that they do not exceed a proportion of the net fee to the agent, or that the company requires that remuneration be paid in stages into local bank accounts.</p>
Evidence
<p>[2] How we do business (Webpage) Accessed 19/07/2019 https://www.kongsberg.com/our-commitment/how-we-do-business/ COMPLIANCE</p> <p>[...]</p> <p>The use of Market Representatives can pose a particular risk to our operations or reputation. We have a strict mandatory process governing the selection and business justification for the use of Market Representatives and this category of Business Partners is subject to thorough compliance due diligence examination as well as follow up during operations.</p> <p>Agreements with Market Representatives are based on a KONGSBERG standard agreement. The agreement contains, inter alia, audit right for KONGSBERG, anti-bribery and anti-corruption clauses, and the right to terminate the relationship in the event of violation of any applicable law and/or regulation. When preparing an agreement with a Market Representative, special consideration is given to the compensation model. Any models including success fee or bonus must be justifiable, reasonable and in conformity with applicable law.</p> <p>When preparing an agreement with a Market Representative, special consideration is given to the compensation model. Any models including success fee or bonus must be justifiable, reasonable and in conformity with applicable law. When considering specific models we focus on that payments should be made pro rata in accordance with the project's life cycle.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.46] Our activities involve the use of market representatives. The use of third parties is generally known to imply a high risk of corruption, so we pay particular attention to that aspect of our anti-corruption programme. We have drawn up and implemented comprehensive internal regulations for signing and following up agreements with market representatives. The regulations include assessments of a market representative's ethical standards and reputation. Further, risk is assessed based on industry, country and company, and approval procedures have been introduced for the use of standard terms of business and verification of payments, as well as for follow-up during the agreement period and including training and audits.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no publicly available evidence that the company publishes any details of the agents currently contracted to act for and/or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no publicly available evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to entering a joint venture. There is evidence that this due diligence is conducted for every joint venture partnership.</p> <p>However, it is not clear that the company's due diligence explicitly includes checks on the ultimate beneficial ownership of the partner company or that due diligence is repeated at least every two years.</p>
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 <p>[p.20] JOINTVENTURES ANDOTHER TEAMING ARRANGEMENTS KONGSBERG may enter into joint ventures and other teaming arrangements. We will bring our values, i.e. into our joint ventures and other cooperation. To ensure KONGSBERG's and relevant stakeholders' interests when teaming with others, we have established risk-based mandatory rules. We evaluate the risk of corruption in the country and sector in question. We shall carry out a due diligence investigation on the other party or parties and key people involved in the arrangement, and we systematically assess whether other aspects may expose KONGSBERG to corruption or other relevant risks. KONGSBERG recognises that our values, principles and internal requirements will sometimes preclude us from pursuing business opportunities.</p> </p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 19/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf <p>[p.14] 5.1 Business Partners and other stakeholders All Business Partners and other stakeholders shall be treated with respect and integrity, impartially and fairly. Business Partners include customers, suppliers, Market Representatives (agents), joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions. Other stakeholders include investors, owners, finance institutions, governments. We will do our utmost to conduct our operations and all our interaction with Business Partners within applicable laws and regulations. Before entering into an agreement with a Business Partner, we shall know that the Business Partner's ethical standard are satisfactory. The use of Market Representatives (agents) can pose a particular risk to our operations or reputation. In such cases we will apply strict mandatory processes to govern the selection of Market Representatives, together with a strong focus on the composition of the compensation model and follow up during operations. KONGSBERG requires that our Business Partners act in compliance with requirements set forth in agreements enclosing this Code, our Supplier Conduct Principles or other regulation of similar ethical standard.</p> <p>[p.30] 6.3 Follow-up and consequences Any non-compliance with this Code, KONGSBERG's governing documents and/or relevant laws and regulations, shall be followed up and consequences shall be predictable and proportionate. Infringement of the Group's ethical rules or relevant statutory provisions can lead to disciplinary measures or dismissal, and may be reported to the relevant authorities. Any direct participation in corrupt activities, even if no benefit is received by the employee, will normally lead to termination of</p> <p>[p.31] employment and reported to authorities. Similarly applies to contractual parties, even if the corruption may not relate to business or other interaction with or for KONGSBERG.</p> </p> <p>[1] Annual Report and Sustainability Report 2018 (Document)</p>

Accessed 19/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

[p.47] Status for 2018- what did we do?

-Our Code of Ethics and Business Conduct was revised in 2018, with effect from 1 March 2019

-Management documents for due diligence compliance regarding business partners, gifts and hospitality, as well as sponsorship, have been revised in 2018, and the changes will take effect in the first half of 2019.

-Our supply chain governance documents were revised and distributed in 2018.

[2] How we do business (Webpage)

Accessed 25/06/2019

<https://www.kongsberg.com/our-commitment/how-we-do-business/>

Before entering into an agreement with a Business Partner (customers, suppliers, Market Representatives, joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions), we shall know that the Business Partner's ethical standard is satisfactory. We apply a risk-based approach, involving a risk assessment that include a compliance due diligence examination.

We perform such compliance due diligence examinations in accordance with internationally recognized standards. The level of compliance due diligence examination depends on the nature of the potential relationship in question and we conduct screening using well-reputed screening tools. The risk assessment for a specific Business Partner is reviewed and updated on a regular basis.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
2
Comments
Based on publicly available information, there is evidence that the company commits to establishing and implementing anti-bribery and corruption policies in all of its joint ventures. The company indicates that it monitors its joint ventures' compliance with these agreements and that it includes termination rights in its contracts to prevent breaches.
Evidence
<p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 <p>[p.20] JOINT VENTURES AND OTHER TEAMING ARRANGEMENTS KONGSBERG may enter into joint ventures and other teaming arrangements. We will bring our values, i.e. into our joint ventures and other cooperation. To ensure KONGSBERG's and relevant stakeholders' interests when teaming with others, we have established risk-based mandatory rules. We evaluate the risk of corruption in the country and sector in question. We shall carry out a due diligence investigation on the other party or parties and key people involved in the arrangement, and we systematically assess whether other aspects may expose KONGSBERG to corruption or other relevant risks. KONGSBERG recognises that our values, principles and internal requirements will sometimes preclude us from pursuing business opportunities.</p> <p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf <p>[p.45] Meanwhile, we recognise that doing business in vulnerable parts of the world may involve greater risks for corruption. For our business partners, zero tolerance in practice means requiring that any historical situations are regularised, that an approved anti-corruption programme is implemented and complied with, and that corruption is clearly denounced through words and actions. Our attitude is expressed clearly through our Code of Ethics and Business Conduct, and our endorsement of the UN Global Compact, the OECD's Guidelines for Multinational Enterprises and our membership of Transparency International. The Board and executive management devote considerable attention to this work.</p> <p>[3] Code of Ethics and Business Conduct (Document) Accessed 19/07/2019 https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf <p>[p.14] 5.1 Business Partners and other stakeholders All Business Partners and other stakeholders shall be treated with respect and integrity, impartially and fairly. Business Partners include customers, suppliers, Market Representatives (agents), joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions. Other stakeholders include investors, owners, finance institutions, governments. We will do our utmost to conduct our operations and all our interaction with Business Partners within applicable laws and regulations. Before entering into an agreement with a Business Partner, we shall know that the Business Partner's ethical standards are satisfactory. The use of Market Representatives (agents) can pose a particular risk to our operations or reputation. In such cases we will apply strict mandatory processes to govern the selection of Market Representatives, together with a strong focus on the composition of the compensation model and follow up during operations. KONGSBERG requires that our Business Partners act in compliance with requirements set forth in agreements enclosing this Code, our Supplier Conduct Principles or other regulation of similar ethical standard.</p> <p>[2] How we do business (Webpage) Accessed 25/06/2020 https://www.kongsberg.com/our-commitment/how-we-do-business/</p> </p> </p></p>

Before entering into an agreement with a Business Partner (customers, suppliers, Market Representatives, joint venture partners, other cooperation partners, receivers of sponsorships and charitable contributions), we shall know that the Business Partner's ethical standard is satisfactory.

[...]

KONGSBERG requires that our Business Partners act in compliance with requirements set forth in agreements enclosing our Code of Ethics and Business Conduct, our Supplier Conduct Principles or other regulation of similar ethical standard. We also have mechanisms to monitor compliance with these requirements and react to non-compliance, should that be necessary. Termination rights in the event of misconduct is one such mechanism.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.</p> <p>However, the company does not provide any further statements or evidence to support this claim.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.88] In 2018, KONGSBERG continued the work on systematic development and follow-up of important areas for compliance with regulations, rules and internal guidelines. The Group has a strong focus on the anti-corruption programme, where employee training, cooperation with business partners on anti-corruption measures as well as training and review of market representatives have been the key elements.</p> <p>[p.107] KONGSBERG has, and will continue to have, a great focus on anti-corruption and corporate social responsibility in its supplier network, as well as on the follow-up of human and workers' rights, both in our own organisation and with our business partners.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
1
Comments
<p>There is evidence that the company recognises the corruption risks associated with offset contracting. The company has a dedicated team involved in managing offset obligations, particularly in the establishment of offset suppliers.</p> <p>However, there is little evidence of policies and process to address the risks associated with offset contracting. It is also not clear that the offset team is responsible for monitoring the company's offset activities throughout the lifecycle of each project, and there is no evidence that all employees within the team receive tailored anti-bribery and corruption training.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.97] It is important for the Norwegian defence industry that the Norwegian authorities' emphasis is on offset agreements and agreements that secure market access in connection with purchase of defence equipment from abroad. When the Norwegian Armed Forces make significant investments through foreign suppliers, this ties up a significant part of the defence budget, and purchases from domestic suppliers may be</p> <p>[p.98] negatively affected. To ensure that military supplies are well adapted to Norwegian conditions and to guarantee a sustainable and competitive Norwegian defence industry, we emphasise the importance of Norwegian participation in such programmes. Both the Government and the Parliament have stressed the importance of industrial participation for Norwegian industry, and that this is in line with international practice. KONGSBERG will continue to emphasise partnerships with major defence contractors and continue to support the local industry in the business area's markets further. KONGSBERG's position as an attractive defence supplier in the international market will continue to be based on close cooperation with the Norwegian Armed Forces. This cooperation is the platform for developing leading products that are necessary for a modern military defence. This also means increased activity for many of the business area's approximately 1,500 Norwegian subcontractors, based all over the country.</p> <p>[32] Industrial Cooperation (Webpage) Accessed 21/01/2020 https://www.kongsberg.com/our-commitment/IndustrialCooperation</p> <p>When bidding for international contracts, there may be a requirement to enter industrial cooperation agreements requiring local content such as local manufacturing, transfer of technology, direct financial support obligations, requirements for setting up life cycle support capabilities, or similar Industrial Participation Agreement requirements.</p> <p>In extensive programs, the creation of a joint venture can be desirable in order to solve the industrial participation requirement. In such cases, proper actions will be taken to ensure these entities do not violate local law and abide with the same high ethical standards for anti-corruption work, sustainability, and corporate social responsibility as for the rest of Kongsberg Defence & Aerospace.</p> <p>KONGSBERG has a dedicated Industrial Cooperation team. When establishing alternative suppliers due to offset requirements, the CSR process of bringing in new suppliers is handled by the company's supply chain function, to ensure this is done in a uniform and professional manner.</p> <p>KONGSBERG may, as an exception, choose to work with third-party representatives to resolve offset obligations in international programs. When engaging such third parties, these representatives and the projects they propose will</p>

be subject to a due diligence examination performed in accordance with international recognized standard, in order to ensure that the representative is acting according to KONGSBERG governing principles, and that any industrial participation project is compliant with our business practices.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>There is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.</p> <p>However, the company does not specifically mention checks on beneficial ownership or conflict of interest, there is no evidence that the company seeks to assure itself of the legitimacy of the investment, and there is no evidence that the company refreshes this due diligence continuously or when there is a significant change in the business relationship or nature of the partner.</p>
Evidence
<p>[32] Industrial Cooperation (Webpage) Accessed 21/01/2020 https://www.kongsberg.com/our-commitment/IndustrialCooperation When bidding for international contracts, there may be a requirement to enter industrial cooperation agreements requiring local content such as local manufacturing, transfer of technology, direct financial support obligations, requirements for setting up life cycle support capabilities, or similar Industrial Participation Agreement requirements.</p> <p>[...]</p> <p>KONGSBERG may, as an exception, choose to work with third-party representatives to resolve offset obligations in international programs. When engaging such third parties, these representatives and the projects they propose will be subject to a due diligence examination performed in accordance with international recognized standard, in order to ensure that the representative is acting according to Kongsberg Defence & Arospace governing principles, and that any industrial participation project is compliant with our business practices.</p>

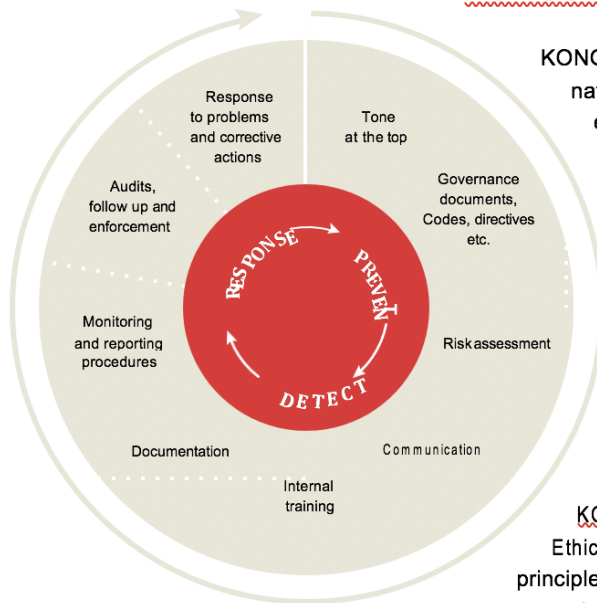
Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no publicly available evidence to indicate that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
0
Comments
There is no publicly available evidence to indicate that the company publishes any details of its offset obligations or contracts.
Evidence
No evidence found.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets and that it has an assessment process in place to assess such risks. This includes clear risk management procedures and there is evidence that the results of these assessments have an impact on business decisions and trigger the implementation of additional controls.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf <p>[p.37] KONGSBERG has more than 200 years of tradition and history as a defence supplier and technology enterprise. It is fundamentally important for us to conduct our business in a responsible manner. It involves following the laws and regulations applicable in the countries where we operate, our own corporate Code of Ethics and Business Conduct and other national and international principles and frameworks for responsible business conduct.</p> <p>[...]</p> <p>We operate in industries and countries that can involve different types of risk. We conduct risk analysis and seek to prioritise and manage risk to prevent and mitigate to the greatest possible extent.</p> <p>[p.45] Meanwhile, we recognise that doing business in vulnerable parts of the world may involve greater risks for corruption. For our business partners, zero tolerance in practice means requiring that any historical situations are regularised, that an approved anti-corruption programme is implemented and complied with, and that corruption is clearly denounced through words and actions. Our attitude is expressed clearly through our Code of Ethics and Business Conduct, and our endorsement of the UN Global Compact, the OECD's Guidelines for Multinational Enterprises and our membership of Transparency International. The Board and executive management devote considerable attention to this work. Our Code of Ethics and Business Conduct is the backbone for how we conduct our operations, and the code applies regardless of where, when and which of our employees is doing business. This Code is communicated to and shall be understood by all employees, and as such shall contribute to a strong business culture, working in a preventive manner against the occurrence of errors and irregularities. Well-integrated values and the Code of Ethics and Business Conduct make up an important element of our risk management.</p> <p>[5] Anti-Corruption Guide (Document) Accessed 19/07/2019 https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788 <p>[p.5] At KONGSBERG, we are well aware that our operations represent inherent risks related to business commitments, contracts, geographical markets and technology solutions. Given our presence in all corners of the world, we also encounter different political systems, legislation, institutions, financial conditions, business cultures and, most importantly, different people. Further, we operate in some of the world's most challenging industries: defence, maritime and oil & gas.</p> <p>[p.12]</p> </p> </p>

KONGSBERG's ANTI-CORRUPTION PROGRAMME



KONGSBERG has an extensive anti-corruption programme. It issues from the nature of our business and the geographical spread of our operations that we encounter risks of corruption.

Our Board of Directors has expressed clear expectations of management to continuously improve and secure our operations against corruption. We constantly seek anti-corruption improvements in our own operations, as well as operations with our representatives and other business partners. Positive side effects include reduced risk of fraud, loss of business opportunities and loss of reputation, and cost overruns.

Our efforts are based on risk assessments to ensure that we assign the right priorities and resources to meet our challenges.

KONGSBERG's anti-corruption programme is anchored in our Code of Ethics and also consists of internal documents to operationalise overriding principles, clarify responsibilities and expectations, and provide practical advice for representative situations.

KONGSBERG's Code of Ethics or Supplier Conduct Principles is incorporated in contracts with our market representatives, consultants and suppliers, and our expectations related to anti-corruption apply similarly to them.

[p.21] PROJECTS AND TENDERS

KONGSBERG participates in a multitude of deliveries, often entailing public procurements and payments. Many business opportunities are pursued through projects and tenders. Projects and tenders in their nature represent a certain risk of corruption. KONGSBERG's projects typically run over considerable time and involve people from different companies and cultures. KONGSBERG has defined mandatory rules for participation in public projects and tenders. Compliance with these rules is the responsibility of the business area involved in the project. If risks cannot be sufficiently controlled, KONGSBERG may not tender for the contract.

Question																																																					
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																					
Score																																																					
1																																																					
Comments																																																					
<p>Based on publicly available information, there is evidence that the company publishes a list of its consolidated subsidiaries and some of its non-fully consolidated holdings. The lists include percentage of holdings, countries of incorporation and are updated on at least an annual basis.</p> <p>However, it is not clear that the company has included all of its joint ventures and associated companies, or the countries of operation for each entity.</p>																																																					
Evidence																																																					
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p>																																																					
<p>[p.135] 8. SHARES IN JOINT ARRANGEMENTS AND ASSOCIATED COMPANIES</p> <p>Specification of movement in the balance line "Shares in joint arrangements and associated companies" 1 January – 31 December:</p>																																																					
<table> <tr> <th>MNOK</th><th>Business office</th><th>Share</th><th>Net holding 1 Dec 18</th><th>Access in the period</th><th>Received dividends</th><th>Profit the period¹⁾</th><th>Compre- hensive income the period²⁾</th><th>Net holding 31 Dec 18</th></tr> <tr> <td>Patria Oyj</td><td>Helsinki, Finland</td><td>49.90%</td><td>2 806</td><td></td><td>(81)</td><td>80</td><td>2</td><td>2 807</td></tr> <tr> <td>Kongsberg Satellite Services AS</td><td>Tromsø, Norway</td><td>50.00%</td><td>388</td><td></td><td>(55)</td><td>104</td><td></td><td>437</td></tr> <tr> <td>Other</td><td></td><td></td><td>164</td><td>17</td><td>(22)</td><td>(3)</td><td></td><td>156</td></tr> <tr> <td>Total</td><td></td><td></td><td>3 358</td><td>17</td><td>(158)</td><td>181</td><td>2</td><td>3 400</td></tr> </table>									MNOK	Business office	Share	Net holding 1 Dec 18	Access in the period	Received dividends	Profit the period ¹⁾	Compre- hensive income the period ²⁾	Net holding 31 Dec 18	Patria Oyj	Helsinki, Finland	49.90%	2 806		(81)	80	2	2 807	Kongsberg Satellite Services AS	Tromsø, Norway	50.00%	388		(55)	104		437	Other			164	17	(22)	(3)		156	Total			3 358	17	(158)	181	2	3 400
MNOK	Business office	Share	Net holding 1 Dec 18	Access in the period	Received dividends	Profit the period ¹⁾	Compre- hensive income the period ²⁾	Net holding 31 Dec 18																																													
Patria Oyj	Helsinki, Finland	49.90%	2 806		(81)	80	2	2 807																																													
Kongsberg Satellite Services AS	Tromsø, Norway	50.00%	388		(55)	104		437																																													
Other			164	17	(22)	(3)		156																																													
Total			3 358	17	(158)	181	2	3 400																																													
<p>1) The results from companies that are separate tax entities, such as private limited companies, are adopted after tax and amortisation of excess values.</p> <p>2) Comprehensive income is exchange differences. Parts of the investment in Patria are hedged in basic swaps. See Note 20 B "Financial instruments - Currency risk and hedging of currency".</p>																																																					
[p.165]																																																					

The following companies have been consolidated:

<i>Name of company</i>	<i>Country of origin</i>	<i>Ownership stake 31 Dec 18</i>	<i>Ownership stake 31 Dec 17</i>
Kongsberg Gruppen ASA	Norway	Parent	Parent
Kongsberg Defence & Aerospace AS	Norway	100	100
Kongsberg Spacetec AS	Norway	100	100
Kongsberg Norspace AS	Norway	100	100
Kongsberg Oil & Gas Technologies AS	Norway	100	100
Kongsberg Digital AS	Norway	100	100
Kongsberg Eiendom Holding AS	Norway	100	100
Kongsberg Teknologipark AS	Norway	100	100
Kongsberg Næringsseiendom AS	Norway	100	100
Kongsberg Næringsparkutvikling AS	Norway	100	100
Kongsberg Næringsbygg 2 AS	Norway	100	100
Kongsberg Næringsbygg 3 AS	Norway	100	100
Kongsberg Næringsbygg 5 AS	Norway	100	100
Kongsberg Næringsbygg 6 AS	Norway	100	100
Kongsberg Real Estate AS	Norway	100	100
Kongsberg Næringsbygg 11 AS	Norway	100	100
Kongsberg Basetec AS	Norway	100	100
Kongsberg Next AS	Norway	Merged	100
Kongsberg Seatex AS	Norway	100	100
Vehicle Tracking and Information Systems AS	Norway	100	100
Nerion AS	Norway	Merged	100
Kongsberg Maritime AS	Norway	100	100
Kongsberg Norcontrol AS	Norway	100	100
Kongsberg Evotec AS	Norway	100	100
Eelume AS	Norway	51	TS
Simrad AS	Norway	100	100
Kongsberg Maritime S.R.L	Italy	100	100
Kongsberg Maritime Holland BV	The Netherlands	100	100

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<i>Name of company</i>	<i>Country of origin</i>	<i>Ownership stake 31 Dec 18</i>	<i>Ownership stake 31 Dec 17</i>
Kongsberg Maritime Poland Sp.z o.o.	Poland	100	100
Kongsberg Defence Sp.z o.o.	Poland	100	100
Simrad Spain S.L.	Spain	100	100
Kongsberg Defence Oy	Finland	100	100
Kongsberg Maritime GmbH	Germany	100	100
Kongsberg Maritime Embient GmbH	Germany	100	100
Kongsberg Maritime Contros GmbH	Germany	100	100
Kongsberg Defence Switzerland AG	Switzerland	100	0
Kongsberg Reinsurance DAC	Ireland	100	100
Kongsberg Norcontrol Ltd.	Great Britain	100	100
Kongsberg Maritime Holding Ltd.	Great Britain	100	100
Kongsberg Maritime Ltd.	Great Britain	100	100
Kongsberg Oil & Gas Technologies Ltd.	Great Britain	Phased out	100
Kongsberg GeoAcoustics Ltd.	Great Britain	100	100
Kongsberg Hungaria kft.	Hungary	100	100
Kongsberg Maritime Hellas SA	Greece	100	100
Kongsberg Digital LLC	Russia	Sold	100
Kongsberg Geospetial Ltd.	Canada	100	100
Kongsberg Digital Simulation Ltd.	Canada	100	100

Kongsberg Maritime Canada Ltd.	Canada	100	100
Kongsberg Mesotech Ltd.	Canada	100	100
Kongsberg Protech Systems Canada Corporation	Canada	100	100
Kongsberg Digital Simulation Inc.	USA	100	100
Simrad North America Inc.	USA	100	100
Kongsberg Maritime Inc.	USA	100	100
Kongsberg Underwater Technology Inc.	USA	100	100
Kongsberg Protech Systems USA Corporation	USA	100	100
Kongsberg Digital Inc.	USA	100	100
Kongsberg Defense Systems Inc.	USA	100	100
Hydroid Inc.	USA	100	100
Kongsberg Geospatial Corporation	USA	100	100
Kongsberg Integrated Tactical Systems Inc.	USA	100	100
Kongsberg Maritime do Brazil Ltda	Brazil	100	100
Kongsberg Oil & Gas Technologies do Brazil Ltda	Brazil	100	100
Kongsberg Maritime Mexico S.A. DE C.V.	Mexico	100	100
Kongsberg Defence Chile SpA	Chile	100	100
Kongsberg Maritime Panama Corp.	Panama	100	100
Kongsberg Asia Pacific Ltd.	Hong Kong	100	100
Kongsberg Maritime Hoi Tung Holding Ltd.	Hong Kong	90	90
Kongsberg Maritime China Shanghai Ltd.	China	100	100
Kongsberg Maritime China Jiangsu Ltd.	China	100	97
Kongsberg Maritime China Ltd.	China	100	100
Kongsberg Maritime China Waigaoqiao Ltd.	China	100	100
Kongsberg Maritime Korea Ltd.	South Korea	100	100
Kongsberg Norcontrol Pte. Ltd.	Singapore	100	100
Kongsberg Maritime Pte. Ltd.	Singapore	100	100
Kongsberg Maritime India Pvt. Ltd.	India	91	91
Kongsberg Digital Pvt. Ltd.	India	100	100
Kongsberg Digital Software & Services Pvt. Ltd.	India	100	100
Kongsberg Norcontrol Surveillance Pvt. Ltd.	India	100	100
Kongsberg Defence Ltd. Co.	Saudi Arabia	100	100
Kongsberg Defence Malaysia Sdn. Bhd	Malaysia	100	100
Kongsberg Maritime Malaysia Sdn. Bhd.	Malaysia	100	100
Kongsberg Maritime Middle East DMCCO	UAE	100	70
Kongsberg Defence Systems Australia Pty Ltd.	Australia	100	100
Kongsberg Oil & Gas Technologies Pty Ltd. (Kongsberg Nemo Pty Ltd.) (under avvikling)	Australia	100	100
Kongsberg Maritime Pty Ltd.	Australia	100	100
Kongsberg Maritime South-Africa Ltd.	South Africa	100	100

[p.173] 3. SHARES IN SUBSIDIARIES

<i>MNOK</i>	<i>Acquisition time</i>	<i>Business office</i>	<i>Owner/ voting share %</i>	<i>Carrying amount 31 Dec</i>
Kongsberg Defence & Aerospace AS	1 997	Kongsberg	100	1 206
Kongsberg Basetec AS	1 992	Kongsberg	100	137
Kongsberg Maritime AS ¹⁾	1 992	Kongsberg	98,9	7 101
Kongsberg Eiendom Holding AS	2 015	Kongsberg	100	497
Kongsberg Next AS ³⁾	2 014	Kongsberg		-
Kongsberg Martime China Ltd	2 016	Shanghai	100	25
Kongsberg Holding AS	1 987	Kongsberg	100	-
Kongsberg Forsvar AS ³⁾	1 995	Kongsberg		-
Norsk Forsvarsteknologi AS	1 987	Kongsberg	100	-
Nerion AS ³⁾	2 002	Trondheim		-
Kongsberg Hungaria Kft ²⁾	2 003	Budapest	10	-
Kongsberg Reinsurance Ltd.	2 001	Dublin	100	4
Total				8 970

1) The remaining shares in Kongsberg Maritime AS are owned by Kongsberg Basetec AS. Allocated Group contributions of MNOK 6,000 are recognised against investments in shares.

2) The remaining shares in Kongsberg Hungaria Kft. are owned by Kongsberg Defence & Aerospace AS

3) Merged into Kongsberg Basetec AS.

[18] Subsidiaries (Webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/who-we-are/subsidiaries/>

SUBSIDIARIES

As a technology-leader we aim to be the best in all fields relevant to our customers. To this end we operate through a number of domestic and international subsidiaries, all leaders within their field.

OUR SUBSIDIARIES

- Kongsberg Geospatial
- Hydroid
- Kongsberg NorControl
- Simrad
- Kongsberg Norspace
- Kongsberg Spacetec AS
- Kongsberg Satellite Services AS (50 % ownership)
- Kongsberg Mesotech
- Kongsberg Geoacoustics
- Kongsberg Terotech
- Kongsberg Seatex
- Massterly
- Kongsberg Teknologipark
- Patria (49,9 % ownership)

Question**9.3 Does the company disclose its beneficial ownership and control structure?****Score****2****Comments**

Based on publicly available information, the company is listed on the Oslo Stock Exchange, along with several other stock exchanges in the European Economic Area. It therefore automatically receives a score of '2'.

Evidence**[28] Financial Times Markets Data (Webpage)**

Accessed 10/09/2019

<https://markets.ft.com/data/equities/tearsheet/summary?s=KOG:OSL>
**[1] Annual Report and Sustainability Report 2018 (Document)**

Accessed 19/07/2019

<https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf>

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List of major shareholders as of 31 December 2018

Shareholders	Type	Number of shares	% share
Ministry of Trade, Industry and Fisheries		90 002 400	50.00%
National Insurance Fund		11 991 628	6.66%
MP Pensjon PK		5 291 748	2.94%
Must Invest AS		4 333 186	2.41%
State Street Bank and Trust Comp	Nom	4 102 217	2.28%
Danske Invest Norske Instit. II.		2 834 136	1.57%
Odin Norge		2 572 872	1.43%
Vicama AS		2 543 018	1.41%
Snefonn AS		2 375 534	1.32%
Nordea Nordic Small Cap Fund		2 357 230	1.31%
Arctic Funds Plc		1 839 245	1.02%
Danske Invest Norske Aksjer Inst.		1 510 217	0.84%
JP Morgan Chase Bank, N.A., London	Nom	1 445 746	0.80%
State Street Bank and Trust Comp	Nom	1 437 340	0.80%
The Northern Trust Comp, London Br	Nom	1 248 213	0.69%
JP Morgan Chase Bank, N.A., London	Nom	1 200 746	0.67%
Havfonn AS		1 165 835	0.65%
State Street Bank and Trust Comp	Nom	1 012 813	0.56%
Morgan Stanley & Co. Int. Plc.	Nom	893 336	0.50%
LF Miton Europ Opportunities Fund		873 860	0.49%
Total		141 031 320	78.36%
Other		38 958 745	21.64%
Total number of shares		179 990 065	100.00%

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Shareholders listed according to share holding size

Shareholding interval	Number of owners	Number of shares	Holding %
1-1,000	8 516	2 282 691	1.27%
1,001-10,000	2 709	7 819 992	4.34%
10,001-100,000	279	8 708 924	4.84%
100,001-1,000,000	72	21 914 334	12.18%
1,000,001-10,000,000	16	37 270 096	20.71%
Over 10,000,000	2	101 994 028	56.67%
Total	11 594	179 990 065	100.00%

Of the 11,594 shareholders at 31 December 2018, 902 were foreign, with a total holding of 17.37 per cent

[17] Major Shareholders (Webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/major-shareholders/>

MAJOR SHAREHOLDERS

KONGSBERG was listed on the Oslo Stock Exchange in 1993 following a partial privatisation. The Norwegian state owns 50,001 per cent of the shares.

20 LARGEST SHAREHOLDERS

Investor	Number of shares	% of top 20	% of total	Type	Country
NÆRINGS- OG FISKERIDEPARTEMENTET	90,002,400	63.63%	50.00%	Comp.	NOR
FOLKETRYGDFONDET	12,044,310	8.51%	6.69%	Comp.	NOR
MP PENSJON PK	5,456,221	3.86%	3.03%	Comp.	NOR
MUST INVEST AS	4,333,186	3.06%	2.41%	Comp.	NOR
DANSKE BANK AS	3,322,800	2.35%	1.85%	Comp.	DNK
DANSKE INVEST NORSKE INSTIT. II.	2,947,861	2.08%	1.64%	Comp.	NOR
ODIN NORGE	2,502,872	1.77%	1.39%	Comp.	NOR
FD INVT TR: FD SRS INTL SML CP FD	2,395,661	1.69%	1.33%	Comp.	USA
ARCTIC FUNDS PLC	2,388,340	1.69%	1.33%	Comp.	IRL
SNEFONN AS	2,375,534	1.68%	1.32%	Comp.	NOR
NORDEA NORDIC SM CAP FD	2,357,230	1.67%	1.31%	Comp.	FIN
JPMORGAN CHASE BANK, N.A., LONDON	1,462,157	1.03%	0.81%	Nom.	USA
STATE STREET BANK AND TRUST COMP	1,387,322	0.98%	0.77%	Nom.	USA
LF MITON EUROP OPPORTUNITIES FUND	1,375,145	0.97%	0.76%	Comp.	GBR
DANSKE INVEST NORSKE AKSJER INST	1,369,617	0.97%	0.76%	Comp.	NOR
THE NORTHERN TRUST COMP, LONDON BR	1,246,095	0.88%	0.69%	Nom.	GBR
JPMORGAN CHASE BANK, N.A., LONDON	1,212,711	0.86%	0.67%	Nom.	USA
STATE STREET BANK AND TRUST COMP	1,176,010	0.83%	0.65%	Nom.	USA
HAVFONN AS	1,165,835	0.82%	0.65%	Comp.	NOR
STATE STREET BANK AND TRUST COMP	935,185	0.66%	0.52%	Nom.	USA
Total number owned by top 20	141,456,492	100%	78.59%		
Total number of shares	179,990,065		100%		

Last updated 15.07.2019

Question				
9.4 Does the company publish a percentage breakdown of its defence sales by customer?				
Score				
0				
Comments				
There is no publicly available evidence to indicate that the company publishes a percentage breakdown of its defence sales by customer.				
Evidence				
[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.133] 7. CONTRACTS WITH CUSTOMERS				
MNOK	Kongsberg Maritime	Kongsberg Defence & Aerospace	Other	Total
2018				
<i>Accrual of revenue recognition</i>				
Revenue recognition based on project progress (over time)	3 737	4 644	386	8 767
Revenue recognition upon delivery of goods and services	897	468	157	1 522
Aftermarket activities ¹ whose revenue is recognised at the time of delivery	2 850	978	133	3 961
Revenue from rental of property, plant and equipment	44	-	78	122
Sum of external revenue from customer contracts	7 528	6 090	754	14 372
Profits from sale of property, plant and equipment	9	-	-	9
Total external revenues	7 537	6 090	754	14 381
<i>Geographical distribution of external revenue from customer contracts</i>				
Norway	1 495	948	336	2 779
Europe	2 133	1 526	153	3 812
America	1 248	2 667	159	4 074
South America	146	32	12	190
Asia	2 297	394	69	2 760
Africa	158	443	7	608
Australia	60	80	18	158

Sum of external revenue from customer contracts	7 537	6 090	754	14 381
2017				
<i>Accrual of revenue recognition</i>				
Revenue recognition based on project progress (over time)	4 578	4 371	537	9 486
Revenue recognition upon delivery of goods and services	300	1 246	39	1 585
Aftermarket activities ¹⁾ whose revenue is recognised at the time of delivery	2 491	688	123	3 302
Revenue from rental of property, plant and equipment	39	-	73	112
Sum of external revenue from customer contracts	7 408	6 305	772	14 485
Profits from sale of property, plant and equipment	3	2	-	5
Total external revenues	7 411	6 307	772	14 490
<i>Geographical distribution of external revenue from customer contracts</i>				
Norway	1 375	1 168	229	2 772
Europe	1 820	1 584	165	3 569
America	1 390	2 902	156	4 448
South America	126	26	42	194
Asia	2 608	209	157	2 974
Africa	32	342	-	374
Australia	60	76	23	159
Sum of external revenue from customer contracts	7 411	6 307	772	14 490

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Trade receivables distributed by region

<i>MNOK</i>	<i>31 Dec 18</i>	<i>31 Dec 17</i>
Norway	413	376
Europe	893	644
North America	756	936
South America	79	81
Asia	534	536
Other countries	325	423
Total	3 001	2 996

Trade receivables distributed by customer type

<i>MNOK</i>	<i>31 Dec 18</i>	<i>31 Dec 17</i>
Public	863	874
Private	2 138	2 122
Total	3 001	2 996

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
2
Comments
The SOE publishes information about its shareholder voting rights, indicating that its voting rights are proportionate to the shares held and are not differentiated. The company is also publicly listed and therefore receives '2' because it publishes the required voting rights.
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.77] The Norwegian state, which owns 50.001 per cent of the Group, also assumes that all companies in which the State has a stake will comply with the "Norwegian recommendation for corporate governance".</p> <p>[...]</p> <p>The following elements are fundamental to KONGSBERG's corporate governance policy:</p> <p>[...]</p> <ul style="list-style-type: none"> • All shareholders will be treated equally. <p>[p.82] Class of shares The Group's shares are all Class A shares. All shares carry the same rights in the company. At General Meetings, each share carries one vote. The nominal amount per share is NOK 1.25. The Articles of Association place no restrictions on voting rights.</p> <p>[17] Major Shareholders (Webpage) Accessed 19/07/2019 https://www.kongsberg.com/investor-relations/major-shareholders/ MAJOR SHAREHOLDERS KONGSBERG was listed on the Oslo Stock Exchange in 1993 following a partial privatisation. The Norwegian state owns 50,001 per cent of the shares.</p>

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Investor	Number of shares	% of top 20	% of total	Type	Country
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FD INVT TR: FD SRS INTL SML CP FD	2,395,661	1.69%	1.33%	Comp.	USA
ARCTIC FUNDS PLC	2,388,340	1.69%	1.33%	Comp.	IRL
SNEFONN AS	2,375,534	1.68%	1.32%	Comp.	NOR
NORDEA NORDIC SM CAP FD	2,357,230	1.67%	1.31%	Comp.	FIN
JPMORGAN CHASE BANK, N.A., LONDON	1,462,157	1.03%	0.81%	Nom.	USA
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LF MITON EUROP OPPORTUNITIES FUND	1,375,145	0.97%	0.76%	Comp.	GBR
DANSKE INVEST NORSKE AKSJER INST	1,369,617	0.97%	0.76%	Comp.	NOR
THE NORTHERN TRUST COMP, LONDON BR	1,246,095	0.88%	0.69%	Nom.	GBR
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STATE STREET BANK AND TRUST COMP	1,176,010	0.83%	0.65%	Nom.	USA
HAVFONN AS	1,165,835	0.82%	0.65%	Comp.	NOR
STATE STREET BANK AND TRUST COMP	935,185	0.66%	0.52%	Nom.	USA
Total number owned by top 20	141,456,492	100%	78.59%		
Total number of shares	179,990,065		100%		

Last updated 15.07.2019

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
Based on publicly available information, there is evidence that the company's commercial and public policy objectives are made publicly available on its website and are updated on at least an annual basis.
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.14] Strategic priorities</p> <p>Kongsberg Defence & Aerospace Secure strategically important contracts, and achieve growth in selected geographical areas both through our own activities and in collaboration with partners.</p> <p>Kongsberg Maritime Secure our position as a leading maritime technology supplier.</p> <p>Kongsberg Digital Take the leading position within the digitalisation of maritime and offshore industry.</p> <p>[p.81] Goals, strategy and risk The Kongsberg Gruppen ASA aims to be an international technology company based in Norway. Its shareholders' assets are protected and managed through utilisation of the Group's high level of expertise in order to develop attractive solutions for the market, and to focus on continually improving our operations. To achieve its stated objectives, the Board and executive management have developed strategies in marketing, business areas, acquisition, competence, social responsibility, technology and finance, as well as capital structure. The Group's objectives and main strategies are described in the Group's Annual and Sustainability Report and on the Group's website. The Group's risk management is described in Item 10. Strategy, objectives and risk profile are subject to annual review and revision by the Board, and are also monitored continuously throughout the year.</p> <p>[...]</p> <p>Articles of association Kongsberg Gruppen ASA is a company whose objective is to engage in technological and industrial activities in the maritime, defence and related sectors.</p> <p>[p.97] It is important for the Norwegian defence industry that the Norwegian authorities' emphasis is on offset agreements and agreements that secure market access in connection with purchase of defence equipment from abroad. When the Norwegian Armed Forces make significant investments through foreign suppliers, this ties up a significant part of the defence budget, and purchases from domestic suppliers may be</p> <p>[p.98] negatively affected. To ensure that military supplies are well adapted to Norwegian conditions and to guarantee a sustainable and competitive Norwegian defence industry, we emphasise the importance of Norwegian participation in such programmes. Both the Government and the Parliament have stressed the importance of industrial participation for Norwegian industry, and that this is in line with international practice. KONGSBERG will continue to emphasise partnerships with major defence contractors and continue to support the local industry in the business area's markets further. KONGSBERG's position as an attractive defence supplier in the international market will continue to be based on close cooperation with the Norwegian Armed Forces. This cooperation is the platform for developing leading products that are necessary for a modern military defence. This also means increased activity for many of the business area's approximately 1,500 Norwegian subcontractors, based all over the country.</p>

[11] E-learning – Code of Ethics and Business Conduct (Webpage)

Accessed 17/07/2019

<https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true>

[p.13] BUSINESS OBJECTIVE

KONGSBERG shall conduct its business activities in an ethical and socially responsible manner.

A good reputation for reliability is vital for our business activities.

Our reputation will help ensure support for our views in matters that affect our business and our customer relations, facilitate recruitment, help us retain our employees and ensure credibility with our stakeholders.

Both within and outside the Group, our relationships are to be characterized by transparency and confidence.

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
2
Comments
<p>The SOE is open and clear about its nomination process, appointment and composition of its board and provides details of its board members. The SOE discloses details of its nomination process, including the criteria for nomination, which company representatives are involved in the nomination, and who makes the final appointment decision. For each board member, the SOE discloses whether that person has any connection to the company or the state or is an independent director.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.84] Nominating Committee Article 9 of the Group's Articles of Association specifies that the Group shall have a Nominating Committee. The Committee's work is regulated by special instructions adopted by the General Meeting. These instructions were last revised by the Annual General Meeting on 9 May 2016. The main task is to make recommendations to the Company's General Meeting regarding the election of shareholder-elected Board members. The nominations shall be substantiated and recommend a nominee for the Chair of the Board separately. In the work on finding candidates for the Board, the Committee is in contact with relevant shareholders, Board members and the CEO. In addition, the Nominating Committee shall submit proposals for the remuneration of Board members and their deputies, and make an annual evaluation of the work of the Board. The Nominating Committee consists of three to four members who shall be shareholders or representatives of shareholders. The General Meeting shall elect all members of the Nominating Committee, including the Chair. The Nominating Committee itself proposes a list of Committee nominees to the General Meeting. The Nominating Committee's remuneration is approved by the General Meeting based on the Nominating Committee's recommendation.</p> <p>[...]</p> <p>Composition The current Committee was elected by the Annual General Meeting of 16 May 2018 and consists of:</p> <ul style="list-style-type: none"> • Morten S. Bergesen, managing director of Snefonn AS and Havfonn AS, as well as Deputy Chair of the Board of Arendals Fossekompagni ASA • Morten Strømgren, department director in the Ministry of Trade, Industry and Fisheries • Vigdis M. Almestad, senior portfolio manager in ODIN Forvaltning AS <p>Bergesen was elected Chair of the Committee. The Nominating Committee is elected for a period of two years, and the next election will be held in 2020.</p> <p>[p.85] None of the Committee's members represent KONGSBERG's management or the Board. The members are considered to be independent of the daily management and Board. Morten S. Bergesen is managing director of Snefonn AS, which as of 31 December 2018 had a shareholding of 1.32 per cent in KONGSBERG. Bergesen also holds offices or positions in companies which have a combined shareholding of 0.66 percent in KONGSBERG. Strømgren is employed by the Ministry of Trade, Industry and Fisheries, which as of 31 December 2018 had a shareholding of 50.001 per cent in KONGSBERG. Almestad is employed by ODIN Forvaltning AS, which as of 31 December 2018 had an overall shareholding of 1.56 per cent in KONGSBERG through its funds. The Nominating Committee is considered to have a composition that reflects the common interests of the community of shareholders. Information about the Nominating Committee, a form for nominating candidates for the Board/Nominating Committee and the deadlines are available on the Group's website.</p> <p>[...]</p> <p>Composition of the Board</p>

The Board consists of eight members and currently has the following composition: Eivind K. Reiten (Chair), Irene Waage Basili (Deputy Chair), Morten Henriksen, Martha Kold Bakkevig and Anne-Grete Strøm-Erichsen. Elisabeth Fossan, Helge Lintvedt and Sigmund Ivar Bakke are Board members elected by and among the employees. Detailed information on the individual directors can be found on the Group's website. It is important that the entire Board has the expertise required to deal with Board work and the Group's main business activities. In addition, the directors need to have the capacity to carry out their duties. According to the Articles of Association, the Group shall have five to eight directors. The CEO is not a Board member. The Board members are elected for two-year terms and elect their own Chair, based on a recommendation from the Nominating Committee. Eivind K. Reiten was elected Chair of the Board. All Board members will be up for election in 2019.

[...]

Election of the Board

The General Meeting elects the five shareholder-elected representatives to the Board. The Nominating Committee draws up a recommended list of shareholders' nominees for the Board prior to the election. The recommendations will be available to the shareholders contemporaneous with notification of the General Meeting. Decisions on the composition of the Board take place by simple majority. The Norwegian state owns 50.001 per cent of the shares in KONGSBERG, and could in principle exercise control over the election of the shareholder's directors. Three of the directors are elected by, and from, the Group's employees. The directors are elected for two-year terms and are eligible for re-election. All employee-elected Board members will be up for election in 2019.

The directors' shareholdings

As of 31 December 2018, the shareholder-elected directors held the following portfolios of shares in the Group:

- Eivind K. Reiten owns 2,850 (0) shares through his 100 per cent-owned company Mocca Invest AS.
- Martha Kold Bakkevig owns 2,119 (1,400) shares through her 50 per cent-owned company Kold Invest AS.
- Morten Henriksen owns 3,027 (0) shares.
- Anne-Grete Strøm-Erichsen owns 2,000 (0) shares through her 50 per cent-owned company AGSE Consulting.

[p.86]

- Irene Waage Basili owns 0 (0) shares.

The employee-elected board members hold the following portfolios of shares in KONGSBERG as of 31 December 2018:

- Elisabeth Fossan owns 4,904 (3,024) shares.
- Sigmund Ivar Bakke owns 3,078 (2,862) shares.
- Helge Lintvedt owns 0 (0) shares.

[27] NOMINATION COMMITTEE (webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/nomination-committee/>

NOMINATION COMMITTEE

KONGSBERG's shareholders are entitled to nominate candidates for The Board of Directors of Kongsberg Gruppen ASA.

Nominations may be submitted by completing the form below. Nominations must be received by 1 March 2019 to be considered for the election at KONGSBERG's Annual General Meeting on 14 May 2019.

THE FOLLOWING MEMBERS OF THE BOARD OF DIRECTORS ARE UP FOR ELECTION IN 2019:

Eivind K. Reiten, Irene Waage Basili, Morten Henriksen, Anne-Grete Strøm-Erichsen and Martha Kold Bakkevig. The next election of the Board of Directors is scheduled to take place at the Annual General Meeting on 14 May 2019. If it is necessary to replace members in the interim between elections new candidates will be considered on an ad hoc basis. Nominations will be submitted to the chair of the Nominating Committee prior to the election in question. The Nominating Committee reserves the right to reject proposals without stating any reason.

The Nominating Committee currently consists of Morten S. Bergesen (Chair), Morten Strømgren and Vigdis M. Almestad. Please find contact information for the members below:

Morten S. Bergesen

Tel.: +47 922 33 274
E-mail: mb@havfonn.no
Morten Strømgren
Tel.: +47 958 02 421
E-mail: Morten.Stromgren@nfd.dep.no
Vigdis M. Almestad
Tel.: +47 926 21 921
E-mail: Vigdis.Almestad@odinfond.no

[19] Board of Directors – Eivind Reiten (webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/board-of-directors/eivind-reiten/>

Born: 1954

Position: Self-employed, Chairman and member of several Boards

Education: Master in Economics (Cand.oecon) by the University of Oslo (1978)

Relevant experience: 30 years of experience from business and politics, including the position as State Secretary, Minister for Fisheries and Minister for Petroleum and Energy. Broad experience in Board-work, strategy and analysis. Worked 23 years in Hydro, the last 9 years as CEO.

Member of the Board since: 2017

Number of shares in Kongsberg Gruppen ASA: 0

Directorships outside KONGSBERG: Member of the Advisory Board of Stena Group, Chairman of the Board of The Crown Prince and Crown Princess' Foundation, Constructor Group AS, Anaxo Capital AS and AS Backe. Non-executive Director of Globeleq Ltd.

[20] Board of Directors – Irene Waage Basili (webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/board-of-directors/irene-waage-basili/>

Born: 1967.

Position: Chief Executive Officer, Shearwater GeoServices

Education: Business Administration (International Management), Boston University (1990), Management Programmes at IMD, Lausanne, Switzerland (2005/2006), Solstrand Management Programme, Bergen, Norway (2002/2003).

Member of the Board since: 2011.

Number of shares in KONGSBERG: 0.

Directorships outside KONGSBERG: Board member of Wilh.Wilhelmsen Holding and Pacific Basin Shipping Limited.

[21] Board of Directors – Martha Kold Bakkevig (webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/board-of-directors/martha-kold-bakkevig/>

Born: 1963

Position: Managing Partner MKOLD and owner of Kold Invest AS

Education: Master of Science, University of Trondheim (1990), Nordic Industrial Research Education (1995), Dr.Science/PhD - Norwegian University of Science and Technology (1995), Solstrand Program (2000), Board of Directors Program NHO (2004) and Dr. Oecon./PhD, BI (2007)

Relevant experience: 20 years' experience in Management and Business Development and broad academic background with doctor's degree in both technical and business strategical subjects.

Member of the board since: 2017

Number of shares in Kongsberg Gruppen ASA: 1400 (Through Kold Invest AS owned 50% by Martha Kold Bakkevig)

Directorships outside KONGSBERG: Board member of BW LPG ASA, Borragaard ASA, Haugaland Kraft, Reach Subsea ASA and Incus Investor ASA.

[22] Board of Directors – Morten Henriksen (webpage)

Accessed 19/07/2019

<https://www.kongsberg.com/investor-relations/board-of-directors/morten-henriksen/>

Born: 1969.

Position: Executive Director Technology, Arendals Fossekompani ASA.

Education: Norwegian Institute of Technology (1991), Electric power.

Member of the Board since: 2013.

Committee: Audit committee
 Number of shares in Kongsberg Gruppen ASA: 0.
 Directorships outside KONGSBERG: Arendals Water Resources Usage Community, Markedskraft and Flumill.

[23] Board of Directors – Anne-Grete Strom-Erichsen (webpage)

Accessed 19/07/2019
<https://www.kongsberg.com/investor-relations/board-of-directors/anne-grete-strom-erichsen/>
 Born: 1951.
 Position: Managing Partner Norway, Rud Pedersen Public Affairs Company AS.
 Education: Engineer Exam at the University of Bergen (1974), IT studies, South Dakota School of Mines & Technology USA (1980/1981).
 Other: Eight years as Cabinet Minister, City Chief Commissioner and Mayor in Bergen, 20 years in the IT business.
 Member of the Board since: 2015.
 Committee: Compensation Committee
 Number of shares in Kongsberg Gruppen ASA: 0.
 Directorship outside of KONGSBERG: Member of the Board of Bergen Art Association, Deputy Chair of the Board of Nordhordland helsehus IKS.

[24] Board of Directors – Sigmund Ivar Bakke (webpage)

Accessed 19/07/2019
<https://www.kongsberg.com/investor-relations/board-of-directors/sigmund-ivar-bakke/>
 Born: 1958
 Position: Senior Engineer R&D, Simulation, Kongsberg Digital.
 Education: Civil engineer from NTH 1981. Educational education for civil engineer 1982
 Relevant experience: Employee representative in Tekna Bekkajordet for around 25 years. Management group for pension and active participant in the pension projects in KOG - 2002, 2007 and 2016.
 Directorships outside KONGSBERG: None
 Member of the Board since: 2017.
 Year of employment: 1987
 Number of shares in Kongsberg Gruppen ASA: 2 862

[25] Board of Directors – Elisabeth Fossan (webpage)

Accessed 19/07/2019
<https://www.kongsberg.com/investor-relations/board-of-directors/elisabeth-fossan/>
 Born: 1967
 Position: Security in Kongsberg Teknologipark
 Education: Commerce and office. Certificate in security.
 Relevant experience: Owner of Blefjellhytter.no Ltd
 Member of the board since: 2017
 Been with the group since: 2005
 Number of shares in Kongsberg Gruppen ASA: 3 024
 Directorships outside KONGSBERG: Chairman of the board in Blefjellhytter.no Ltd

[26] Board of Directors – Helge Lintvedt (webpage)

Accessed 19/07/2019
<https://www.kongsberg.com/investor-relations/board-of-directors/helge-lintvedt/>
 Born: 1957.
 Position: Senior Project Engineer, Kongsberg Defence Systems.
 Education: Engineer, Kongsberg Ingeniørhøgskole.
 Member of the Board since: 2009.
 Committee: Audit committee
 Been with the Group since: 1979.
 Number of shares in Kongsberg Gruppen ASA: 0.
 Directorship outside of KONGSBERG: The Norwegian Society of Engineers and Technologists (NITO), Kongsberg Defence & Aerospace AS. Board member of Kongsberg Defence & Aerospace AS.

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
1
Comments
<p>Based on publicly available information, the company does not explicitly state that the majority of its audit committee members are independent directors, although information provided elsewhere suggests that they are.</p> <p>To score '2' the company would need to state that the Audit Committee comprises a majority of independent and non-state affiliated directors by design at all times.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf [p.87] The Board's Audit Committee The Audit Committee shall support the Board in its responsibilities related to financial reporting, audits, internal control and overall risk management. The Audit Committee is also a preparatory body in terms of non-financial policy and control. The Committee consists of two shareholder-elected directors and one employee-elected director. The Group's CFO and its elected accountant normally participate in the meetings. The CEO and the other directors are entitled to attend if they so desire. Seven (six) meetings were held in 2018, of which two were extraordinary. Members: Morten Henriksen (chair), Martha Kold Bakkevig and Helge Lintvedt.</p> <p>[22] Board of Directors – Morten Henriksen (webpage) Accessed 19/07/2019 https://www.kongsberg.com/investor-relations/board-of-directors/morten-henriksen/ Born: 1969. Position: Executive Director Technology, Arendals Fossekompagni ASA. Education: Norwegian Institute of Technology (1991), Electric power. Member of the Board since: 2013. Committee: Audit committee Number of shares in Kongsberg Gruppen ASA: 0. Directorships outside KONGSBERG: Arendals Water Resources Usage Community, Markedskraft and Flumill.</p> <p>[21] Board of Directors – Martha Kold Bakkevig (webpage) Accessed 19/07/2019 https://www.kongsberg.com/investor-relations/board-of-directors/martha-kold-bakkevig/ Born: 1963 Position: Managing Partner MKOLD and owner of Kold Invest AS Education: Master of Science, University of Trondheim (1990), Nordic Industrial Research Education (1995), Dr.Science/PhD - Norwegian University of Science and Technology (1995), Solstrand Program (2000), Board of Directors Program NHO (2004) and Dr. Oecon./PhD, BI (2007) Relevant experience: 20 years' experience in Management and Business Development and broad academic background with doctor's degree in both technical and business strategical subjects. Member of the board since: 2017 Number of shares in Kongsberg Gruppen ASA: 1400 (Through Kold Invest AS owned 50% by Martha Kold Bakkevig) Directorships outside KONGSBERG: Board member of BW LPG ASA, Borragaard ASA, Haugaland Kraft, Reach Subsea ASA and Incus Investor ASA.</p> <p>[26] Board of Directors – Helge Lintvedt (webpage) Accessed 19/07/2019 https://www.kongsberg.com/investor-relations/board-of-directors/helge-lintvedt/ Born: 1957. Position: Senior Project Engineer, Kongsberg Defence Systems. Education: Engineer, Kongsberg Ingeniørhøgskole.</p>

Member of the Board since: 2009.

Committee: Audit committee

Been with the Group since: 1979.

Number of shares in Kongsberg Gruppen ASA: 0.

Directorship outside of KONGSBERG: The Norwegian Society of Engineers and Technologists (NITO), Kongsberg Defence & Aerospace AS. Board member of Kongsberg Defence & Aerospace AS.

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a system to manage asset transactions. The company indicates that responsibility for auditing and approving the company's financial statements is held by the board of directors.</p> <p>However, there is no evidence that the responsibility for managing asset transactions is held at board level. It is unclear and not specified whether asset transactions are subject to scrutiny by an audit body. Furthermore, there is no evidence that all transactions are documented or that the financial results from asset acquisitions are made publicly available in the company's reports.</p>
Evidence
<p>[1] Annual Report and Sustainability Report 2018 (Document) Accessed 19/07/2019 https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf</p> <p>[p.80] The Board's Report relating to the "Norwegian Code of Practice for Corporate Governance"</p> <p>[p.82] EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS BETWEEN RELATED PARTIES</p> <p>[...]</p> <p>Transactions with related parties The Board is not aware of any transactions in 2018 between the</p> <p>[p.83] company and shareholders, directors, executive personnel or parties closely related to such individuals that could be described as major transactions. If such a situation were to arise, the Board would ensure that an independent valuation was made by a third party.</p> <p>[p.88] RISK MANAGEMENT AND INTERNAL CONTROL</p> <p>[...]</p> <p>The Group has established a decentralised management model featuring delegated responsibility for profits. As a result, the control function follows the Group's management model, and it is the individual unit's responsibility to make sure that it has the capacity and expertise required to carry out responsible internal control. Corporate executive management and the individual technological fields are responsible for controlling that the business areas have implemented the appropriate internal controls.</p> <p>Ten times per year, the management prepares operating reports including risk analyses, and these are sent to the directors. In addition, quarterly financial reports are published for the financial market. The Audit Committee reviews the Group's quarterly report ahead of the Board meeting. The auditor takes part in the Audit Committee's meetings and meets with the entire Board in connection with the presentation of the interim annual financial statements and as otherwise required.</p> <p>[p.121]</p>

Consolidated statement of financial position at 31 December

KONGSBERG (GROUP)

MNOK	Note	2018	2017 ¹⁾
Assets			
<i>Fixed assets</i>			
Property, plant and equipment	12	2 531	2 658
Goodwill	13, 14	2 011	1 981
Other intangible assets	13	878	822
Shares in joint arrangements and associated companies	8	3 400	3 358
Other non-current assets	18	188	204
Total non-current assets		9 008	9 023
<i>Current assets</i>			
Inventories	9	2 174	1 873
Trade receivable	19	2 802	2 755
Other short-term receivables	19	460	358
Customer contracts, assets	7	2 994	3 498
Derivatives	20A	182	213
Cash and cash equivalents	21	10 038	2 956
Total current assets		18 650	11 653
Total assets		27 658	20 676
Equity, liabilities and provisions			
<i>Equity</i>			
Issued capital		5 933	982
Other reserves		554	435
Retained earnings		6 119	5 914
Equity attributable to owners of the parent		12 606	7 331
Non-controlling interests		20	34
Total equity	22	12 626	7 365
<i>Non-current liabilities and provisions</i>			
Long-term interest-bearing loans	20D	4 020	3 340
Pension liabilities	11	538	647
Provisions	23	128	140
Deferred tax liability	16	1 293	1 272
Other non-current liabilities		11	21
Total non-current liabilities and provisions		5 990	5 420
<i>Current liabilities and provisions</i>			
Customer contracts, liabilities	7	5 157	4 283
Derivatives	20A	580	645
Provisions	23	515	543
Short-term interest-bearing debt	20D	312	-
Other current liabilities	24	2 478	2 420
Total current liabilities and provisions		9 042	7 891
Total liabilities and provisions		15 032	13 311
Total equity, liabilities and provisions		27 658	20 676

1) When implementing IFRS 15 Revenue from contracts with customers from 1 January 2018, some lines in the statement of financial position at 31 December 2017 were revised. See note 3 T) "Standards in IFRS that were implemented with effect from 1 January 2018".

[p.128] 4. Fair Value

KONGSBERG's consolidated accounting principles and disclosures require the measurement of fair value on certain financial and non-financial assets and liabilities. For both measurement and disclosure purposes, fair value has been estimated as described in the disclosures below. Where relevant, further disclosures will be provided in the notes about the assumptions used to calculate fair value on the individual assets and liabilities.

Intangible assets

The fair value of intangible assets, e.g., technology, software and customer relations acquired through acquisitions, is calculated at the net present value of the estimated future cash flow from the asset, discounted by a risk-adjusted discount rate. Brand names are calculated at the net present value of the estimated savings of royalty costs by using the brand name.

The fair value of customer relations is based on the discounted net excess earnings on the related asset.

Property, plant and equipment

At acquisitions, KONGSBERG measures property, plant and equipment at fair value. The fair value is equivalent to its market value. The market value of property is based on what the property could be sold for on the day of valuation agreed by a willing buyer and seller in an "arm's length transaction". The market value of the plant and equipment is based on assessments obtained from independent appraisers.

[p.182] STATEMENT FROM THE BOARD

KONGSBERG GRUPPEN ASA

We hereby confirm, to the best of our conviction, that the financial statements for 1 January to 31 December 2018 have been drawn up in compliance with recognised accounting standards, and that the information disclosed therein gives a true picture of the enterprise's and the Group's assets, liabilities, financial position and performance as a whole, and that the information disclosed in the Directors' report gives a true picture of the progress, profits and position of the enterprise and the Group, as well as a description of the most central risk and uncertainty factors facing them.

Kongsberg, 21 March 2019

List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Annual Report and Sustainability Report 2018	25/06/19	https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/kog-arsrapport-2019-gb-original-web.pdf
02	Webpage	How we do business	25/06/19	https://www.kongsberg.com/our-commitment/how-we-do-business/
03	Document	Code of Ethics and Business	25/06/19	https://www.kongsberg.com/contentassets/49062dfe976842a28426da0c39239a03/codeofethics-gb-web-250219.pdf
04	Webpage	Anti-Corruption	25/06/19	https://www.kongsberg.com/our-commitment/anti-corruption/
05	Document	Anti-Corruption Guide	25/06/19	https://issuu.com/kongsberggruppen/docs/anti-orig-140616-web?e=23808796/43736788
06	Webpage	E-learning Whistleblower	28/06/19	https://www.nanolearning.com/LessonViewer/?el=278562&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true
07	Document	Directive for Raising Concerns and Follow up of Raising Concerns	28/06/19	https://junglemapstorage.blob.core.windows.net/files/im7op48v4qp6elb0/KOG-DIR-0005%20Directive%20for%20Raising%20Concerns%20and%20follow%20up%20of%20Raising%20Concerns%20Rev%20D%2004SEP2017.pdf
08	Webpage	Whistleblowing Channel	28/06/19	https://kongsberg.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx
09	Webpage	Our Responsibilities	28/06/19	https://www.kongsberg.com/our-commitment/our-responsibilities/

10	Webpage	Raising Concerns	11/07/19	https://www.kongsberg.com/our-commitment/raising-concerns/
11	Webpage	E-learning - Code of Ethics and Business Conduct	17/07/19	https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true
12	Document	Supplier Conduct Principles	17/07/19	https://www.kongsberg.com/contentassets/b63bf88a08e04f1e8837835aeb2173a7/kog_scp_2018_english.pdf
13	Webpage	E-learning – KONGSBERG's culture, values and Code of Ethics and Business Conduct	17/07/19	https://www.nanolearning.com/LessonViewer/?el=230446&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true
14	Document	Directive for Sponsorship in Kongsberg	17/07/19	https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0039-directive-for-sponsorship-in-kongsberg-revb-01mar2017.pdf
15	Document	Directive for Gifts and Hospitality	18/07/19	https://www.kongsberg.com/globalassets/corporate/document-downloads/commitment/kog-dir-0040-directive-for-gifts-and-hospitality-revb-08dec2017.pdf
16	Webpage	E-learning - Gifts and	18/07/19	https://www.nanolearning.com/LessonViewer/?el=278561&eu=11172119&eukey=0aqjkw4e&mode=1&version=1346&resetresponse=true

		Hospitality		
17	Webpage	Major Shareholders	19/07/19	https://www.kongsberg.com/investor-relations/major-shareholders/
18	Webpage	Subsidiaries	19/07/19	https://www.kongsberg.com/who-we-are/subsidiaries/
19	Webpage	Board of Directors – Eivind Reiten	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/eivind-reiten/
20	Webpage	Board of Directors- Irene Waage Basili	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/irene-waage-basili/
21	Webpage	Board of Directors – Martha Kold Bakkevig	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/martha-kold-bakkevig/
22	Webpage	Board of Directors – Morten Henriksen	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/morten-henriksen/
23	Webpage	Board of Directors – Anne-Grete Strom-Erichsen	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/anne-grete-strom-erichsen/
24	Webpage	Board of Directors – Sigmund Ivar Bakke	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/sigmund-ivar-bakke/
25	Webpage	Board of Directors – Elisabeth	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/elisabeth-fossan/

		Fossan		
26	Webpage	Board of Directors – Helge Lintvedt	19/07/19	https://www.kongsberg.com/investor-relations/board-of-directors/helge-lintvedt/
27	Webpage	Nomination Committee	19/07/19	https://www.kongsberg.com/investor-relations/nomination-committee/
28	Webpage	Financial Times Markets Data	10/09/19	https://markets.ft.com/data/equities/tearsheet/summary?s=KOG:OSL
29	Webpage	Suppliers – Doing Business with Us	21/01/20	https://www.kongsberg.com/kda/suppliers/doing-business-with-us/
30	Webpage	Who We Are – Board of Directors	21/01/20	https://www.kongsberg.com/who-we-are/board-of-directors/
31	Webpage	Suppliers – Conducting Business with Us	21/01/20	https://www.kongsberg.com/maritime/about-us/how-we-operate/for-suppliers/
32	Webpage	Industrial Cooperation	21/01/20	https://www.kongsberg.com/our-commitment/suppliers2/
34	Document	Annual Report and Sustainability Report 2019	23/06/2020	https://www.kongsberg.com/globalassets/corporate/document-downloads/ir/annual-report/1739-kog-rapport-2019-gb-final.pdf
35	Webpage	Our Commitment – Responsible Business Conduct	23/06/2020	https://www.kongsberg.com/kda/our-commitment/responsible-business-conduct/

36	Webpage	Suppliers - Sustainability and CSR	23/06/2020	https://www.kongsberg.com/kda/suppliers/sustainability-and-CSR/
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