

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

### FINAL ASSESSMENT

#### NAMMO A.S.

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	8/8
2. Internal Controls	6	10/12
3. Support to Employees	7	10/14
4. Conflict of Interest	4	1/8
5. Customer Engagement	7	4/14
6. Supply Chain Management	5	6/10
7. Agents, Intermediaries and Joint Ventures	10	13/20
8. Offsets	4	4/8
9. High Risk Markets	4	5/8
10. State-Owned Enterprises	5	6/10
<b>TOTAL</b>		<b>67 / 112</b>
<b>BAND</b>		<b>C</b>

\*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

<b>Question</b>
<b>1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?</b>
<b>Score</b>
2
<b>Comments</b>
There is evidence that the company has a publicly stated anti-bribery and corruption commitment that outlines the company's stance against any form of bribery or corruption within the organisation. There is clear evidence that this commitment was authorised and endorsed by the company's leadership.
<b>Evidence</b>
<p><b>[20] Ethics in Nammo (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/ethics-in-nammo/">https://www.nammo.com/who-we-are/csr/ethics-in-nammo/</a>                  "I expect all employees and anybody acting on behalf of Nammo to behave and comply with our Ethical Code of Conduct. I also emphasize that Nammo has zero tolerance for any form of corruption."                  Morten Brandtzæg, President &amp; CEO Nammo Group</p> <p><b>[2] Anti-Corruption Manual (Document)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a>                  [p.2] "I expect all employees and anybody acting on behalf of Nammo to behave and comply with our Ethical Code of Conduct. I also emphasize that Nammo has zero tolerance for any form of corruption."                   President &amp; CEO                  NAMMO GROUP</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.2] MESSAGE FROM THE CEO</p> <p>[...] We reaffirm our commitment to support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. These principles continue to play an important part of the strategy, culture and day-to-day operations of Nammo.</p>

<b>Question</b>
<p><b>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</b></p> <p><b>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</b></p> <p><b>b) All board members, including non-executive directors.</b></p>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company publishes a clear anti-bribery and corruption policy, which specifically prohibits bribery, commercial bribery and facilitation payments. The company notes that although facilitation payments are generally prohibited, they may be permissible in certain exceptional circumstances where there is a perceived threat to life, safety or health. There is evidence that this policy applies to all employees and directors as described in (a) and (b) above.</p>
<b>Evidence</b>
<p><b>[2] Anti-Corruption Manual (Document)</b>          Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a></p> <p>[p.2] The guidance in the anti-corruption manual shall be applied by all Nammo employees and any other individual acting on Nammo’s behalf.</p> <p>[p.4] CORRUPTION – KEY MESSAGES</p> <ul style="list-style-type: none"> <li>Nammo has a zero tolerance policy on corruption and bribery. You must never ask for, accept, receive, offer or give a bribe</li> <li>You must know when it is appropriate to give or receive a benefit or service and when this crosses the boundary to become an illegal bribe. You must also assess whether a gift, arrangement or representation is illegal.</li> <li>Openness and transparency are key to combating corruption. If you are in doubt whether something can be defined as corruption or bribery, ask your superior and ensure that any near-incidents are documented.</li> </ul> <p>[...] An incident of corruption would be if one of our employees is offered or asked to offer a bribe. It extends to our partners and representatives as well. Since requests for bribes are usually made indirectly, it is enough that you suspect something has taken place. Near-incidents are what we will learn the most from.</p> <p>[p.5] WHAT YOU HAVE TO REMEMBER          [...]</p> <ul style="list-style-type: none"> <li>An act may be corrupt simply because it can be perceived to unduly influence a person or organization’s decision-making processes</li> <li>An improper advantage (bribe) can take different forms – cash, cash equivalents, gifts, credits, discounts, travel, personal benefits, accommodation or services</li> <li>Direct and indirect payments (through third parties) are prohibited</li> </ul> <p>EXAMPLES OF CORRUPTION</p> <ul style="list-style-type: none"> <li>Paying for medical treatment for a government official’s close family member</li> <li>Consulting payments to the spouse of a government official or a contribution to the official’s favorite charity</li> <li>Excessive price charged for a product or service</li> <li>Receiving illegitimate or unlawful travel or entertainment expenses for yourself and/or your family members</li> </ul> <p>[p.6] FACILITATION PAYMENTS, GIFTS AND HOSPITALITY          Facilitation payments are a small payment made to secure a routine government action or public service to which one is legally entitled.</p> <ul style="list-style-type: none"> <li>Nammo prohibits the use of this type of payment even if legal by local law</li> <li>Make sure that customers and business partners are informed about our policy and our zero tolerance of corruption</li> <li>Exception: where life, health or property is perceived to be in danger, facilitation payments can be made. Report it to the appropriate member of your management and ensure it is appropriately documented (i.e. recorded as a facilitation payment)</li> </ul>

#### SITUATIONS WITH A HIGH RISK OF A FACILITATION PAYMENT

- Official approvals, permits and licenses
- Customs clearance
- Work permits and visas
- Securing mail service or connecting utilities

#### [3] Ethical Code of Conduct (Document)

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

#### [p.4] 1. THE ETHICAL CODE OF CONDUCT

The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".

#### 1.1 Purpose

The purpose of the Code of Conduct is to ensure full compliance with laws and regulations applicable to any business transaction or business opportunity and/or any employee's relationship involving any entity of Nammo or its intermediaries. Every employee or company representative with duties that may lead to involvement in or exposure to any areas covered by this Code of Conduct, should become familiar with such regulations and comply with the Code of Conduct.

The Code of Conduct requires that our employees conduct themselves in a fair and ethical manner in all of their dealings in accordance with all applicable laws and regulations, and to ensure compliance with the anti-corruption provisions pursuant to applicable laws.

#### [p.10] 3.4 Corruption

Nammo employees and board members and all other individuals who act on Nammo's behalf are not allowed to engage in any form of bribery or corruption, including facilitation payments. This requirement is based on anti-corruption legislation to which all Nammo companies adhere, and applies to all Nammo activity worldwide. Individuals involved in acts of corruption may also be subject to civil and criminal liability.

[p.12] However, if the individual involved believes that his/ her own or others' life or health may be in danger, making a payment is not a violation of this prohibition. Payments must be correctly described in the accounts and reported to the Group's Chief Compliance Officer.

In addition to this Code of Conduct, Nammo has an Anti-Corruption Manual which provides further details on the exact procedure to follow when dealing with possible corruption or bribery situations. All employees must familiarize themselves with this procedure.

#### [p.12] 3.4.1 Facilitation Payments

Facilitation payments are payments made to secure the performance of a routine governmental action or public service to which the payer has a legal right or other entitlement. Such payments are typically low in value. Nammo prohibits the use of this type of payment even in cases where it may be legal by local law, and will work actively to prevent such payments.

Facilitation payments can only be made in exceptional circumstances, such as in cases of extortion where demands for facilitation payments are associated with expressed or perceived threats to life, safety or health. If you have been requested to pay, or have made a facilitation payment, you must immediately report it to the appropriate member of your management (according to the proper corporate reporting system) and ensure documentation and correct recording of the transaction.

[p.13] The above principles also apply in reverse, so that no individual acting on behalf of Nammo may, in their dealings with customers, suppliers and other parties, offer or agree to pay for gifts, hospitality or other expenses that would violate these principles. Particular care must be taken in dealings with public officials.

**[20] Ethics in Nammo (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>

In Nammo we aim to be recognized for our high ethical standards. Nammo's Ethical Code of Conduct describes the Group's business practices and the requirements regarding expected behavior related to corruption, conflicts of interest, harassment and discrimination. All employees and all third parties acting on behalf of Nammo shall follow these requirements.

[...]

Nammo has a zero-tolerance policy on corruption and bribery and we believe the best mitigating factor to prevent the risk of corruption in the company is to organize regularly training sessions for both our employees and the third parties acting on behalf of the company.

**[10] Nammo Group Compliance Program (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/compliance/>

Policies and Procedures

Nammo's Ethical Code of Conduct is a corner stone upon which the Compliance Program is built. The Code concerns all Nammo Group employees, as well as members of the Board of Directors of Nammo and its subsidiaries and any third party acting on behalf of the company. The Code is under revision and a new version is expected early in early 2020.

The Anti-Corruption Manual is also under revision and will be merged into the future new version of the Ethical Code of Conduct.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.10] Nammo has zero tolerance for corruption and runs training programs aimed at a continuously strengthening the understanding of ethics and compliance within the company, ref. Nammo Group Ethical Code of Conduct.

[p.11] Nammo has a zero-tolerance policy on corruption and bribery and believes the best risk mitigating activity is to organize regular training sessions for both its employees and third parties acting on behalf of the Group.

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.13] Nammo's Ethical Code of Conduct outlines the overarching ethical principles that govern decisions and behavior for all employees and third parties acting on behalf of our company. All Nammo employees receive the Ethical Code of Conduct as part of the onboarding process. It provides specific guidance for handling corruption, conflicts of interest, harassment and discrimination.

[p.16] Nammo has zero tolerance for corruption. We are committed to the United Nations Global Compact, including Principle 10, which commits us to working against corruption in all its forms.

[...] All employees must follow the Ethical Code of Conduct, which outlines Nammo's policy and guidelines for handling corruption and bribery. This includes being familiar with the Ethical Code of Conduct, taking part in training, seeking advice, and reporting any incidents.

<b>Question</b>
<b>1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the Board of Directors has ultimate responsibility for the oversight of the company's anti-bribery and corruption programme. In addition, there is evidence that the company has an independent Ethics and Integrity Council that receives regular updates from the Chief Compliance Officer and has the mandate to make recommendations on ethics and anti-corruption directly to the board. The company indicates that the Board of Directors is involved in reviewing reports on the performance of the compliance programme through an annual review and evaluation process, and there is evidence that it has the authority to require that changes are made, if necessary.</p>
<b>Evidence</b>
<p><b>[20] Ethics in Nammo (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/ethics-in-nammo/">https://www.nammo.com/who-we-are/csr/ethics-in-nammo/</a>                  Ethics &amp; Integrity Council</p> <p>In 2019 Nammo established an Ethics &amp; Integrity Council which replaced the previous Ethics Committee. The new Council is represented by three members from the Corporate level of the Group (SVP HR, SVP Legal &amp; Compliance, SVP Finance). They are nominated for a period of three years by the Management Group.</p> <p>The mandate of the Council is to act as an independent Council across the organizational structure and the reporting lines of the Group. The Council hold an advisory role to the Chief Compliance Officer (CCO) in several areas. In particular when evaluating risk levels on incoming concerns to the new reporting channel SpeakUp, and to support the CCO in the establishment of an investigation response team. The Council make recommendations and improvements of the Ethical Code of Conduct to the CCO.</p> <p>The Ethics &amp; Integrity Council can report directly to the CEO or the Board of Directors if need be. The Board of Directors have the formal oversight function of the company's anti-bribery and corruption program. This is an integrated part of the Group Compliance Program.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Responsibility and Reporting</p> <p>[...] The CCO present status of compliance activities to the Group Management on a regularly basis, and to the Board of Directors once every year or more frequent if needed.</p> <p>Compliance matters can be reported directly to the CEO if neededm and directly to the Board of Directors on special occasions.They are also part of the monthly reports at Group level and to the Board of Directors.</p> <p>[...]</p> <p>Compliance Organization</p> <p>[...] The Board of Directors is responsible for the governance and oversight of the Compliance Program. The Board of Directors shall review and evaluate the Program at least annually.</p> <p>Risk Assessments</p> <p>[...] The risk assessment process and the evaluation of the steering documents is a continuous process throughout the year and the status is reported to the Board of Directors on a regular basis, minimum once a year.</p>

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.16] 4.4 Ethics &amp; Integrity Council

Nammo have an Ethics & Integrity Council with representatives from the Senior Corporate staff. The Council will help maintain a strong focus on, common understanding of, and compliance with Nammo's Ethical Code of Conduct. Information about the Ethics & Integrity Council can be found on our website.

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.12] The CCO presents the status of compliance activities to the Group Management on a regular basis and to the Board of Directors, annually, or more frequently, if needed. The compliance overview is also part of the monthly reporting at Group level and to the Board of Directors.

**Ethics & Integrity Council (EIC)**

In 2019, Nammo replaced the previous operational Ethics Committee with an Ethics & Integrity Council. The Council is to act as an independent council across the organization. Its role is to advise the CCO on matters such as internal grievance mechanisms and policy developments. Duties, responsibilities, and activities are disclosed in the Annual Board Report.

[p.16] Our ABC training program comprises three modules: e-learning, dilemma training, and proactive "red flag" fraud training. It is part of the monthly compliance reporting to the Board of Directors, and the management group is regularly informed of progress in the program.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.11] In 2019 Nammo also established an Ethics & Integrity Council, replacing the previous Ethics Committee.



<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that a designated senior executive – the Chief Compliance Officer (CCO) – has ultimate responsibility for implementing and managing the company’s anti-bribery and corruption programme. There is evidence that this individual has a direct reporting line to the Board of Directors, which provides oversight of the company’s anti-bribery and corruption programme. The company also states that the CCO has a direct reporting line to the Chief Executive Officer (CEO), who is ultimately accountable for the company’s compliance activities. There is evidence that the CCO engages in reporting and feedback activities with both the Board of Directors and the CEO on a regular basis, as part of the company’s reporting structure.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Compliance in Nammo is led by the the Chief Compliance Officer (CCO) who has the responsibility for the design and implementation of the Compliance Program. This includes the design, planning and monitoring of the anti-bribery and corruption (ABC) communication and training.</p> <p>Responsibility and Reporting</p> <p>The CCO reports operationally to the SVP Legal and Compliance. The CCO meet with the Chief Executive Officer (CEO) minimum on a quarterly basis to present and review status on activities and discuss strategic and operational topics. The CCO present status of compliance activities to the Group Management on a regularly basis, and to the Board of Directors once every year or more frequent if needed.</p> <p>Compliance matters can be reported directly to the CEO if neededm and directly to the Board of Directors on special occasions.They are also part of the monthly reports at Group level and to the Board of Directors.</p> <p>[...]</p> <p>Compliance Organization</p> <p>It is the responsibility of the CCO to secure the implementation, monitoring and improvement of the Compliance Program.</p> <p>[...] The Chief Executive Officer (CEO) is accountable to the Board of Directors for ensuring implementation and management of Nammo’s Compliance Program. Specifically, this includes ensuring that a compliance culture is promoted within Nammo and that its employees adhere to policies and directives.</p> <p>The Site Managers are responsible for ensuring effective implementation and maintenance of the Compliance Program within its respective unit and that the employees adhere to the associated systems and guidelines. Site Managers, in consultation with CCO, are responsible for ensuring that adequate resources for an effective accomplishment of the Compliance Program are allocated.</p> <p>Site Managers are also responsible for the regular reporting of the status of controls, compliance breaches and their improvement to the CCO.</p> <p><b>[8] Management (Webpage)</b>                  Accessed 05/03/2020  <a href="https://www.nammo.com/who-we-are/about-us/management/">https://www.nammo.com/who-we-are/about-us/management/</a>                  Sissel Solum                  Chief Compliance Officer</p>



**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.12] The Chief Compliance Officer (CCO) leads the operational management of, and ensures compliance with, anti-bribery and corruption measures, export and trade regulations, and responsible business and sustainability. The CCO reports operationally to the Senior Vice President Legal & Compliance and meets with the CEO on a quarterly basis to present and review the status of activities and discuss strategic and operational topics. The CCO presents the status of compliance activities to the Group Management on a regular basis and to the Board of Directors, annually, or more frequently, if needed. The compliance overview is also part of the monthly reporting at Group level and to the Board of Directors.

[p.13] The Chief Compliance Officer (CCO) is responsible for keeping Nammo’s Ethical Code of Conduct up to date.

[p.16] Anti-bribery and corruption is an essential part of the Nammo Compliance Program (read more about this in chapter 1). Our Chief Compliance Officer (CCO) is responsible for the design and implementation of the Program, which includes anti-bribery and corruption (ABC) communication and training.

**[20] Ethics in Nammo (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>  
Management of Ethics

The Directive of Ethics in the Nammo Group Management System is organized under the Senior Vice President of Human Resources who has overall management responsibility for the training programs. The Chief Compliance Officer is assigned responsibility for assessing and monitoring the Anti-Bribery and Corruption program.

[...]

The mandate of the Council is to act as an independent Council across the organizational structure and the reporting lines of the Group. The Council hold an advisory role to the Chief Compliance Officer (CCO) in several areas. In particular when evaluating risk levels on incoming concerns to the new reporting channel SpeakUp, and to support the CCO in the establishment of an investigation response team. The Council make recommendations and improvements of the Ethical Code of Conduct to the CCO.

**[2] Anti-Corruption Manual (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.6]

BELOW IS A DIAGRAM SHOWING THE REPORTING LINES THAT ARE AVAILABLE TO YOU



## 2. Internal Controls

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company has a formal risk assessment procedure that includes anti-bribery and corruption risks, and informs the design of the compliance programme. The company states that this process is conducted continuously and there is evidence that the board reviews the results of these risk assessments on an annual basis (or more frequently if necessary). Although the company does not explicitly state that the results of such assessments are used to develop tailored mitigation plans, there is sufficient evidence that the programme is updated on this basis and so the company receives a score of '2'.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Mandate</p> <p>The Compliance Mandate is divided into three areas based on the Group's risk assessment: Anti-bribery and corruption, Export and trade regulations and Responsible business and sustainability. These are the foundation of the Group Compliance Program.</p> <p>[...]</p> <p>Risk Assessments</p> <p>Through the Nammo Management System, the Group has a formalized annual process for risk management. The risk assessment process and the evaluation of the steering documents is a continuous process throughout the year and the status is reported to the Board of Directors on a regular basis, minimum once a year. The group CEO conducts quarterly individual business review meetings with the business units. These meetings are a vehicle for scrutiny of the business units performance. Risk assessment is one of the significant items addressed in these meetings and some areas are mandatory such as; compliance, financial, health/environment/security &amp; safety, human resources, operational, reputational and corruption risks.</p> <p>[...]</p> <p>Monitoring, reviewing, testing and improvement</p> <p>The Compliance Program is evaluated, reviewed and tested internally on a continual basis with the purpose to improve its suitability, adequacy and effectiveness. Such evaluation and review include e.g. testing implemented controls (such as financial controls related to potential risk of corruption and trade compliance) and analyzing actual violations or clear circumventions of the company's policies, directives or processes.</p> <p>Also, Nammo may undertake employee surveys to a) measure its compliance culture and strength of internal controls, monitoring systems and communication routines, b) identify best practices, and c) detect new risk areas. The result of any evaluation and review of the Program, including recommendations for improvement, will be reported annually to the Group Management Team and the Board of Directors.</p> <p>The Compliance Program shall be evaluated and assessed by a third party every third year and the result thereof shall be reported to the Group Management Team and the Board of Directors.</p>

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.13] COMPLIANCE AND RISK MANAGEMENT

Nammo's corporate governance system consists of a compliance program and a management system. This ensures that our business operations comply with applicable laws, regulations, and industry standards. The system also supports long-term development of the company and serves as an essential risk-mitigating factor for current and future operations.

Corporate compliance in Nammo focuses on the three areas of compliance: anti-bribery & corruption, export & trade regulations, and responsible business & sustainability. These areas are based on the company's risk assessment and form the foundation of Nammo's compliance program. The program involves planning, monitoring, communication, and training in these three areas.

The compliance program is evaluated, reviewed and tested internally on a continual basis to improve its suitability, adequacy and effectiveness. This includes testing implemented controls and analyzing potential violations or circumventions of the company's policies, directives or processes

**[5] Corporate Governance (Webpage)**

Accessed 06/04/2020

<https://www.nammo.com/who-we-are/about-us/corporate-governance/>

Introduction

[...]

Over the last couple of years we have implemented an updated corporate governance framework, Nammo Management System (NMS). The Nammo Management System describes how the Nammo Group is managed and our continuous process for identifying and handling risks in our business. Through this project we have formalized a yearly process for risk management and re-enforced the hierarchy and structure of the steering documents such as directives, procedures and instructions. The risk assessment process and the evaluation of the steering documents is a continuous process throughout the year and the status will be reported to the board of directors on a regular basis, minimum once per year.

**Corporate directives**

The framework for leadership, organization and culture is the foundation of the Nammo management system. The system is based on the delegation of responsibility to our legal subsidiaries and business units, as well as corporate functions, such as finance, human resources, communication, IT, HESS and business development. In order to maintain uniform standards and control, we have defined common requirements in the form of corporate directives that are mandatory for all parts of our organization. The directives address areas such as strategy and business planning, finance, risk management, organizational and employee development, HESS (Health, Environment, Safety and Security), ethics, as well as corporate social responsibility.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.10] RISK FACTORS

Nammo operates in a global market characterized by a potential for unexpected and rapid shifts in political stability and security environment, technology, products, exchange rates and other risk factors. Risk management is therefore an integral part of Nammo's strategic and operative business management, with the aim of supporting both strategic and financial goals.

[p.11] Ethics and anti-corruption

During 2019 Nammo has emphasized risk mitigating factors within several areas of the organization. One is the enhanced due diligence procedure for onboarding of selected third parties. This work continues into 2020 with the implementation of a new risk management tool and the establishment of an overall risk management process at the Group level.

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company’s compliance program – which includes anti-bribery and corruption – is subject to a regular audit or ‘assessment’ process. There is evidence that this includes provisions for continuous improvement, supplemented by an independent or external review every three years. The company also states that findings and recommendations are presented to the Group Management Team and the Board on an annual basis.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Monitoring, reviewing, testing and improvement</p> <p>The Compliance Program is evaluated, reviewed and tested internally on a continual basis with the purpose to improve its suitability, adequacy and effectiveness. Such evaluation and review include e.g. testing implemented controls (such as financial controls related to potential risk of corruption and trade compliance) and analyzing actual violations or clear circumventions of the company’s policies, directives or processes.</p> <p>Also, Nammo may undertake employee surveys to a) measure its compliance culture and strength of internal controls, monitoring systems and communication routines, b) identify best practices, and c) detect new risk areas. The result of any evaluation and review of the Program, including recommendations for improvement, will be reported annually to the Group Management Team and the Board of Directors.</p> <p>The Compliance Program shall be evaluated and assessed by a third party every third year and the result thereof shall be reported to the Group Management Team and the Board of Directors.</p> <p>Internal review of every entity is an annually performance of the Compliance Team and reported to the Management Team and the Board of Directors.</p> <p>During 2018 Nammo had two assessments by two different external parties. One was a fraud culture assessment as part of a PHD Study in the UK where the purpose was to assess the level of maturity of Nammo’s existing strategy and measures in place to mitigate fraud and corruption. The most significant consequence from the assessment’s conclusions has been the establishment of an efficient and detailed Investigation Response Plan.</p> <p>The second assessment was done by Deloitte. They performed a compliance maturity assessment that revealed several areas of low, medium and high risk where there was found to be room for improvement. All areas of improvement from the Deloitte compliance assessment are addressed in the Group Compliance Program and they are part of the improvement work moving forward.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.13] The compliance program is evaluated, reviewed and tested internally on a continual basis to improve its suitability, adequacy and effectiveness. This includes testing implemented controls and analyzing potential violations or circumventions of the company’s policies, directives or processes.</p> <p>Nammo conducts employee surveys to measure its compliance culture and system of internal controls, monitoring, and communications. Surveys are also used to identify best practices and detect new risk areas.</p> <p>The results of any evaluation and review of the program, including recommendations for improvement, are reported to the Group Management Team and the Board of Directors.</p>

The compliance program is evaluated and assessed by a third party every third year and the results are reported to the Group Management Team and the Board of Directors. The compliance program was last evaluated in 2018 with a new evaluation set for 2021.

**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**

Based on publicly available information, there is evidence that the company has a system for tracking, investigating and responding to allegations or incidents of bribery and corruption. The company publicly commits to investigating incidents promptly and there is evidence that the company has a procedure in place that stipulates documentation and actions to be taken at each step of the process. There is evidence that the company ensures the independence of its investigations, by involving the independent Ethics and Integrity Council (EIC) in the process and by noting that conflict of interest considerations are taken into account when establishing an investigation response team.

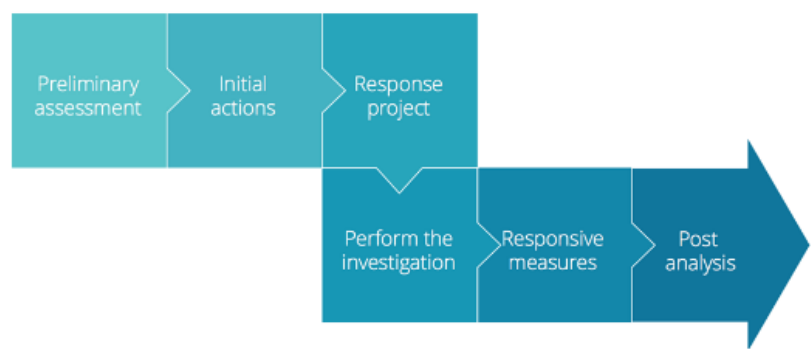
In addition, although the company does not explicitly state that a central body within the organisation receives and reviews summary information on all cases on a regular basis, there is sufficient evidence to indicate that the Chief Compliance Officer and EIC fulfil this role in the process, so the company receives a '2'.

**Evidence**

**[10] Nammo Group Compliance Program (Webpage)**  
 Accessed 07/03/2020  
<https://www.nammo.com/who-we-are/csr/compliance/Allegations and Investigations>  
 [...]



All reports through the system will be forwarded to the CCO of Nammo who will evaluate the severity of the cases. Low risk cases should preferably be handled locally. If cases are of high or severe risk the CCO will evaluate the report in cooperation with the Ethics and Integrity Council (EIC). If risk level or conflict of interest is evaluated too high the CCO and the EIC will establish an Investigation Response Team. The Response Team shall follow a detailed Investigation Response Plan. Below is a resumed overview of the six steps of the Investigation Response Plan. The Response Plan is divided into six steps, and each action taken during the process shall be appropriately documented.



Nammo expects its managers to emphasize the value of reporting compliance concerns promptly and foster an environment of open reporting.

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.14] All reports made through the SpeakUp system are forwarded to the company's CCO, who then evaluates them in cooperation with the Ethics and Integrity Council (EIC). Depending on the risk level or conflict of interest, the CCO and the EIC can establish an investigation response team. The response team shall follow the Group's Investigation Response Plan.

**[20] Ethics in Nammo (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>

The mandate of the Council is to act as an independent Council across the organizational structure and the reporting lines of the Group. The Council hold an advisory role to the Chief Compliance Officer (CCO) in several areas. In particular when evaluating risk levels on incoming concerns to the new reporting channel SpeakUp, and to support the CCO in the establishment of an investigation response team.

**[2] Anti-Corruption Manual (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.5] RAISING CONCERNS

If an employee suspects or becomes aware of any corrupt practices in the course of their work for Nammo, he/she is obligated to immediately notify the following:

- Their closest superior – line management is always the main route for reporting concerns in Nammo
- Your local Human Resources Manager
- Your local Compliance Manager

This will ensure the situation is handled correctly and in a legal manner. Such reporting and the corresponding review are critical components of the company's efforts to prevent corruption and bribery, as well as to learn from incidents or near-incidents. It will also help Nammo in the important job of documenting facts as early as possible.

After an incident is reported, Nammo's Anti-Corruption Response Team will immediately assist in the follow-up and make sure the process is in line with the response plan on anti-corruption. This includes providing direct and instant feedback, as well as assistance, if needed, to the person(s) reporting the incident.

As a rule you should follow the anti-corruption manual's reporting lines, but there will be occasions when you will need to consult or escalate a case to the SpeakUp reporting channel. You can always seek advice from your local Compliance Officer before a case is officially reported. If a formal investigation is needed, this is the responsibility to be evaluated by the Chief Compliance Officer in coordination with the Nammo Ethics & Integrity Council.

[p.6]

BELOW IS A DIAGRAM SHOWING THE REPORTING LINES THAT ARE AVAILABLE TO YOU



**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.16] 4.3 Handling Cases of Doubt and Breaches of the Rules




Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo's Ethical Code of Conduct, is obligated to immediately notify their superior.

A manager who receives such notification must consult their own superior or local Human Resources in cases of doubt.

[p.17] 4.6 Consequences

Breaches of the Group's Ethical Code of Conduct or relevant statutory provisions may result in disciplinary action or dismissal with or without notice, and may be reported to the relevant authorities.

<b>Question</b>
<b>2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company has appropriate arrangements in place to assure the quality of its internal investigations. There is no evidence that staff tasked with conducting investigations are properly qualified or trained to perform the function, nor does the company provide any information on how it handles complaints or concerns about the investigative procedure. Moreover, there is no evidence that the investigations procedure is subject to review at least every three years or in response to any relevant changes in the regulatory environment.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  All reports shall be handled in strict confidence. The system has an option to report anonymously. Nammo will not have access to the individuals identity and the system is both encrypted and GDPR compliant.</p> <p><b>[20] Ethics in Nammo (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/ethics-in-nammo/">https://www.nammo.com/who-we-are/csr/ethics-in-nammo/</a>                  Ethics &amp; Integrity Council</p> <p>[...]</p> <p>The Council hold an advisory role to the Chief Compliance Officer (CCO) in several areas. In particular when evaluating risk levels on incoming concerns to the new reporting channel SpeakUp, and to support the CCO in the establishment of an investigation response team.</p> <p><b>[2] Anti-Corruption Manual (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a>                  [p.5] RAISING CONCERNS</p> <p>This will ensure the situation is handled correctly and in a legal manner. Such reporting and the corresponding review are critical components of the company’s efforts to prevent corruption and bribery, as well as to learn from incidents or near-incidents. It will also help Nammo in the important job of documenting facts as early as possible.</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company's investigative procedure includes a commitment to report material findings to the board and to relevant authorities, if necessary. The company indicates that the CCO – the main individual responsible for receiving allegations or incidents – provides information on compliance matters to the board on a monthly basis. There is also evidence that the company commits to report findings to relevant authorities if necessary, and based on the company's reporting and investigative structure it is clear that the CCO is responsible for this process.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/Responsibility%20and%20Reporting">https://www.nammo.com/who-we-are/csr/compliance/Responsibility and Reporting</a></p> <p>[...] The CCO present status of compliance activities to the Group Management on a regularly basis, and to the Board of Directors once every year or more frequent if needed.</p> <p>Compliance matters can be reported directly to the CEO if neededm and directly to the Board of Directors on special occasions.They are also part of the monthly reports at Group level and to the Board of Directors.</p> <p>[...]</p> <p>Site Managers are also responsible for the regular reporting of the status of controls, compliance breaches and their improvement to the CCO.</p> <p>[...]</p> <p>Allegations and Investigations</p> <p>[...] All reports through the system will be forwarded to the CCO of Nammo who will evaluate the severity of the cases. Low risk cases should preferably be handled locally. If cases are of high or severe risk the CCO will evaluate the report in cooperation with the Ethics and Integrity Council (EIC). If risk level or conflict of interest is evaluated too high the CCO and the EIC will establish an Investigation Response Team. The Response Team shall follow a detailed Investigation Response Plan. Below is a resumed overview of the six steps of the Investigation Response Plan. The Response Plan is divided into six steps, and each action taken during the process shall be appropriately documented.</p>  <pre>                 graph LR                 A[Preliminary assessment] --&gt; B[Initial actions]                 B --&gt; C[Response project]                 C --&gt; D[Perform the investigation]                 D --&gt; E[Responsive measures]                 E --&gt; F[Post analysis]                 </pre>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a></p> <p>[p.5] If you encounter any situation which appears to be in conflict with applicable laws or Nammo's Ethical Code of Conduct , you are obligated to immediately notify your superior and, if necessary, the Chief Compliance Officer.</p>

[p.16] 4.3 Handling Cases of Doubt and Breaches of the Rules

Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo's Ethical Code of Conduct, is obligated to immediately notify their superior.

[p.17] 4.6 Consequences

Breaches of the Group's Ethical Code of Conduct or relevant statutory provisions may result in disciplinary action or dismissal with or without notice, and may be reported to the relevant authorities.

**[20] Ethics in Nammo (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>

The mandate of the Council is to act as an independent Council across the organizational structure and the reporting lines of the Group. The Council hold an advisory role to the Chief Compliance Officer (CCO) in several areas. In particular when evaluating risk levels on incoming concerns to the new reporting channel SpeakUp, and to support the CCO in the establishment of an investigation response team.

**[2] Anti-Corruption Manual (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.4] CORRUPTION – KEY MESSAGES

[...]

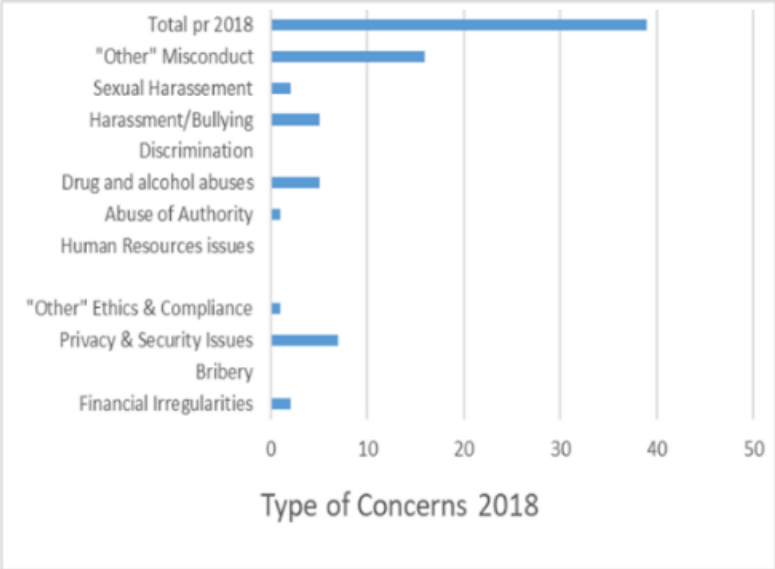
- Failure to comply with our zero tolerance policy will be considered a serious breach of the employee's obligations towards Nammo and may result in disciplinary action or dismissal, with or without notice.

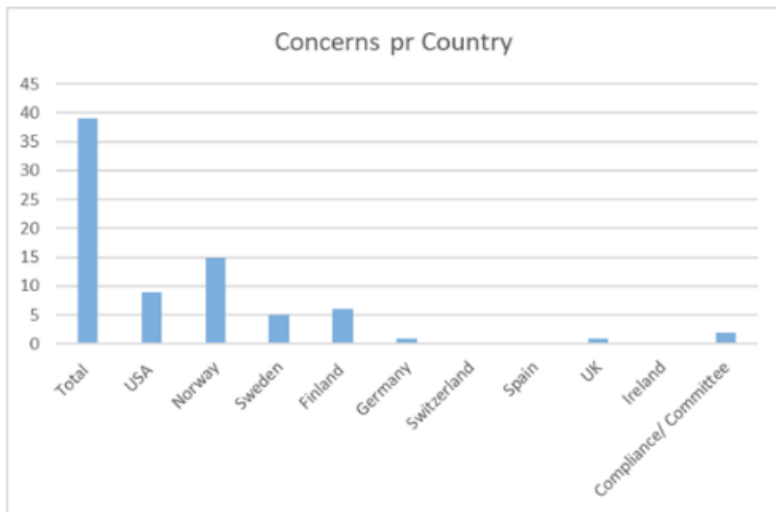
**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.15] It is the duty of Nammo to provide all required information to the relevant export authorities.

<b>Question</b>																										
<b>2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?</b>																										
<b>Score</b>																										
<b>2</b>																										
<b>Comments</b>																										
<p>There is evidence that the company publishes high-level data on its ethical and bribery-related incidents and investigations involving company employees. The company provides information on the number of reports received and the number of investigations launched, as well as stating that no concerns or legal proceedings were raised relating to bribery or corruption. There is evidence that this data is published on at least an annual basis, to cover cases from the most recently reported financial year.</p>																										
<b>Evidence</b>																										
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.14] In 2019 there were 51 reported concerns compared to 39 in 2018. The majority of the concerns were in the category of behavioral misconduct and were handled through the human resources department in the local line organization according to company procedure. Three concerns were raised directly to compliance: two internally and one by an external stakeholder. Compliance completed one investigation in Q1 and began another in Q4. The external case was reported by an anonymous source. The case has been added to the company’s Dilemma Bank for future training sessions.</p> <p>[p.15] Nammo was not involved in any legal proceedings associated with incidents of corruption, bribery or illicit international trade in 2019.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Allegations and Investigations</p> <p>[...]</p> <p>During 2018 we had 39 concerns reported within the following countries and categories, with the majority of the issues raised to HR relating to misconduct, alcohol abuse, harassment and bullying:</p>  <table border="1"> <caption>Type of Concerns 2018</caption> <thead> <tr> <th>Category</th> <th>Number of Concerns</th> </tr> </thead> <tbody> <tr> <td>Total pr 2018</td> <td>39</td> </tr> <tr> <td>"Other" Misconduct</td> <td>16</td> </tr> <tr> <td>Sexual Harassment</td> <td>2</td> </tr> <tr> <td>Harassment/Bullying</td> <td>5</td> </tr> <tr> <td>Discrimination</td> <td>1</td> </tr> <tr> <td>Drug and alcohol abuses</td> <td>5</td> </tr> <tr> <td>Abuse of Authority</td> <td>1</td> </tr> <tr> <td>Human Resources issues</td> <td>1</td> </tr> <tr> <td>"Other" Ethics &amp; Compliance</td> <td>1</td> </tr> <tr> <td>Privacy &amp; Security Issues</td> <td>6</td> </tr> <tr> <td>Bribery</td> <td>1</td> </tr> <tr> <td>Financial Irregularities</td> <td>1</td> </tr> </tbody> </table>	Category	Number of Concerns	Total pr 2018	39	"Other" Misconduct	16	Sexual Harassment	2	Harassment/Bullying	5	Discrimination	1	Drug and alcohol abuses	5	Abuse of Authority	1	Human Resources issues	1	"Other" Ethics & Compliance	1	Privacy & Security Issues	6	Bribery	1	Financial Irregularities	1
Category	Number of Concerns																									
Total pr 2018	39																									
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Harassment/Bullying	5																									
Discrimination	1																									
Drug and alcohol abuses	5																									
Abuse of Authority	1																									
Human Resources issues	1																									
"Other" Ethics & Compliance	1																									
Privacy & Security Issues	6																									
Bribery	1																									
Financial Irregularities	1																									



There were no corruption incidents or legal actions reported in 2018 related to Ethics and Anti-Bribery and Corruption. Two low-risk issues were reported to Compliance and the previous Ethics Committee.

### 3. Support to Employees

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company provides training that outlines the basic principles of its anti-bribery and corruption policy as described in the Ethical Code of Conduct and Anti-Corruption Manual, which includes the whistleblowing options available to employees. The company states that it provides e-learning modules in all relevant languages for most employees, supplemented by in-person training for the remaining staff members. There is evidence that employees are required to refresh their training on an annual basis.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a></p> <p>[p.16] Our ABC training program comprises three modules: e-learning, dilemma training, and proactive “red flag” fraud training. It is part of the monthly compliance reporting to the Board of Directors, and the management group is regularly informed of progress in the program.</p> <p>[p.17] The e-learning module aims to raise awareness of ethics, anti-corruption measures, and information security among Nammo employees. A monthly exercise is distributed to all employees who have access to company computers in their local language.</p> <p>Workers without a company e-mail address do not receive the e-learning training. The middle management shall present the e-learning lessons to these workers during their regular meetings (at a minimum, monthly, although meetings with production staff are daily or weekly).</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Training and Communication</p> <p>In the Nammo Group all subsidiaries are responsible of educating and training their local employees. Within the compliance program the ethics &amp; anti-bribery and corruption training, along with regulatory trade training, are subjects handled at corporate level. Nammo has established three annual rolling training programs to mitigate risk of anti-corruption.</p> <ul style="list-style-type: none"> <li>• E-learning to raise awareness on ethics and IT security. A new exercise is distributed every month to all employees who have access to company computers in their local language. It reaches around 1750 employees out of 2400. Employees without access to company computers are to receive their training from their immediate manager. The e-learning exercises is a requirement for all external sales representatives and the external board members. A monthly report keep track on the completion level and encourages the managers to follow up their employees. An annual survey at the end of the year confirm that the awareness program was highly appreciated among the employees, and the overall completion rate stands at around 88%. Topics covered included the following:                         <ul style="list-style-type: none"> <li>– Nammo Ethical Code of Conduct – annual sign off</li> <li>– Gifts and Invitations</li> <li>– [...]</li> <li>– Corruption and Bribery</li> <li>– Impartiality and Conflicts of Interest</li> </ul> </li> </ul> <p>[...]</p>



## Regulatory Training

In general each subsidiary support their employees educational development within necessary regulatory training. During 2018 Nammo held two regulatory training programs at Group level. One training program for key employees concerning the new EU regulation on GDPR (General Data Protection Regulation). One training program with focus on the International Traffic in Arms Regulation (ITAR) for relevant Nammo employees in Europe. All together around 280 employees completed the corporate regulatory training program. Nammo will continue to develop a strategic training program to ensure that employees in key position have the right knowledge and education to perform their job according to national and regulatory requirements.

### [4] Annual Report 2019 (Document)

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.11] Nammo has a zero-tolerance policy on corruption and bribery and believes the best risk mitigating activity is to organize regular training sessions for both its employees and third parties acting on behalf of the Group. The ethics and anti-corruption training is divided into three different programs; web based e-learning training, dilemma workshops for employees in high risk positions, and tailor-made red-flag training on fraud detection.

Regular e-learning training is implemented to increase employee awareness. During 2019 the training reached 1750 employees and 87% completed the e-learning. Five leadership groups participated in dilemma training in 2019.

### [20] Ethics in Nammo (Webpage)

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>

Nammo has a zero-tolerance policy on corruption and bribery and we believe the best mitigating factor to prevent the risk of corruption in the company is to organize regularly training sessions for both our employees and the third parties acting on behalf of the company.

In Nammo we have focused our training program on anti-bribery and corruption with three areas. These are e-learning, dilemma training and Proactive Fraud "red flag" training. You can read more about the diverse training programs under Training & Communication in the Compliance Program overview.

### [2] Anti-Corruption Manual (Document)

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.5] It is your responsibility to:

- Have read and be familiar with our Ethical Code of Conduct, as well as this manual
- Take part in anti-corruption training programs and relevant activities in the organization

<b>Question</b>
<p><b>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</b></p> <p><b>a) Employees in high risk positions,</b>  <b>b) Middle management,</b>  <b>c) Board members.</b></p>
<b>Score</b>
2
<b>Comments</b>
<p>Based on publicly available information, there is some evidence that employees in certain positions receive different or tailored anti-bribery and corruption training. There is evidence in the company's publicly available documents that employees in high risk positions, middle management and board members (including external board members) are required to undertake tailored ethics and anti-corruption training. The company indicates that dilemma training for employees in high risk positions is delivered on an annual basis, as well as during the onboarding process.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>          Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>          [p.17] The e-learning exercises are also a requirement for all external sales representatives and the external board members. As of 2019, all Nammo's board members had completed the e-learning training.</p> <p>Dilemma training is workshop training for middle management employees in high-risk positions. Five high-risk teams underwent the dilemma training in 2019. Nammo has developed an in-house Dilemma Bank with around 30 different dilemmas covering areas of culture, finance, business ethics, procurement, and personal conduct. In 2019, 77 employees in the US and 8 employees in Norway received dilemma training on ethics and anticorruption.</p> <p>"Red flag" fraud awareness training is a tailor-made training course for the administration and middle management at each subsidiary. Target groups are all administrative functions (sales, finance, contract, procurement, supply-chain, R&amp;D, management). After training is completed, corrective actions are defined and will be subject to review. Optimally, "red flag" training should be repeated every three years. In 2019, no "red flag" trainings were carried out, but preparations were started for a training session to take place early 2020 in Germany.</p> <p>Employees of newly acquired companies must all partake in a program introducing Nammo's company culture and the Ethical Code of Conduct and an interactive workshop with a set of different ethical dilemmas to be presented and discussed. This training shall be accomplished within the first 100 days after the acquisition and is a part of our general risk management procedures when acquiring new companies.</p> <p>[p.23] Nammo also requires all external board members and special consultants to sign the Ethical Code of Conduct and participate in the monthly e-learning awareness program on ethics and IT security.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>          Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>          Training and Communication          In the Nammo Group all subsidiaries are responsible of educating and training their local employees. Within the compliance program the ethics &amp; anti-bribery and corruption training, along with regulatory trade training, are subjects handled at corporate level. Nammo has established three annual rolling training programs to mitigate risk of anti-corruption.</p> <ul style="list-style-type: none"> <li>• [...] The e-learning exercises is a requirement for all external sales representatives and the external board members. [...]</li> <li>• Dilemma training is a workshop training for teams from middle management employees in high-risk positions. IT is also a requirement within the 100 Day Program for newly acquired companies. Four high-risk teams had the dilemma training in 2018. The Dilemma training will become an annual requirement to all employees in high-risk positions from 2020 including all management teams. Nammo has developed an in-house Dilemma</li> </ul>

Bank with around 30 different dilemmas covering areas of culture, finance, business ethics, procurement and personal conduct.

- Red Flag Fraud awareness training is a tailor made training for the administration and middle management at each subsidiary. During 2018 three countries and 8 production entities received training. Target groups are all administrative functions at the entity. (Sales, finance, contract, procurement, supply-chain, r&d, management). After completed training, corrective actions are defined and will be subject for review. The Red Flag training is optimal if repeated in a three-year cycle.

[...] Nammo will continue to develop a strategic training program to ensure that employees in key position have the right knowledge and education to perform their job according to national and regulatory requirements.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.11] The ethics and anti-corruption training is divided into three different programs; web based e-learning training, dilemma workshops for employees in high risk positions, and tailor-made red-flag training on fraud detection.

Regular e-learning training is implemented to increase employee awareness. During 2019 the training reached 1750 employees and 87% completed the e-learning. Five leadership groups participated in dilemma training in 2019.

<b>Question</b>																																							
<b>3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?</b>																																							
<b>Score</b>																																							
<b>2</b>																																							
<b>Comments</b>																																							
<p>Based on publicly available information, there is evidence that the company reviews its anti-bribery and corruption communications and training programme. The company indicates that it monitors its training and communications programme using training completion rates, as well as undertaking periodic employee surveys to ensure employee understanding. There is evidence that company monitors this on a monthly basis and reviews the overall results of any evaluations on an annual basis.</p> <p>Although the company does not explicitly state that this information is used to update the programme at least every three years, there is sufficient evidence to indicate that the results of such reviews are used to update the programme so the company receives a score of '2'.</p>																																							
<b>Evidence</b>																																							
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.13] Nammo conducts employee surveys to measure its compliance culture and system of internal controls, monitoring, and communications. Surveys are also used to identify best practices and detect new risk areas.</p> <p>The results of any evaluation and review of the program, including recommendations for improvement, are reported to the Group Management Team and the Board of Directors.</p> <p>[p.16] Anti-bribery and corruption is an essential part of the Nammo Compliance Program (read more about this in chapter 1). Our Chief Compliance Officer (CCO) is responsible for the design and implementation of the Program, which includes anti-bribery and corruption (ABC) communication and training.</p> <p>[p.17] In 2019, 1 750 (out of 2 404) employees were invited to complete the training modules resulting in a completion rate of 88 percent.</p> <p>[...] In 2019, 77 employees in the US and 8 employees in Norway received dilemma training on ethics and anticorruption.</p> <table border="1"> <thead> <tr> <th>COUNTRY</th> <th>No of total employees</th> <th>Completed e-learning</th> </tr> </thead> <tbody> <tr> <td>US</td> <td>589</td> <td>83 %</td> </tr> <tr> <td>Norway</td> <td>791</td> <td>79 %</td> </tr> <tr> <td>Sweden</td> <td>287</td> <td>53 %</td> </tr> <tr> <td>Finland</td> <td>340</td> <td>53 %</td> </tr> <tr> <td>Germany</td> <td>155</td> <td>34 %</td> </tr> <tr> <td>Spain</td> <td>160</td> <td>45 %</td> </tr> <tr> <td>Switzerland</td> <td>12</td> <td>100 %</td> </tr> <tr> <td>UK</td> <td>43</td> <td>100 %</td> </tr> <tr> <td>Ireland</td> <td>22</td> <td>100 %</td> </tr> <tr> <td>Australia</td> <td>1</td> <td>100 %</td> </tr> <tr> <td>India</td> <td>1</td> <td>100 %</td> </tr> <tr> <td>Poland</td> <td>0</td> <td>0 %</td> </tr> </tbody> </table> <p>[p.18] STATUS 2019</p> <p>Anti-bribery and corruption controls</p> <ul style="list-style-type: none"> <li>• Eighty-eight percent of Nammo employees completed the e-learning training (on ethics and IT security).</li> <li>• Dilemma training completed for 85 employees in high risk positions.</li> </ul>	COUNTRY	No of total employees	Completed e-learning	US	589	83 %	Norway	791	79 %	Sweden	287	53 %	Finland	340	53 %	Germany	155	34 %	Spain	160	45 %	Switzerland	12	100 %	UK	43	100 %	Ireland	22	100 %	Australia	1	100 %	India	1	100 %	Poland	0	0 %
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India	1	100 %																																					
Poland	0	0 %																																					

**[20] Ethics in Nammo (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/ethics-in-nammo/>

Management of Ethics

[...] The ethics and anti-corruption training program is part of the monthly compliance reporting to the Board of Directors. The management group is regularly informed of progress in the ethics and anti-corruption training program.

**[10] Nammo Group Compliance Program (Webpage)**

Accessed 07/03/2020

<https://www.nammo.com/who-we-are/csr/compliance/>

Compliance in Nammo is led by the the Chief Compliance Officer (CCO) who has the responsibility for the design and implementation of the Compliance Program. This includes the design, planning and monitoring of the anti-bribery and corruption (ABC) communication and training.

[...] The Group Management shall regularly communicate throughout the global organization the importance to conduct business responsibly, provide guidance and emphasize on Nammo's strong commitment to compliance and ethical behavior and the company's policy on zero tolerance of corruption.

Training and Communication

[...] A monthly report keep track on the completion level and encourages the managers to follow up their employees. An annual survey at the end of the year confirm that the awareness program was highly appreciated among the employees, and the overall completion rate stands at around 88%.

Monitoring, reviewing, testing and improvement

[...]

Also, Nammo may undertake employee surveys to a) measure its compliance culture and strength of internal controls, monitoring systems and communication routines, b) identify best practices, and c) detect new risk areas. The result of any evaluation and review of the Program, including recommendations for improvement, will be reported annually to the Group Management Team and the Board of Directors.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

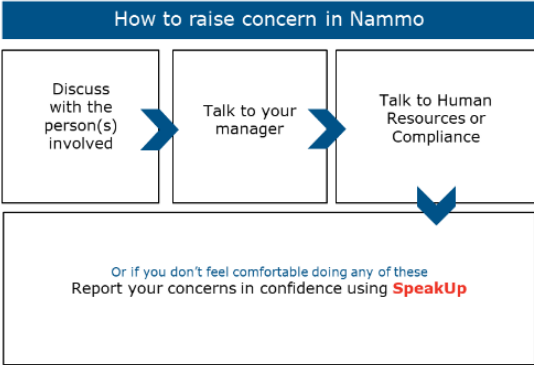
[p.11] During 2019 the training reached 1750 employees and 87% completed the e-learning. Five leadership groups participated in dilemma training in 2019.

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no evidence to indicate that the company’s employee incentive schemes incorporate ethical or anti-bribery and corruption principles. The company provides some information on its top-level remuneration for senior management, but there is no evidence that this includes ethical targets nor that it applies to other employees.</p>
<b>Evidence</b>
<p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.25] Based on the input from the HR and Compensation Committee the board makes a final assessment of the CEO’s remuneration and other compensation matters, including the structure of the top management compensation schemes. The CEO determines the compensation for all other members of corporate management, following the guidelines given by the board. Management remuneration at Nammo AS and its subsidiaries is based on the following main principles:</p> <ul style="list-style-type: none"> <li>• Top management remuneration shall be competitive, but not leading and within this framework, support general moderation in the development of top management remunerations.</li> <li>• It shall be structured to attract and motivate managers to strive to achieve continuous improvements in operations, financial results and other company key objectives</li> <li>• The remuneration system shall be understandable, transparent and acceptable both inside and outside of Nammo</li> <li>• It shall be flexible and open to adjustments when requirements change • The system shall encourage cooperation.</li> </ul> <p>Corporate management compensation will reflect their responsibility for the management, performance and sustainable development of Nammo, taking into account the size and complexity of the business. The arrangements shall always be transparent and in line with principles for good corporate governance.</p> <p>[...] Elements of management remuneration – fixed salary and variable benefits</p> <p>The basis for wage setting is the aggregated level of a manager’s ordinary salary and variable benefits. The fixed salary comprises a basic salary plus benefits in kind and postemployment benefit plans. Variable benefits consist of performance-based salary. Regular and relevant benchmarks (for the industry ex. oil &amp; gas sector in Norway) are made to ensure that overall compensation packages are competitive, but not leading. For Nammo management, latest benchmark shows that total fixed and variable remuneration is lower than for comparable international companies. Based on the benchmarking, the board has concluded the following main criteria for the top-manager’s salary level:</p> <ul style="list-style-type: none"> <li>• Position grading, relative to size and complexity of the area of responsibility</li> <li>• Competence (education, experience and other competencies)</li> <li>• Length of employment at Nammo</li> <li>• Time in current position and achieved results</li> </ul> <p>[p.26] Performance-based salary Beyond the main principle of a base salary, there is a bonus-scheme. The bonus system adheres to the limits set by the Norwegian government regarding the sizes and levels of variable pay, for instance the bonus may not exceed six months’ salary.</p> <p>For 2020, the top-management of Nammo has two main targets; improved operational and financial performance. The performance targets for 2020 are linked to these overall targets for all the top managers. Therefore, the bonus scheme is based on improvements in operational, such as delivering on defined improvement programs and other specific operational objectives, and financial, i.e. NIBT, performance both in their individual business unit (40-50 percent of total bonus) and on the overall improvements of the group (35-45 percent of the total bonus). In addition, all top-managers have personal goals (10-20 percent of total bonus). Good results over time should yield a 50 percent of individual maximum bonus.</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
1
<b>Comments</b>
<p>The company publishes a statement that any employee who refuses to act unethically, in keeping with the company’s ethical and anti-corruption values and policy, will be protected and supported even where such actions result in a disadvantage to the company. However, the company receives a score of ‘1’ because there is no evidence that it assures itself of employees’ confidence in this specific commitment through anonymised surveys or other clearly stated means.</p>
<b>Evidence</b>
<p><b>[20] Ethics in Nammo (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/ethics-in-nammo/">https://www.nammo.com/who-we-are/csr/ethics-in-nammo/</a>                  We encourage all employees to SpeakUp and report any unethical behavior or misconduct that violates the company’s Ethical Code of Conduct. Any employee who refuse to act against the law or refuse to violate the company’s Ethical Code of Conduct, shall be supported and protected even where such actions result in a loss of business or another disadvantage to the company.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Tone from the top</p> <p>[...] A culture of transparency is also vital for Nammo where employees shall also be encouraged to speak up and report any misconduct.</p> <p>The Group Management shall regularly communicate throughout the global organization the importance to conduct business responsibly, provide guidance and emphasize on Nammo’s strong commitment to compliance and ethical behavior and the company’s policy on zero tolerance of corruption.</p> <p>Monitoring, reviewing, testing and improvement</p> <p>[...] Also, Nammo may undertake employee surveys to a) measure its compliance culture and strength of internal controls, monitoring systems and communication routines, b) identify best practices, and c) detect new risk areas</p> <p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.16] 4.1 Personal Responsibility</p> <p>[...]</p> <p>In Nammo, personal responsibility means “doing the right thing”, even when nobody is watching. We shall always be honest, truthful and reliable. We should act in consistency with Nammo’s core values, and promote these values by acting responsibly towards colleagues, business associates and society at large.</p> <p>4.2 Managerial Responsibility</p> <p>[...] Managers are responsible for creating an open and honest environment in which employees feel comfortable about bringing issues forward.</p>



<b>Question</b>
<b>3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?</b>
<b>Score</b>
1
<b>Comments</b>
<p>There is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption-related concerns or incidents. This policy is stated in the company's Ethical Code of Conduct, and therefore applies to all employees across the organisation, including those employed by the group as third parties, suppliers and joint venture partners. However, the company receives a score of '1' because there is no evidence that it assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4] THE ETHICAL CODE OF CONDUCT                  The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".</p> <p>[p.17] 4.5 Raising Concerns                  Nammo will not retaliate against any individual who, in a responsible manner, informs persons in positions of responsibility or internal entities about possible breaches of Nammo's ethical guidelines, applicable laws or other questionable circumstances involving Nammo's business.</p> <p>Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo's ethical requirements, is obligated to immediately notify his/her superior and /or follow the SpeakUp Procedure.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.14] As embedded in our Ethical Code of Conduct, Nammo does not tolerate retaliation against any employee who raises a concern in good faith.</p> <p>[p.27] Nammo will not retaliate against any individual who, in a responsible manner, informs about possible breaches of our ethical guidelines, applicable laws or questionable circumstances in Nammo's business.</p> <p><b>[2] Anti-Corruption Manual (Document)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a>                  [p.6] Nammo will not retaliate against any individual who, in a responsible manner, informs persons in positions of responsibility or internal entities about possible breaches of our ethical guidelines, applicable laws or other questionable circumstances in Nammo's business. Requests for anonymity will be honored.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Allegations and Investigations</p> <p>A central part of a robust compliance program is the implementation of a mechanism for the organization's employees and external parties to report suspected or actual red flags and indications of misconduct or violations of the company's policies or directives on a confidential basis and without fear of retaliation.</p> <p>[...] Nammo does not tolerate retaliation against any employee who raises a concern in good faith.</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company provides multiple channels to report instances of suspected corrupt activity and seek advice on the company’s anti-bribery and corruption programme. These channels are sufficiently varied to allow the employee to raise concerns across the management chain and to relevant external bodies through the SpeakUp channel. The company states that these channels allow for confidential and, where possible, anonymous reporting. There is evidence that the company’s whistleblowing channel is available and accessible to all employees in Europe, as well as an email channel that is available to those employed by the group as third parties, suppliers and joint venture partners based in other jurisdictions.</p> <p>Although the company states that it operates an external reporting channel (SpeakUp), it is noted that the company does not provide further details on how employees or external entities may access it.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/Responsibility%20and%20Reporting">https://www.nammo.com/who-we-are/csr/compliance/Responsibility and Reporting</a></p> <p>[...] Compliance matters can be reported directly to the CEO if neededm and directly to the Board of Directors on special occasions.</p> <p>Allegations and Investigations</p> <p>A central part of a robust compliance program is the implementation of a mechanism for the organization’s employees and external parties to report suspected or actual red flags and indications of misconduct or violations of the company’s policies or directives on a confidential basis and without fear of retaliation.</p> <p>[...]</p> <p>How to raise concerns in Nammo?                  Nammos procedure to raise concerns has been simplified and strengthened during 2019. In the month of November a new channel of last resort reporting will be rolled out in all European entities. All employees will receive the roll out material in their native language. The roll out starts first in Europe and will continue in the US as soon as all security and risk mitigations are approved.</p> <div data-bbox="116 1547 652 1910" data-label="Diagram">  <pre>                 graph LR                 A[Discuss with the person(s) involved] --&gt; B[Talk to your manager]                 B --&gt; C[Talk to Human Resources or Compliance]                 C --&gt; D[Or if you don't feel comfortable doing any of these Report your concerns in confidence using SpeakUp]                 </pre> </div> <p>The procedure to raise concern is supported by an external reporting channel called SpeakUp that can be accessed by phone or by web and with a specific country code. It facilitates the dialogue between the company and the reporting employee. The employees can report in their native language and the system is available 24/7. The employees can expect a response within 3-5 days.</p>

All reports shall be handled in strict confidence. The system has an option to report anonymously. Nammo will not have access to the individuals identity and the system is both encrypted and GDPR compliant.

[...]

Third parties who would like to report concerns about Nammo are welcome to do so by contacting: ethics@nammo.com. This contact e-mail is also listed in our Supplier Conduct Principles and the Ethical Code of Conduct.

**[2] Anti-Corruption Manual (Document)**

Accessed 07/03/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.4] It is your responsibility to:

[...]

- Immediately notify your closest superior in your division or Human Resources if you suspect a corruption incident or a near-corruption incident has taken place. If you are not comfortable with this use our SpeakUp channel.

[p.5] RAISING CONCERNS

If an employee suspects or becomes aware of any corrupt practices in the course of their work for Nammo, he/she is obligated to immediately notify the following:

- Their closest superior – line management is always the main route for reporting concerns in Nammo
- Your local Human Resources Manager
- Your local Compliance Manager

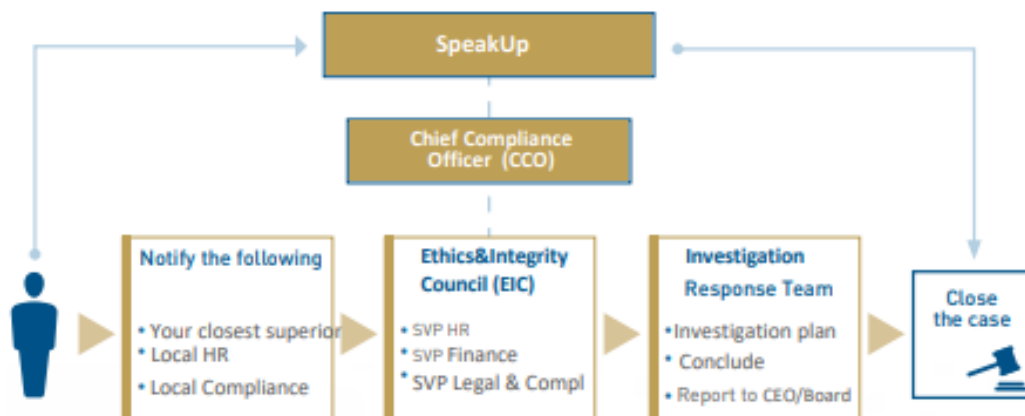
This will ensure the situation is handled correctly and in a legal manner. Such reporting and the corresponding review are critical components of the company’s efforts to prevent corruption and bribery, as well as to learn from incidents or near-incidents. It will also help Nammo in the important job of documenting facts as early as possible.

After an incident is reported, Nammo’s Investigation Response Team will immediately assist in the follow-up and make sure the process is in line with the response plan on anti-corruption. This includes providing direct and instant feedback, as well as assistance, if needed, to the person(s) reporting the incident.

As a rule you should follow the anti-corruption manual’s reporting lines, but there will be occasions when you will need to consult or escalate a case to the SpeakUp reporting channel. You can always seek advice from your local Compliance Officer before a case is officially reported. If a formal investigation is needed, this is the responsibility to be evaluated by the Chief Compliance Officer in coordination with the Nammo Ethics & Integrity Council.

[p.6]

BELOW IS A DIAGRAM SHOWING THE REPORTING LINES THAT ARE AVAILABLE TO YOU



[p.6] Nammo will not retaliate against any individual who, in a responsible manner, informs persons in positions of responsibility or internal entities about possible breaches of our ethical guidelines, applicable laws or other questionable circumstances in Nammo’s business. Requests for anonymity will be honored.

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.13] In 2019 Nammo implemented a new internal grievance mechanism for misconduct. All reports are handled confidentially through our reporting channel, SpeakUp, which can be accessed by phone or online and with a specific country code as instructed in the “Do the Right Thing” manual. The service is managed by a third party who facilitates dialog between the company and the reporting employee. Employees can report in their native language and the system is available 24/7. Nammo does not have access to the individuals’ identity if they choose to report their concerns anonymously. The system is encrypted and GDPR compliant and can be used by all employees outside the US. A similar system will be established for all employees in the US during 2020.

[p.14] Third parties who would like to report concerns about Nammo are welcome to do so by contacting ethics@nammo.com. This contact e-mail is also listed in our Supplier Conduct Principles and the Ethical Code of Conduct.

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.16] 4.3 Handling Cases of Doubt and Breaches of the Rules

Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo’s Ethical Code of Conduct, is obligated to immediately notify their superior and /or the Nammo Ethics Committee.

A manager who receives such notification must consult their own superior or SVP Human Resources in cases of doubt. The issue may also be addressed to Nammo’s Ethics Committee. Requests for anonymity will be honored to the greatest extent possible.

[p.17] 4.5 Raising Concerns

Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo’s ethical requirements, is obligated to immediately notify his/her superior and /or follow the Raise Concern Procedure.

Contact information is available on the Nammo Intranet/Corporate, or contact ethics@nammo.com

[p.18] When facing ethical dilemmas and challenging situations, you may need additional information about correct conduct and procedures to follow. Such resources are available from the Nammo management system (NMS).

**[13] Supplier Conduct Principles (Document)**

Accessed 25/07/2019

[https://www.nammo.com/globalassets/pdfs/misc/nammo\\_template-supplierconductprinciples04042019.pdf](https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf)

[p.7] 8.5 Reporting Irregularities to Nammo

If the Supplier, its employees, its contractors, or any other stakeholder, believes that the terms of the Nammo Supplier Conduct Principles are not adhered to, or that Nammo is not acting in accordance with its own Supplier Conduct Principles or Ethical Code of Conduct, Nammo encourages such concerns to be raised via its reporting channel ethics@nammo.com. Concerns will be handled in confidence by the Ethics Committee.

## 4. Conflict of Interest

<b>Question</b>
<b>4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has a policy for conflicts of interest that explicitly applies to all employees and board members. Based on the company’s publicly available information, there is evidence that this policy addresses conflicts that might arise from employee relationships, financial interests and other/outside employment.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that its policy specifically addresses or covers government relationships.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a></p> <p>[p.4] THE ETHICAL CODE OF CONDUCT</p> <p>The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo’s behalf, hereinafter referred to collectively as “the individual”.</p> <p>[p.13] 3.5 Conflicts of Interest</p> <p>The individual must behave impartially in all business dealings and not give other companies, organizations or individual’s improper advantages. The individual must not become involved in relationships that could give rise to an actual or perceived conflict with Nammo’s interests, or could in any way have a negative effect on their own freedom of action or judgment.</p> <p>[p.14] No individual must work on or deal with any matter in which they themselves, their spouse, partner, close relative, or any other person with whom they have close relations, has a direct or indirect financial interest. Nor can the individual work on or deal with any matter where there are other circumstances that might undermine trust in the employee’s own impartiality or to the integrity of their work.</p> <p>[p.14] 3.6 Outside Employment, Business Ventures and Other Assignments</p> <p>Nammo employees must not engage in other paid employment, business ventures or assignments of any significance outside Nammo, except if approved by Nammo in writing. Should a conflict of interest arise, or if the employee’s ability to perform their duties or fulfill their obligations to Nammo is compromised, such approval will not be granted, or will be withdrawn.</p> <p><b>[13] Supplier Conduct Principles (Document)</b>                  Accessed 25/07/2019  <a href="https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf">https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf</a></p> <p>[p.7] 7.1.7 Conflict of Interest</p> <p>Nammo expects its Suppliers to avoid conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with Nammo. Nammo understands that such actual or potential conflicts may arise in the course of business from time to time, in which case Nammo expects its Suppliers to timely disclose them to Nammo and all other affected parties</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is evidence that the company has some procedures in place to identify, declare and manage conflicts of interest, which include reporting any potential conflicts to management and review of business assignments if a conflict arises.</p> <p>However, the company receives a score of '0' because its conflict of interest procedure does not include further details of specific controls to identify, declare and manage conflicts. For example, there is no evidence that a specific body or individual has oversight and accountability for handling cases, nor that employee declarations are held in a central register accessible by those responsible for oversight of the process. There is also no evidence that the company outlines criteria for recusals, though this information could possibly be provided in the training module on conflicts of interest. The company provides details of how any ethical concerns are handled, but it is not clear that this includes a specific procedure to handle conflicts of interest.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4] THE ETHICAL CODE OF CONDUCT</p> <p>The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".</p> <p>[p.14] 3.5 Conflicts of Interest</p> <p>[...] Suspicion of a conflict of interest should be reported to a member of the management team.</p> <p>[p.14] 3.6 Outside Employment, Business Ventures and Other Assignments</p> <p>Nammo employees must not engage in other paid employment, business ventures or assignments of any significance outside Nammo, except if approved by Nammo in writing. Should a conflict of interest arise, or if the employee's ability to perform their duties or fulfill their obligations to Nammo is compromised, such approval will not be granted, or will be withdrawn.</p> <p>[p.16] 4.3 Handling Cases of Doubt and Breaches of the Rules</p> <p>Any employee involved in, subjected to, or witnessing what is believed to be a violation of Nammo's Ethical Code of Conduct, is obligated to immediately notify their superior. A manager who receives such notification must consult their own superior or local Human Resources in cases of doubt. Concerns may also be addressed to Corporate Compliance at <a href="mailto:ethics@nammo.com">ethics@nammo.com</a>. Requests for anonymity will be honored. Employees located outside the US are encouraged to use the internal SpeakUp system.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 07/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Training and Communication</p> <p>[...] Topics covered included the following:                  [...]</p> <ul style="list-style-type: none"> <li>• Impartiality and Conflicts of Interest</li> </ul>

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

<b>Question</b>
<b>4.4. Does the company report details of the contracted services of serving politicians to the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
Based on publicly available information, there is no evidence to indicate that the company reports details of the contracted services of serving politicians.
<b>Evidence</b>
No evidence found.



## 5. Customer Engagement

### 5.1 Contributions, Donations and Sponsorships

<b>Question</b>
<b>5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is evidence that the company has a policy that prohibits support of political parties or politicians, which applies to all employees and board members within the organisation. However, the company receives a score of '0' because although it prohibits corporate political contributions, there is evidence that the company is associated with a Political Action Committee (PAC) in the USA.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4]. THE ETHICAL CODE OF CONDUCT</p> <p>The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".</p> <p>[p.13] 3.4.3 Lobbyists and Political Activity</p> <p>Nammo shall not support individual political parties or individual politicians. Nammo may participate in public debate when this is in the Group's interest, but shall do so in an open and transparent way. One exception to the support of political parties can be involvement in the US Political Action Committee.</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes details of its direct or indirect political contributions on an annual basis. The company indicates that its Political Action Committee in the USA may support political parties, but there is no evidence that the company publishes any details of these donations on its own website.
<b>Evidence</b>
No evidence found.

<b>Question</b>																
<b>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?</b>																
<b>Score</b>																
1																
<b>Comments</b>																
<p>There is evidence that the company has a procedure covering charitable donations and sponsorships, which includes sign-off from a three-person committee, a formal contract and certain accounting standards. There is evidence that this procedure applies to all legal entities and business units within the company.</p> <p>However, the company receives a score of ‘1’ because it does not publish details of its sponsorships in sufficient detail. The company publishes percentages of its donations per sector, but there is no evidence that this data is updated on an annual basis and it does not include details such as the recipient, amount, country of recipient or which corporate entity made the payment.</p>																
<b>Evidence</b>																
<p><b>[11] Sponsorships (Webpage)</b>                  Accessed 21/01/2020  <a href="https://www.nammo.com/who-we-are/sponsoring/">https://www.nammo.com/who-we-are/sponsoring/</a></p> <p>Each year the Nammo group and the local businesses support a range of activities in their local communities. Nammo supports local sports clubs, cultural events, humanitarian aid as well as health actions for employees. In addition, employees donate money to other local initiatives.</p> <p>Since 2010 Nammo has been among the main sponsors behind two Norwegian national teams: women's biathlon team and the women's ski jumping team. The sponsorship for the ski jumping team includes a technology-program, Nammo Aerotech. In the Nammo Aerotech technology program Nammo has contributed to improvements in ski jumping technique and performance through increased technological expertise and support in aerodynamics.</p> <p>Nammo's intent with these engagement is to promote Nammo and the group's civilian ammunition brand, Lapua, as well as building a strong company culture and promoting our ambition to empower women.</p> <table border="1"> <caption>Sponsorship Distribution</caption> <thead> <tr> <th>Sponsorship Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Company wide sports sponsorships</td> <td>60 %</td> </tr> <tr> <td>Local sports clubs and associations</td> <td>19 %</td> </tr> <tr> <td>Culture</td> <td>8 %</td> </tr> <tr> <td>Health actions for employees and the local communities</td> <td>7 %</td> </tr> <tr> <td>Defense associations and homeland security</td> <td>5 %</td> </tr> <tr> <td>Humanitarian aid</td> <td>1 %</td> </tr> <tr> <td>Others</td> <td>1 %</td> </tr> </tbody> </table> <p>How to apply for sponsorship</p> <p>[...] Our sponsorships are intended to support our branding, culture, and promote our Corporate Social Responsibility goals, and are managed through a group-wide sponsorship procedure. The procedure includes a sponsorship committee of three persons at each legal entity, the use of common contract formats and payment procedures. Sponsorships are also defined in three categories based on type and cost levels. The sponsorship procedure covers Nammo AS and all wholly owned subsidiaries, and all subsidiaries where Nammo has a majority ownership and/or management control. All these legal entities need to comply with both this procedure and local</p>	Sponsorship Category	Percentage	Company wide sports sponsorships	60 %	Local sports clubs and associations	19 %	Culture	8 %	Health actions for employees and the local communities	7 %	Defense associations and homeland security	5 %	Humanitarian aid	1 %	Others	1 %
Sponsorship Category	Percentage															
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Health actions for employees and the local communities	7 %															
Defense associations and homeland security	5 %															
Humanitarian aid	1 %															
Others	1 %															

laws and regulations. Note that sponsorships aimed at activities in local communities where Nammo is present will be approved by the sponsorship committee at the local legal entity.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.12] Society

Nammo has a strong ambition to be a positive contributor to the development of the local communities where its facilities are located. The Group therefore engages in local sponsorships of areas such as sports, science and culture, with a focus on children and youth.

In recent years, Nammo has placed a significant emphasis on supporting the continued development of a strong and independent trade press, which includes sponsorship of two annual awards for young trade press journalists, a practice that will continue through 2020.

**[2] Anti-Corruption Manual (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.5] EXAMPLES OF CORRUPTION

[...]

- Consulting payments to the spouse of a government official or a contribution to the official's favourite charity

## 5.2 Lobbying

<b>Question</b>
<b>5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence to indicate that the company requires all lobbyists acting on its behalf to follow the standards of behaviour outlined in its Ethical Code of Conduct. There is evidence that this applies to all employees, board members and third parties engaged in lobbying on the company’s behalf.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that the company has a specific policy which defines lobbying and stipulates specific standards of conduct for those engaged in lobbying activities. There is no evidence that the company has specific controls or procedures in place for lobbyists, such as oversight mechanisms or other guidelines.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4] 1. THE ETHICAL CODE OF CONDUCT</p> <p>The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo’s behalf, hereinafter referred to collectively as “the individual”.</p> <p>[p.13] 3.4.3 Lobbyists and Political Activity</p> <p>Nammo shall not support individual political parties or individual politicians. Nammo may participate in public debate when this is in the Group’s interest, but shall do so in an open and transparent way. One exception to the support of political parties can be involvement in the US Political Action Committee.</p>

<b>Question</b>
<b>5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any information about its lobbying aims, topics or activities.
<b>Evidence</b>
No evidence found.

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

### 5.3 Gifts and Hospitality

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a policy on the giving and receipt of gifts and hospitality. The company’s policy specifies a financial limit for all promotional expenses – noting that any gifts above that level which cannot be refused should immediately be reported to a superior – and its policy also addresses the risks associated with gifts and hospitality given to/received from public officials. The company does not state that all gifts and hospitality above a certain threshold are recorded in a dedicated central register, the company’s strict and low financial threshold on promotional expenses is sufficient to merit a score of ‘2’.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.12] 3.4.2 Gifts, Hospitality and Expenses</p> <p>The individual must not, directly or indirectly, accept gifts except for promotional items of minimal value normally bearing a company logo. Other gifts may be accepted in situations where it would clearly give offence to refuse; in such situations, the individual shall inform their superior. Exclusive and high value gifts must be handed over immediately to Nammo and will be regarded as the property of Nammo.</p> <p>[p.13] Hospitality such as social events, meals or entertainment may be accepted by the individual if there is a clear business reason. The cost of any hospitality must be kept within reasonable limits. Travel, accommodation and other expenses for the individual themselves in connection with such hospitality must always be paid by Nammo. However, we must distinguish between these constraints and the natural level of hospitality and behavior expected in accordance with different business cultures and government regulations within our worldwide markets.</p> <p>The above principles also apply in reverse, so that no individual acting on behalf of Nammo may, in their dealings with customers, suppliers and other parties, offer or agree to pay for gifts, hospitality or other expenses that would violate these principles. Particular care must be taken in dealings with public officials.</p> <p><b>[2] Anti-Corruption Manual (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a>                  [p.4] You must know when it is appropriate to give or receive a benefit or service and when this crosses the boundary to become an illegal bribe. You must also assess whether a gift, arrangement or representation is illegal.</p> <p>[p.5] An improper advantage (bribe) can take different forms – cash, cash equivalents, gifts, credits, discounts, travel, personal benefits, accommodation or services</p> <p>[p.7] Gifts are anything of value given without direct demand for compensation. Do not accept or offer gifts if there is reason to believe that its purpose is to improperly influence business decisions or be seen as such. You should consider:</p> <ul style="list-style-type: none"> <li>• Purpose, form and content of the gift as well as the situation in which it is offered</li> <li>• Value of the gift – Nammo’s limit is NOK 300 (giving and receiving) or a corresponding value in your country’s currency</li> <li>• Gifts in the form of cash, or cash equivalent, are never allowed.</li> <li>• Promotional items of minimal value, often with company logo, are acceptable</li> <li>• Exchanging gifts may be part of local culture, but the line between gifts/business courtesies and corrupt inducements can be difficult to distinguish. Be careful</li> </ul>



- If clearly offensive to refuse a gift, you should accept it and make sure you immediately inform your closest superior. Gifts exceeding a value of NOK 300 must be reported to your closest superior and in some cases might need to be handed over and regarded as Nammo property

**BE PARTICULARLY CAUTIOUS IN THE FOLLOWING SETTINGS**

- Repeated gifts from the same enterprise or person
- Gifts in connection with contractual negotiations
- Gifts that are offered in anticipation of something being offered in return
- Gifts to public officials

Hospitality includes expenses incurred in connection with social events, meals or entertainment.

- You may not – directly or indirectly – accept hospitality or other business courtesies that could influence, or be perceived to influence, your decisions on behalf of Nammo
- Invitations to social events, meals or entertainment may only be accepted if there is a clear business reason. Cost must be kept within reasonable limits. You should consider:
- Purpose, form and content as well as situation of the arrangement
- Value and nature of the arrangement
- Travel, accommodation and other expenses for you in connection with such hospitality must always be paid by Nammo
- All matters concerning hospitality, expenses and similar advantages must be discussed and agreed between you and your closest superior
- It is important to distinguish between the constraints described above and the natural hospitality and behavioral standards expected in different business cultures. The varying nature of government regulations across our worldwide markets is another important consideration

The above principles apply in the reverse direction – you may not offer or agree to pay for hospitality or other expenses in violation of these guidelines.

**BE PARTICULARLY CAUTIOUS IN THE FOLLOWING SETTINGS**

- Arrangements that also include partners/spouses
- Invitations to arrangements that do not have a real business agenda
- Particular care must be taken in dealings with public officials

## 6. Supply Chain Management

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships. The company states that a central procurement department is responsible for the onboarding and review of the supplier base, while noting that in some smaller entities this process is managed by a specific procurement or supply chain manager.</p> <p>However, the company receives a score of '1' because it does not provide any publicly available information to indicate that it assures itself of the procurement department's involvement in the onboarding and management process at least every three years.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Suppliers                  The process of onboarding suppliers and subcontractors is done following a risk based evaluation. At larger entities in Nammo it is the procurement department who have the ultimate responsibility for onboarding and regular review of the most critical suppliers. In smaller entities without a procurement department the responsibility is managed by the procurement- and/or supply chain manager.</p> <p>[...] Nammo does not have a global digitalized framework of onboarding its suppliers yet. Today this is done in a decentralized way, country by country. A common Group onboarding process is being defined for all business partners, including the adequate tools in 2020.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.22] We estimate to have more than 7 000 registered suppliers, of which close to 500 are strategic.</p> <p>[...]</p> <p>Supplier due diligence and control                  Each of Nammo's legal entities and business units is responsible for undertaking appropriate due diligence on its respective suppliers to ensure all suppliers offered contracts meet Nammo's standards</p> <p><b>[3] Ethics Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.8] 2.4 Contractual Arrangements                  Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures.</p> <p>All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure.</p> <p>All agreements shall be in writing.</p>

**[13] Supplier Conduct Principles (Document)**

Accessed 25/07/2019

[https://www.nammo.com/globalassets/pdfs/misc/nammo\\_template-supplierconductprinciples04042019.pdf](https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf)

[p.7] 8.3 Nammo's Commitment

Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.

<b>Question</b>
<b>6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?</b>
<b>Score</b>
1
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has formal procedures in place to conduct risk-based due diligence when engaging and re-engaging with suppliers. The company indicates that the degree of due diligence is dependent on a number of factors including type, size and geographic location of the supplier, and states that various red flags and sanctions list are checked during the process. There is evidence that highest risk – termed ‘critical’ in the company’s documents – are subject to enhanced due diligence and self-assessment requirements every two years.</p> <p>However, the company receives a score of ‘1’ because it does not clearly indicate that this due diligence process includes establishing the ultimate beneficial ownership of the supplying company. There is also no clear evidence to suggest that the company might review or possibly terminate supplier relationships in circumstances where a red flag highlighted in the due diligence cannot be mitigated.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.22] We estimate to have more than 7 000 registered suppliers, of which close to 500 are strategic.</p> <p>[...]</p> <p>Supplier due diligence and control                  Each of Nammo’s legal entities and business units is responsible for undertaking appropriate due diligence on its respective suppliers to ensure all suppliers offered contracts meet Nammo’s standards. We have a risk-based due diligence process in the selection and use of business partners. The degree of due diligence depends on the type of business partner, the country or countries involved, the size and nature of the transaction, and the historical relationship with the third party.</p> <p>[p.23] Nammo performs regular audits of the supply chain in order to review quality and compliance with the Supplier Conduct Principles and how flow down is handled throughout the supply chain. All suppliers must fill in a self-assessment questionnaire when being contracted. Suppliers considered critical to Nammo are every second year subject to a self-assessment questionnaire. A supplier can be classified as critical based on several criteria such as the size of the company, its geographic location, and whether it is a sole source or provides a critical component. Suppliers are vetted against various lists, including sanctions lists and lists identifying red flags, including debarments.</p> <p>[...]</p> <p>TARGET 2020</p> <p>Value chain integrity</p> <ul style="list-style-type: none"> <li>• Implement a new risk management tool and an overall risk management process to further strengthen supply chain due diligence.</li> </ul> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p>

Depending on the type of business partner the degree of the due diligence may vary based on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, and historical relationship with the third-party.

#### Suppliers

[...] A supplier can be classified as critical based on several criteria such as e.g. the size of the company, a geographic location, sole source, critical component etc. Suppliers are vetted on various lists, including sanctions lists and lists which identify red flags, including debarments. Additionally, suppliers receive an annual survey for a self-reporting of risks. Although the tool has various names throughout the Nammo Group, the local entities uses a source Selection Matrix which identifies how a supplier was chosen and has various criteria which are assessed. Also, after a supplier has been issued a Purchase Order from a Nammo site, the supply chain departments within Nammo work with their respective Quality Control/Assurance departments who go onsite with suppliers and perform audits and assessments.

#### **[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.11] During 2019 Nammo has emphasized risk mitigating factors within several areas of the organization. One is the enhanced due diligence procedure for onboarding of selected third parties. This work continues into 2020 with the implementation of a new risk management tool and the establishment of an overall risk management process at the Group level.

#### **[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.8] 2.4 Contractual Arrangements

Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures. All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure. All agreements shall be in writing.

<b>Question</b>															
<b>6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?</b>															
<b>Score</b>															
<b>2</b>															
<b>Comments</b>															
<p>Based on publicly available information, there is evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies and procedures in place. The company outlines these expectations in its Supplier Conduct Principles, which stipulates standards on facilitation payments, gifts and hospitality and whistleblowing. In addition, the company states that suppliers must comply with its Ethical Code of Conduct which contains similar standards covering these areas. There is evidence that the company takes active steps to ensure that these standards are being upheld, for example by requiring that all suppliers complete a self-assessment as part of the onboarding process, conducting annual reviews on a selection of companies and by cooperating with suppliers to improve their policies if necessary.</p>															
<b>Evidence</b>															
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.9]</p> <table border="1"> <thead> <tr> <th>Stakeholder groups</th> <th>Engagement type</th> <th>Frequency of engagement</th> <th>Key topics and concerns raised</th> <th>Nammo's response</th> </tr> </thead> <tbody> <tr> <td>[...]</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Suppliers</td> <td>Meetings, site visits, supplier forums, request for tenders</td> <td>Daily, weekly, monthly, annually</td> <td>Flow down of contracts, quality and delivery</td> <td>Communication of Supplier Conduct Principles, Supplier questionnaire, quality audit, Modern Slavery Act Statement</td> </tr> </tbody> </table> <p>[p.22] Supplier governance and social practices                  Nammo's Ethical Code of Conduct and Supplier Conduct Principles state our requirements and expectations for business practices, personal conduct, and working conditions to our business partners. The principles are founded on the UN Global Compact's ten principles and the International Labor Organization (ILO) conventions. All business partners are required to comply with these guidelines and with applicable national and international laws.</p> <p>The Supplier Conduct Principles were revised in 2019. They specifically address the supplier's obligation to conduct business in compliance with modern slavery and human trafficking legislation.</p> <p>[p.23] All our business partners receive and are obligated to observe Nammo's Ethical Code of Conduct upon signing a contract with us.</p> <p>[...] Nammo performs regular audits of the supply chain in order to review quality and compliance with the Supplier Conduct Principles and how flow down is handled throughout the supply chain. All suppliers must fill in a self-assessment questionnaire when being contracted.</p> <p>[...] Nammo is committed to cooperating with suppliers to ensure that they have appropriate ethical and responsible policies and practices in place and to supporting them in closing any gaps the self-assessment may identify. We are currently developing a global framework to improve third-party risk management which will be implemented in 2020.</p> <p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.11] Nammo's suppliers are expected to comply with Nammo Supplier Conduct Principles. These principles along with the Modern Slavery Act Statement supports the flow down of customer requirements within Nammo's supply chain.</p>	Stakeholder groups	Engagement type	Frequency of engagement	Key topics and concerns raised	Nammo's response	[...]					Suppliers	Meetings, site visits, supplier forums, request for tenders	Daily, weekly, monthly, annually	Flow down of contracts, quality and delivery	Communication of Supplier Conduct Principles, Supplier questionnaire, quality audit, Modern Slavery Act Statement
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Suppliers	Meetings, site visits, supplier forums, request for tenders	Daily, weekly, monthly, annually	Flow down of contracts, quality and delivery	Communication of Supplier Conduct Principles, Supplier questionnaire, quality audit, Modern Slavery Act Statement											

**[13] Supplier Conduct Principles (Document)**

Accessed 25/07/2019

[https://www.nammo.com/globalassets/pdfs/misc/nammo\\_template-supplierconductprinciples04042019.pdf](https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf)
**[p.4] 1. INTRODUCTION**

Nammo considers ethics and corporate responsibility to be at the heart of its operations and intends to be recognized for holding a high ethical standard. Nammo expects the same from any business partners. The objective of Nammo's Supplier Conduct Principles is to state the requirement for best business practices, personal conduct and safe working conditions in the entire Nammo supply chain and for all parties (entities and/or persons) that have a direct contractual relationship with and offer products and services to Nammo, hereinafter referred to as "the Supplier(s)". Nammo's Supplier Conduct Principles are founded on the UN Global Compact's ten principles, the International Labor Organization (ILO) conventions, and Nammo's Ethical Code of Conduct.

**[p.5] 6. ANTI-CORRUPTION****6.1 Principle 10**

Businesses should work against corruption in all its forms, including extortion and bribery. Nammo expects its Suppliers to work proactively and to develop policies and concrete programs to address corruption internally and within their supply chain. Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, fraud and any other prohibited business practices.

The Supplier shall comply with national laws and regulations and shall not offer, promise or give any undue advantage, favour or incentive to any government officials, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary as long as the Supplier is under contract with Nammo.

**[p.6] 7.11 Gifts, Hospitality and Expenses (Business Courtesies)**

The Supplier shall not, directly or indirectly, offer gifts to Nammo employees or representatives or anyone closely related to them, unless the gift is of modest value. Cash or cash equivalents shall not be offered or given.

Hospitality, such as social events, meals or entertainments may be offered if a legitimate business purpose is involved and cost is kept within reasonable limits.

In situations of contract negotiation, bidding, or award, no expenses, hospitality or gifts shall be offered or received. Travel expenses for the individual representing Nammo, shall be paid by Nammo.

**[p.7] 7.17 Conflict of Interest**

Nammo expects its Suppliers to avoid conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with Nammo. Nammo understands that such actual or potential conflicts may arise in the course of business from time to time, in which case Nammo expects its Suppliers to timely disclose them to Nammo and all other affected parties.

**7.18 Consequences of Non-Compliance**

Nammo expects that its Suppliers, upon receiving reasonable notice, will give Nammo access to relevant premises and documentation to verify compliance with the Supplier Conduct Principles.

If a Supplier fails to meet the expectations as set out in the Supplier Conduct Principles, Nammo's general approach is to encourage improvement. Critical deviations or repeated unwillingness to make improvement, however, may jeopardize the Supplier's relationship with Nammo.

**8.3 Nammo's Commitment**

Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.

**8.5 Reporting Irregularities to Nammo**

If the Supplier, its employees, its contractors, or any other stakeholder, believes that the terms of the Nammo Supplier Conduct Principles are not adhered to, or that Nammo is not acting in accordance with its own Supplier Conduct Principles or Ethical Code of Conduct, Nammo encourages such concerns to be raised via its reporting channel [ethics@nammo.com](mailto:ethics@nammo.com). Concerns will be handled in confidence by the Ethics Committee.

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)**[p.4] 1. THE ETHICAL CODE OF CONDUCT**

The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".

**[p.8] 2.4 Contractual Arrangements**

Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures.

All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure.

All agreements shall be in writing.

**2.5 Interactions with Suppliers, Partners and Customers**

Nammo conducts its business in a way that fosters trust between suppliers, partners and customers. Suppliers and partners are expected to adhere to standards which are consistent with Nammo's ethical requirements.

**[p.10] 3.4 Corruption**

Nammo employees and board members and all other individuals who act on Nammo's behalf are not allowed to engage in any form of bribery or corruption, including facilitation payments. This requirement is based on anti-corruption legislation to which all Nammo companies adhere, and applies to all Nammo activity worldwide. Individuals involved in acts of corruption may also be subject to civil and criminal liability.

**[p.11] 3.4.1 Facilitation Payments**

Facilitation payments are payments made to secure the performance of a routine governmental action or public service to which the payer has a legal right or other entitlement. Such payments are typically low in value. Nammo prohibits the use of this type of payment even in cases where it may be legal by local law, and will work actively to prevent such payments.

[p.13] The above principles also apply in reverse, so that no individual acting on behalf of Nammo may, in their dealings with customers, suppliers and other parties, offer or agree to pay for gifts, hospitality or other expenses that would violate these principles. Particular care must be taken in dealings with public officials.

**[14] Suppliers (Webpage)**

Accessed 06/03/2020

<https://www.nammo.com/who-we-are/suppliers1/>**SUPPLIERS**

Nammo acknowledges ethics and corporate responsibility as the heart of its operations and shall be recognized for its high ethical standards. Nammo requires its Suppliers to support and uphold the same standards.



<b>Question</b>															
<b>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?</b>															
<b>Score</b>															
<b>2</b>															
<b>Comments</b>															
<p>There is evidence that the company takes steps to ensure that its sub-contractors have adequate anti-bribery and corruption policies and procedures in place, and that the substance of its anti-bribery and corruption programme is included in sub-contracts throughout the supply chain. The company clearly indicates in its Supplier Conduct Principles that it expects suppliers to flow down these standards throughout the supply chain, and states that it performs regular audits and reviews to assure itself that these standards are upheld in practice.</p>															
<b>Evidence</b>															
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.9]</p> <table border="1"> <thead> <tr> <th>Stakeholder groups</th> <th>Engagement type</th> <th>Frequency of engagement</th> <th>Key topics and concerns raised</th> <th>Nammo's response</th> </tr> </thead> <tbody> <tr> <td>[...]</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Suppliers</td> <td>Meetings, site visits, supplier forums, request for tenders</td> <td>Daily, weekly, monthly, annually</td> <td>Flow down of contracts, quality and delivery</td> <td>Communication of Supplier Conduct Principles, Supplier questionnaire, quality audit, Modern Slavery Act Statement</td> </tr> </tbody> </table> <p>[p.16] Moreover, we are committed to respecting and protecting human rights and ensuring that our ethical standards are upheld throughout our value chain.</p> <p>[p.23] Nammo performs regular audits of the supply chain in order to review quality and compliance with the Supplier Conduct Principles and how flow down is handled throughout the supply chain. All suppliers must fill in a self- assessment questionnaire when being contracted.</p> <p>[...] Nammo is committed to cooperating with suppliers to ensure that they have appropriate ethical and responsible policies and practices in place and to supporting them in closing any gaps the self-assessment may identify. We are currently developing a global framework to improve third-party risk management which will be implemented in 2020.</p> <p>[...]</p> <p>TARGET 2020</p> <p>Value chain integrity</p> <p>[...]</p> <ul style="list-style-type: none"> <li>Review flow down requirements of suppliers, focusing on sustainability-related expectations.</li> </ul> <p><b>[13] Supplier Conduct Principles (Document)</b>                  Accessed 25/07/2019  <a href="https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf">https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf</a>                  [p.4] 1. INTRODUCTION</p> <p>Nammo considers ethics and corporate responsibility to be at the heart of its operations and intends to be recognized for holding a high ethical standard. Nammo expects the same from any business partners.</p> <p>The objective of Nammo's Supplier Conduct Principles is to state the requirement for best business practices, personal conduct and safe working conditions in the entire Nammo supply chain and for all parties (entities and/or persons) that have a direct contractual relationship with and offer products and services to Nammo, hereinafter referred to as "the Supplier(s)".</p>	Stakeholder groups	Engagement type	Frequency of engagement	Key topics and concerns raised	Nammo's response	[...]					Suppliers	Meetings, site visits, supplier forums, request for tenders	Daily, weekly, monthly, annually	Flow down of contracts, quality and delivery	Communication of Supplier Conduct Principles, Supplier questionnaire, quality audit, Modern Slavery Act Statement
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Nammo's Supplier Conduct Principles are founded on the UN Global Compact's ten principles, the International Labor Organization (ILO) conventions, and Nammo's Ethical Code of Conduct.

[p.5] 6. ANTI-CORRUPTION

6.1 Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery. Nammo expects its Suppliers to work proactively and to develop policies and concrete programs to address corruption internally and within their supply chain. Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, fraud and any other prohibited business practices.

The Supplier shall comply with national laws and regulations and shall not offer, promise or give any undue advantage, favor or incentive to any government officials, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary as long as the Supplier is under contract with Nammo.

[p.7] 8.2 Supplier Responsibility

Suppliers have the responsibility to conduct their business, partnerships and relationships in a manner that complies with the principles listed above. They are also responsible for ensuring that their sub-tier Suppliers are operating according to the same standards. Suppliers are expected to communicate the requirements of these Principles to all workers, suppliers and sub-contractors engaged in their supply chain.

8.3 Nammo's Commitment

Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.

8.5 Reporting Irregularities to Nammo

If the Supplier, its employees, its contractors, or any other stakeholder, believes that the terms of the Nammo Supplier Conduct Principles are not adhered to, or that Nammo is not acting in accordance with its own Supplier Conduct Principles or Ethical Code of Conduct, Nammo encourages such concerns to be raised via its reporting channel [ethics@nammo.com](mailto:ethics@nammo.com).

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.4] 1. THE ETHICAL CODE OF CONDUCT

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<b>Question</b>
<b>6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>Based on publicly available information, there is no evidence to indicate that the company publishes any data on ethical or anti-bribery and corruption investigations relating to its suppliers.</p> <p>The company publishes a statement in its 2019 Sustainability Report that no “negative social impacts” were recorded in relation to its supply chain; however it is not sufficiently clear that this relates to ethics and compliance, instead of other social considerations such as compliance around the environment or modern slavery.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] STATUS 2019</p> <p>Value chain integrity</p> <ul style="list-style-type: none"> <li>No issues of negative social impacts in the supply chain were registered.</li> </ul>

## 7. Agents, Intermediaries and Joint Ventures

### 7.1 Agents and Intermediaries

<b>Question</b>
<b>7.1.1 Does the company have a clear policy on the use of agents?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a policy covering the use of consultants and sales representatives – which is understood to include agents. It is clear that this policy applies group-wide to any entities that may employ agents. There is evidence that the company commits to establishing that the use of an agent is, in each case, based on a clear need identified in a business and market plan. The company also provides details of specific controls in place to mitigate the potential risks associated with the use of agents, for example by requiring that all sales representatives undergo dedicated ethics training, by ensuring that such entities comply with its Ethical Code of Conduct and through regular reporting. There is also evidence that the company’s Group-level Legal &amp; Compliance department is responsible for oversight and due diligence of agents, which is consistent with the level of risk.</p> <p>Although the company does not directly address the corruption risks associated with agents, it does provide a statement on the compliance risks associated with consultants, agents and sales representatives as part of a broader statement on third parties, which is deemed sufficient for a score of ‘2’ given the accompanying information.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Training and Communication                  E-learning to raise awareness on ethics and IT security. [...] The e-learning exercises is a requirement for all external sales representatives and the external board members.</p> <p>[...]</p> <p>Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p> <p>[...] The due diligence procedure is handled by Legal &amp; Compliance at Group level.</p> <p>[...]</p> <p>Onboarding and renewal of sales representatives</p> <p>[...] To establish a new representative there is a six step procedure to follow: First there is a need for good strategic input such as a business and market plan. Secondly a presentation of a candidate short-list for selection. [...] The fifth step is to agree on the terms &amp; conditions of an agreement, including a list of required Nammo documents and processes to comply with such as i.e. the Ethical Code of Conduct, regular reporting and taking part in training. [...] Representatives are under continuous monitoring throughout the lifecycle of the agreement.</p>

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)**[p.4] 1. THE ETHICAL CODE OF CONDUCT**

The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".

**1.1 Purpose**

The purpose of the Code of Conduct is to ensure full compliance with laws and regulations applicable to any business transaction or business opportunity and/or any employee's relationship involving any entity of Nammo or its intermediaries. Every employee or company representative with duties that may lead to involvement in or exposure to any areas covered by this Code of Conduct, should become familiar with such regulations and comply with the Code of Conduct.

**[p.7] 2.3 Use of vendors**

Vendors include representatives, consultants and others who, as part of the Group's business activities, act as links between Nammo and a third party. Nammo expect vendors to act in accordance with its ethical Code of Conduct which must be attached to the contract with Nammo.

It is the obligation of the responsible manager to ensure that the vendor's reputation, background and abilities are satisfactory.

Agreements with vendors must be made in writing and comprise an accurate description of the relationship between the parties. The terms of the agreement must be proportionate to the service rendered. Supporting documentation is required before any payments will be processed, and must be accounted for in accordance with generally accepted accounting principles.

**[p.8] 2.4 Contractual Arrangements**

Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures. All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure. All agreements shall be in writing.

<b>Question</b>
<b>7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<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 engaging with its third parties and agents. The company indicates that agents are subject to enhanced due diligence based on the size, type and country risk. There is evidence that the company conducts due diligence during the onboarding phase and every two years throughout the business agreement, supplemented with continuous monitoring. The company's description of its due diligence process indicates that agents will only be contracted if the due diligence is approved and indicates that it is willing to review or terminate its engagement if the agreement is breached.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p> <p>Depending on the type of business partner the degree of the due diligence may vary based on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, and historical relationship with the third-party.</p> <p>[...]</p> <p>Onboarding and renewal of sales representatives</p> <p>For onboarding of sales representatives a strict and pre-defined due diligence process is well established at Group level.</p> <p>To establish a new representative there is a six step procedure to follow: First there is a need for good strategic input such as a business and market plan. Secondly a presentation of a candidate short-list for selection. The third step is followed by a candidate report and a due diligence phase either done by Nammo or an external party depending on the country risk level. Verification of beneficial ownership is part of the due diligence. The fourth step is to evaluate the due diligence and select the candidate. The fifth step is to agree on the terms &amp; conditions of an agreement, including a list of required Nammo documents and processes to comply with such as i.e. the Ethical Code of Conduct, regular reporting and taking part in training. The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed. The quarterly reporting from both Nammo's internal point of contact and the representative as well as conducting a due diligence to check for any changes in status of the representative are also part of the input to evaluate a potential renewal of agreement. The agreement includes the right to audit and termination if breach of agreement. [...] Representatives are under continuous monitoring throughout the lifecycle of the agreement.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] All sales representatives undergo the company's due diligence procedure. If they are approved they are only allowed to operate in accordance with a written agreement with Nammo. All representatives are re-evaluated every second year and are under continuous monitoring.</p>

**[3] Ethical Code of Conduct (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct\\_190x130\\_eng\\_revmay20.pdf](https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf)

[p.8] 2.4 Contractual Arrangements

Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures.

All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure.

All agreements shall be in writing.

**[4] Annual Report 2019 (Document)**

Accessed 04/09/2020

[https://www.nammo.com/globalassets/pdfs/annual-report/nammo\\_ar\\_2019\\_final\\_web.pdf](https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf)

[p.11] During 2019 Nammo has emphasized risk mitigating factors within several areas of the organization. One is the enhanced due diligence procedure for onboarding of selected third parties. This work continues into 2020 with the implementation of a new risk management tool and the establishment of an overall risk management process at the Group level.

<b>Question</b>
<b>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has formal procedures in place to establish the beneficial ownership of its agents as part of the due diligence process. The company indicates that such checks take place during the onboarding phase, as well as every two years throughout the business agreement.</p> <p>The company receives a score of '1' because it does not clearly publish a statement to indicate that it would not engage or terminate its engagement with agents or intermediaries in cases where the beneficial ownership cannot be established.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  [...] The third step is followed by a candidate report and a due diligence phase either done by Nammo or an external party depending on the country risk level. Verification of beneficial ownership is part of the due diligence.                  [...] The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed. The quarterly reporting from both Nammo's internal point of contact and the representative as well as conducting a due diligence to check for any changes in status of the representative are also part of the input to evaluate a potential renewal of agreement. The agreement includes the right to audit and termination if breach of agreement.</p>



<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
There is evidence that the company’s anti-bribery and corruption policy applies to all agents and sales representatives acting for or on behalf of the company. The company’s publicly available information indicates that agreements with all sales representatives include monitoring clauses to mitigate corruption and compliance risks, as well as audit and termination rights to detect, control and prevent breaches.
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Onboarding and renewal of sales representatives</p> <p>To establish a new representative there is a six step procedure to follow: [...] The fifth step is to agree on the terms &amp; conditions of an agreement, including a list of required Nammo documents and processes to comply with such as i.e. the Ethical Code of Conduct, regular reporting and taking part in training. The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed. The quarterly reporting from both Nammo’s internal point of contact and the representative as well as conducting a due diligence to check for any changes in status of the representative are also part of the input to evaluate a potential renewal of agreement. The agreement includes the right to audit and termination if breach of agreement.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] All our business partners receive and are obligated to observe Nammo’s Ethical Code of Conduct upon signing a contract with us. Additionally, all third-party sales representatives must complete the monthly e-learning program on ethics and IT security.</p> <p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4] 1. THE ETHICAL CODE OF CONDUCT                  The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo’s behalf, hereinafter referred to collectively as “the individual”.</p> <p>1.1 Purpose The purpose of the Code of Conduct is to ensure full compliance with laws and regulations applicable to any business transaction or business opportunity and/or any employee’s relationship involving any entity of Nammo or its intermediaries. Every employee or company representative with duties that may lead to involvement in or exposure to any areas covered by this Code of Conduct, should become familiar with such regulations and comply with the Code of Conduct.</p> <p>p.7] 2.3 Use of vendors                  Vendors include representatives, consultants and others who, as part of the Group’s business activities, act as links between Nammo and a third party. Nammo expect vendors to act in accordance with its ethical Code of Conduct which must be attached to the contract with Nammo. It is the obligation of the responsible manager to ensure that the vendor’s reputation, background and abilities are satisfactory. Agreements with vendors must be made in writing and comprise an accurate description of the relationship between the parties. The terms of the agreement must be proportionate to the service rendered. Supporting documentation is required before any payments will be processed, and must be accounted for in accordance with generally accepted accounting principles.</p>

[p.8] 2.4 Contractual Arrangements

Prior to entering into a contractual arrangement with any third party, the candidate or entity shall be thoroughly evaluated in accordance with the applicable Nammo procedures. All agreements and amendments or other modifications thereto with representatives or consultants of any company or unit within Nammo shall be handled in accordance with Nammo's approval for acquisition and procurement procedure. All agreements shall be in writing.

[p.8] 2.5 Interactions with Suppliers, Partners and Customers

Nammo conducts its business in a way that fosters trust between suppliers, partners and customers. Suppliers and partners are expected to adhere to standards which are consistent with Nammo's ethical requirements.

[p.17] 4.6 Consequences

Breaches of the Group's Ethical Code of Conduct or relevant statutory provisions may result in disciplinary action or dismissal with or without notice, and may be reported to the relevant authorities.

<b>Question</b>
<b>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?</b>
<b>Score</b>
1
<b>Comments</b>
<p>There is evidence that the company addresses incentive structures for agents as a factor in bribery and corruption risk, by stipulating measures to control such processes as part of its compliance programme. The company states that remuneration for sales representatives must be proportionate to the service rendered and supported by relevant documentation, as well as noting that any payments should adhere to generally accepted accounting principles.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that it places a threshold on sales-based commissions to agents so that payments to not exceed a proportion of the net fee, nor does it commit to paying agents into local bank accounts or through staged payments over the course of their contract.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Onboarding and renewal of sales representatives</p> <p>[...] Nammo representatives are compensated in a fair and transparent manner reflecting the work performed. Terms of compensation is clearly defined in the agreement and all payments are made and recorded in accordance with general accepted accounting principles. Representatives are under continuous monitoring throughout the lifecycle of the agreement.</p> <p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.7] Agreements with vendors must be made in writing and comprise an accurate description of the relationship between the parties. The terms of the agreement must be proportionate to the service rendered. Supporting documentation is required before any payments will be processed, and must be accounted for in accordance with generally accepted accounting principles.</p>

<b>Question</b>
<b>7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?</b>
<b>Score</b>
1
<b>Comments</b>
<p>There is evidence that the company publishes an aggregate figure of the number of agents employed to act for or on its behalf, for the most recently reported financial year. The company also publishes high-level information to indicate the regions in which these agents have been active.</p> <p>The company receives a score of '1' because the information published falls short of the level of detail required to receive a score of '2' such as the names of the sales representatives.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] During 2019, Nammo had 33 sales representatives representing the following regions: Europe, North America, South America, South East Asia Middle East and South Africa.</p>

<b>Question</b>
<b>7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>Based on publicly available information, there is no evidence to indicate that the company publishes data on ethical or bribery and corruption related investigations, incidents or the associated disciplinary actions involving agents.</p> <p>The company publishes a statement in its 2019 Sustainability Report that no “negative social impacts” were recorded in relation to its supply chain; however it is not sufficiently clear that this relates to ethics and compliance, instead of other social considerations such as compliance around the environment or modern slavery. It is also not sufficiently clear that this statement covers both suppliers and sales representatives.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] During 2019, Nammo had 33 sales representatives representing the following regions: Europe, North America, South America, South East Asia Middle East and South Africa.</p> <p>[...]</p> <p>STATUS 2019</p> <p>Value chain integrity</p> <ul style="list-style-type: none"> <li>No issues of negative social impacts in the supply chain were registered.</li> </ul>

## 7.2 Joint Ventures

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on all of its joint venture partnerships. The company indicates that joint venture partners are subject to enhanced due diligence based on country, size, type, role, nature of the transaction and historical relationship. These criteria imply that the company undertakes enhanced due diligence for joint ventures operating in high risk countries or with high risk partners.</p> <p>There is also evidence to indicate that the company’s due diligence includes establishing the beneficial ownership of joint venture partners and that such checks are conducted prior to entering into the contract and then every two years throughout the relationship. Although the company provides this information in relation to sales representatives, it publishes a statement that the same due diligence process applies for joint ventures and therefore it merits a score of ‘2’.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.23] Joint ventures and industrial partners are evaluated on anti-bribery and corruption using a risk-based approach. For the selected partner, a full risk-based anti-bribery and corruption due diligence review is performed in accordance with the company processes involving the legal and compliance departments.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p> <p>Depending on the type of business partner the degree of the due diligence may vary based on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, and historical relationship with the third-party.</p> <p>Establishment of Joint Ventures and offset agreements with Industrial Partners are handled at Group level through the Business Development Department. Our Due Diligence is done according to the same procedure as we do when onboarding sales representatives. The due diligence procedure is handled by Legal &amp; Compliance at Group level.</p> <p>Joint Ventures</p> <p>Nammo conducts initial risk-based anti-bribery and corruption evaluations of all potential Joint Venture partners before down-selection of a partner. For the selected partner a full risk-based anti-bribery and corruption due diligence is performed in accordance with the company processes involving the legal and compliance departments.</p> <p>[...]</p> <p>Onboarding and renewal of sales representatives</p>

For onboarding of sales representatives a strict and pre-defined due diligence process is well established at Group level.

To establish a new representative there is a six step procedure to follow: [...] The third step is followed by a candidate report and a due diligence phase either done by Nammo or an external party depending on the country risk level. Verification of beneficial ownership is part of the due diligence. The fourth step is to evaluate the due diligence and select the candidate. [...] The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed. The quarterly reporting from both Nammo's internal point of contact and the representative as well as conducting a due diligence to check for any changes in status of the representative are also part of the input to evaluate a potential renewal of agreement.

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company commits to establishing and implementing anti-bribery and corruption procedures in all of its joint ventures. The company clearly states that it includes anti-bribery and corruption clauses in its joint venture contracts, and there is evidence that it requires all business partners to abide by the standards outlined in its Ethical Code of Conduct throughout the business relationship. The Ethical Code of Conduct therefore applies to all third parties and business partners, and stipulates policies and procedures prohibiting bribery and facilitation payments. The company also makes reference to audit and termination rights in its contracts, though it is noted that although this evidence applies to joint ventures, it is presented primarily in the context of sales representatives.</p>
<b>Evidence</b>
<p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.4] 1. THE ETHICAL CODE OF CONDUCT                  The objective of this document is to state the requirements for business practice and personal conduct. The target group is all Nammo Group employees, as well as the members of the Board of Directors of Nammo and of its subsidiaries, consultants, intermediaries, vendors, subcontractors, lobbyists and others who act on Nammo's behalf, hereinafter referred to collectively as "the individual".</p> <p>[p.8] 2.5 Interactions with Suppliers, Partners and Customers                  Nammo conducts its business in a way that fosters trust between suppliers, partners and customers. Suppliers and partners are expected to adhere to standards which are consistent with Nammo's ethical requirements.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  [...] Establishment of Joint Ventures and offset agreements with Industrial Partners are handled at Group level through the Business Development Department. Our Due Diligence is done according to the same procedure as we do when onboarding sales representatives. The due diligence procedure is handled by Legal &amp; Compliance at Group level.</p> <p>Joint Ventures</p> <p>Nammo conducts initial risk-based anti-bribery and corruption evaluations of all potential Joint Venture partners before down-selection of a partner. For the selected partner a full risk-based anti-bribery and corruption due diligence is performed in accordance with the company processes involving the legal and compliance departments. Nammo anti-bribery and corruption clauses are included in JV contracts.</p> <p>[...]</p> <p>Onboarding and renewal of sales representatives</p> <p>For onboarding of sales representatives a strict and pre-defined due diligence process is well established at Group level.</p> <p>To establish a new representative there is a six step procedure to follow: [...] The fifth step is to agree on the terms &amp; conditions of an agreement, including a list of required Nammo documents and processes to comply with such as i.e. the Ethical Code of Conduct, regular reporting and taking part in training. The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed. [...] The agreement includes the right to audit and termination if breach of agreement.</p>



**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

All our business partners receive and are obligated to observe Nammo's Ethical Code of Conduct upon signing a contract with us.

**[13] Supplier Conduct Principles (Document)**

Accessed 25/07/2019

[https://www.nammo.com/globalassets/pdfs/misc/nammo\\_template-supplierconductprinciples04042019.pdf](https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf)

[p.4] 1. INTRODUCTION

Nammo considers ethics and corporate responsibility to be at the heart of its operations and intends to be recognized for holding a high ethical standard. Nammo expects the same from any business partners.

The objective of Nammo's Supplier Conduct Principles is to state the requirement for best business practices, personal conduct and safe working conditions in the entire Nammo supply chain and for all parties (entities and/or persons) that have a direct contractual relationship with and offer products and services to Nammo, hereinafter referred to as "the Supplier(s)".

Nammo's Supplier Conduct Principles are founded on the UN Global Compact's ten principles, the International Labor Organization (ILO) conventions, and Nammo's Ethical Code of Conduct.

[p.5] 6. ANTI-CORRUPTION

6.1 Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery. Nammo expects its Suppliers to work proactively and to develop policies and concrete programs to address corruption internally and within their supply chain. Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, fraud and any other prohibited business practices.

The Supplier shall comply with national laws and regulations and shall not offer, promise or give any undue advantage, favor or incentive to any government officials, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary as long as the Supplier is under contract with Nammo.

[p.7] 8.2 Supplier Responsibility

Suppliers have the responsibility to conduct their business, partnerships and relationships in a manner that complies with the principles listed above. They are also responsible for ensuring that their sub-tier Suppliers are operating according to the same standards. Suppliers are expected to communicate the requirements of these Principles to all workers, suppliers and sub-contractors engaged in their supply chain.

8.3 Nammo's Commitment

Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.

<b>Question</b>
<b>7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?</b>
<b>Score</b>
0
<b>Comments</b>
<p>There is some evidence that the company expects its business partners to adhere to ethical standards and that it conducts regular anti-bribery and corruption reviews of its third parties. However, there is no clear evidence to suggest that the company commits to take an active role in preventing bribery and corruption in its joint ventures, beyond requiring that such entities follow its Ethical Code of Conduct.</p>
<b>Evidence</b>
<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  All our business partners receive and are obligated to observe Nammo’s Ethical Code of Conduct upon signing a contract with us.</p> <p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Joint Ventures</p> <p>Nammo conducts initial risk-based anti-bribery and corruption evaluations of all potential Joint Venture partners before down-selection of a partner. For the selected partner a full risk-based anti-bribery and corruption due diligence is performed in accordance with the company processes involving the legal and compliance departments. Nammo anti-bribery and corruption clauses are included in JV contracts.</p> <p><b>[3] Ethical Code of Conduct (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>                  [p.8] 2.5 Interactions with Suppliers, Partners and Customers                  Nammo conducts its business in a way that fosters trust between suppliers, partners and customers. Suppliers and partners are expected to adhere to standards which are consistent with Nammo’s ethical requirements.</p> <p><b>[13] Supplier Conduct Principles (Document)</b>                  Accessed 25/07/2019  <a href="https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf">https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf</a>                  8.3 Nammo’s Commitment                  Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.</p>

## 8. Offsets

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is some evidence that the company has a procedure in place to address the corruption risks associated with offset contracting. The company states that the Group-level Business Development Department handles all offset agreements and indicates that the Legal &amp; Compliance department handles all due diligence and monitoring of such agreements.</p> <p>The company receives a score of '1' because there is no clear evidence that the employees responsible for handling offset agreements receive tailored anti-bribery and corruption training based on the potential corruption risks associated with offsets.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p> <p>Depending on the type of business partner the degree of the due diligence may vary based on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, and historical relationship with the third-party.</p> <p>Establishment of Joint Ventures and offset agreements with Industrial Partners are handled at Group level through the Business Development Department. Our Due Diligence is done according to the same procedure as we do when onboarding sales representatives. The due diligence procedure is handled by Legal &amp; Compliance at Group level.</p> <p>[...]</p> <p><b>Industrial Partners and Offset</b>                  Nammo conducts initial risk-based anti-bribery and corruption evaluations of all potential Industrial Cooperation partners before down-selection of a partner in cases where Nammo is the obligor. For the selected partners a full risk-based anti-bribery and corruption due diligence is performed in accordance with the company processes involving the legal and compliance departments. Industrial Cooperation projects and partners are selected in accordance with Nammo business strategies. Nammo operates directly with authorities and potential partner companies and do not use offset agents or brokers.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  Joint ventures and industrial partners are evaluated on anti-bribery and corruption using a risk-based approach. For the selected partner, a full risk-based anti-bribery and corruption due diligence review is performed in accordance with the company processes involving the legal and compliance departments.</p>

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a formal procedure in place to conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations. The company indicates that this due diligence process includes ensuring that any offset projects or partners align with its group business strategy. There is some evidence that the company’s offset due diligence process includes establishing and verifying beneficial ownership information, however it is noted that this evidence primarily relates to sales representatives and is therefore indirect.</p> <p>However, the company receives a score of ‘1’ because there is no clear evidence that the due diligence process for offset obligations includes checks on any conflicts of interest associated with the beneficiaries. Moreover, although there is some evidence to indicate that due diligence is repeated every two years, the company’s publicly available information indicates that this primarily relates to sales representatives and therefore it is not explicitly clear that the same standards are upheld for all aspects of all offset obligations.</p>
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Third Party Management</p> <p>Clearly, relationships with third parties such as joint-venture partners, suppliers, sub-contractors, consultants, agents/sales representatives, distributors and even customers may constitute compliance risks. Nammo is therefore concerned to secure the establishment and implementation of a firm and risk-based due diligence process with respect to the selection and use of its business partners.</p> <p>Depending on the type of business partner the degree of the due diligence may vary based on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, and historical relationship with the third-party.</p> <p>Establishment of Joint Ventures and offset agreements with Industrial Partners are handled at Group level through the Business Development Department. Our Due Diligence is done according to the same procedure as we do when onboarding sales representatives. The due diligence procedure is handled by Legal &amp; Compliance at Group level.</p> <p>[...]</p> <p>Industrial Partners and Offset</p> <p>Nammo conducts initial risk-based anti-bribery and corruption evaluations of all potential Industrial Cooperation partners before down-selection of a partner in cases where Nammo is the obligor. For the selected partners a full risk-based anti-bribery and corruption due diligence is performed in accordance with the company processes involving the legal and compliance departments. Industrial Cooperation projects and partners are selected in accordance with Nammo business strategies. Nammo operates directly with authorities and potential partner companies and do not use offset agents or brokers.</p> <p>Onboarding and renewal of sales representatives</p> <p>For onboarding of sales representatives a strict and pre-defined due diligence process is well established at Group level.</p> <p>To establish a new representative there is a six step procedure to follow: [...] The third step is followed by a candidate report and a due diligence phase either done by Nammo or an external party depending on the country</p>

risk level. Verification of beneficial ownership is part of the due diligence. The fourth step is to evaluate the due diligence and select the candidate. [...] The sixth step is the renewal process to take place after the first year, and subsequently every second year if renewed.

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

Joint ventures and industrial partners are evaluated on anti-bribery and corruption using a risk-based approach. For the selected partner, a full risk-based anti-bribery and corruption due diligence review is performed in accordance with the company processes involving the legal and compliance departments.

<b>Question</b>
<b>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?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
The company publishes a statement on its website to indicate that it does not employ offset agents or brokers as part of its industrial cooperation programme, choosing instead to operate directly with authorities and partner companies. Since the company has adopted this as its publicly available position, the company therefore receives a score of '2'.
<b>Evidence</b>
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  Industrial Partners and Offset</p> <p>[...] Nammo operates directly with authorities and potential partner companies and do not use offset agents or brokers.</p>

<b>Question</b>
<b>8.4 Does the company publish details about the beneficiaries of its indirect offset projects?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
Based on publicly available information, there is no evidence to indicate that the company publishes any details of its indirect offset obligations and/or contracts.
<b>Evidence</b>
No evidence found.

## 9. High Risk Markets

<b>Question</b>																														
<b>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?</b>																														
<b>Score</b>																														
<b>2</b>																														
<b>Comments</b>																														
<p>Based on publicly available information, there is evidence that the company acknowledges the corruption risks associated with operating in different markets and it is clear that the company has a risk management procedure in place to account for these risks. There is evidence that the company conducts enhanced due diligence and risk evaluation procedure for end users and countries identified as medium or high risk of corruption. The company's publicly available information also indicates that the results of these assessments have a direct impact on business decisions, which may include a decision not to proceed in some cases.</p>																														
<b>Evidence</b>																														
<p><b>[10] Nammo Group Compliance Program (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>                  High-risk Market Evaluation</p> <p>On a case-by-case basis before responding to request for quotations from medium and high risk countries the sales and marketing organization shall follow an internal risk evaluation procedure addressing in particular product, user, end-user, human rights, country, trade and corruption risks. A separate risk evaluation team from the corporate level of the Group will evaluate the final risk according to a defined process before any conclusion to proceed.</p> <p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.16] The defense industry is exposed to risks such as corruption, cyberattacks, and leakage of proprietary information. Such risks can have severe consequences for Nammo, our business partners, and the societies in which we operate. Nammo therefore places a premium on managing and mitigating these risks.</p> <p>As we focus primarily on EU and NATO markets, we are less exposed to corruption than the industry as a whole. Ninety-three percent of our business comes from the EU, the Nordic countries, and the United States—markets which represent relatively low levels of corruption risk. The table to the right shows the countries from where we operate and how they rank in the 2019 Transparency International Corruption Perception Index (CPI). The remaining seven percent of our business (i.e., excluding the EU, Norway, and the United States) comprises markets in Asia, Oceania, and the Middle East, which include a number of countries with equally low levels of corruption and regulation (e.g., Japan and Australia). For remaining markets in countries with medium to high level of corruption risk Nammo has a rigorous sales risk evaluation before onboarding partners, customers and suppliers. A higher risk evaluation also necessitates a more rigorous and enhanced due diligence process.</p> <table border="1" data-bbox="1075 1357 1439 1778"> <caption>The Transparency International 2019 Corruption Perception Index</caption> <thead> <tr> <th>COUNTRY</th> <th>CPI SCORE</th> <th>RANK</th> </tr> </thead> <tbody> <tr> <td>Norway</td> <td>84</td> <td>7</td> </tr> <tr> <td>Sweden</td> <td>85</td> <td>4</td> </tr> <tr> <td>Finland</td> <td>86</td> <td>3</td> </tr> <tr> <td>Germany</td> <td>80</td> <td>9</td> </tr> <tr> <td>Switzerland</td> <td>85</td> <td>4</td> </tr> <tr> <td>Spain</td> <td>62</td> <td>30</td> </tr> <tr> <td>US</td> <td>69</td> <td>23</td> </tr> <tr> <td>Ireland</td> <td>74</td> <td>18</td> </tr> <tr> <td>UK</td> <td>77</td> <td>12</td> </tr> </tbody> </table> <p>The Nammo Ethical Code of Conduct and the Anti-Corruption Manual are based on regulations in line with the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act 2010. Moreover, Nammo's legal entities must adhere to their local authorities' export regulations (see page 15).</p> <p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.10] RISK FACTORS</p>	COUNTRY	CPI SCORE	RANK	Norway	84	7	Sweden	85	4	Finland	86	3	Germany	80	9	Switzerland	85	4	Spain	62	30	US	69	23	Ireland	74	18	UK	77	12
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Nammo operates in a global market characterized by a potential for unexpected and rapid shifts in political stability and security environment, technology, products, exchange rates and other risk factors. Risk management is therefore an integral part of Nammo’s strategic and operative business management, with the aim of supporting both strategic and financial goals.

[p.11] During 2019 Nammo has emphasized risk mitigating factors within several areas of the organization. One is the enhanced due diligence procedure for onboarding of selected third parties. This work continues into 2020 with the implementation of a new risk management tool and the establishment of an overall risk management process at the Group level.

[p.15] Risk mitigation

We believe that it is a risk mitigating factor that all our production facilities are located within the EU, Norway, Switzerland and the United States. All of Nammo’s production facilities have internal procedures in place to protect our technologies and processes and assure compliance with national and international export control agreements and regimes. Each legal entity has in-house experts to handle local rules and regulations.


**[2] Anti-Corruption Manual (Document)**

Accessed 07/03/2020

[https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual\\_aw\\_screen-resolution\\_updatednov2019.pdf](https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf)

[p.7] It is important to distinguish between the constraints described above and the natural hospitality and behavioral standards expected in different business cultures. The varying nature of government regulations across our worldwide markets is another important consideration.

Question																																																																																																																																																
<b>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)?</b>																																																																																																																																																
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<p>There is evidence that the company publishes a list of its consolidated subsidiaries and non-fully consolidated holdings on an annual basis. For each entity, the company clearly publishes the name of the subsidiary or other affiliated entity, as well as the country of incorporation. This list is published in the company's most recently published Annual Report, and is therefore understood to reflect a complete list of the company's holdings at the time of publication.</p> <p>However, the company receives a score of '1' because it does not clearly provide the country of operation for each entity.</p>																																																																																																																																																
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<p><b>[4] Annual Report 2019 (Document)</b>            Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>            [p.28]</p> <p><b>6. SHARES IN OTHER COMPANIES</b></p> <table border="1"> <thead> <tr> <th>[NOK 1 000]</th> <th>Company's share capital</th> <th>Numbers of shares owned</th> <th>Nominal value</th> <th>Booked value</th> <th>Ownership</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Joint controlled companies:</b></td> </tr> <tr> <td>SN Technologies SA, Meyrin, Switzerland</td> <td>CHF 200 000</td> <td>100</td> <td>CHF 100 000</td> <td>36 246</td> <td>50%</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td></td> <td></td> <td><b>36 246</b></td> <td></td> </tr> <tr> <td colspan="6"><b>Other shares and participations:</b></td> </tr> <tr> <td>Komm-In AS, Norway</td> <td></td> <td></td> <td></td> <td>4 500</td> <td>8%</td> </tr> <tr> <td>Sintef Raufoss Manufacturing AS, Raufoss, Norway</td> <td></td> <td></td> <td></td> <td>1 302</td> <td>14%</td> </tr> <tr> <td>Raufoss Industripark Holding, Raufoss, Norway</td> <td></td> <td></td> <td></td> <td>11 520</td> <td>2%</td> </tr> <tr> <td>Others</td> <td></td> <td></td> <td></td> <td>44</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td></td> <td></td> <td><b>17 366</b></td> <td></td> </tr> </tbody> </table> <p>Joint controlled companies are recognized according to the equity method in the consolidated financial statements. In 2019 the Nammo Group accounted for a share of the net income from SN Technologies SA at NOK 3.3 million.</p> <p>For information about the Nammo AS subsidiaries, reference is made to Nammo AS' financial statement note 5.</p> <p>[p.41]</p> <p><b>5. SHARES IN OTHER COMPANIES</b></p> <table border="1"> <thead> <tr> <th>[NOK 1 000]</th> <th>Company's share capital</th> <th>Number of shares owned</th> <th>Nominal value</th> <th>Booked value</th> <th>Ownership</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Subsidiaries:</b></td> </tr> <tr> <td>Nammo Raufoss AS, Raufoss</td> <td>NOK 150 000 000</td> <td>150 000</td> <td>150 000</td> <td>175 000</td> <td>100%</td> </tr> <tr> <td>Nammo Sweden AB, Lindesberg</td> <td>SEK 10 000 000</td> <td>100 000</td> <td>10 000</td> <td>59 961</td> <td>100%</td> </tr> <tr> <td>Nammo Lapua Oy, Lapua</td> <td>EUR 4 793 000</td> <td>285 000</td> <td>-</td> <td>105 006</td> <td>100%</td> </tr> <tr> <td>Nammo Buck GmbH, Pinnow</td> <td>EUR 26 000</td> <td>1</td> <td>26</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Nammo Incorporated, Virginia</td> <td>USD 38 380 000</td> <td>-</td> <td>-</td> <td>239 981</td> <td>100%</td> </tr> <tr> <td>Nammo NAD AS, Løkken Verk</td> <td>NOK 4 782 000</td> <td>23 910</td> <td>2 391</td> <td>8 136</td> <td>100%</td> </tr> <tr> <td>Nammo Polska SP. Z. O. O, Warsaw</td> <td>PLN 50 000</td> <td>1 000</td> <td>50</td> <td>108</td> <td>100%</td> </tr> <tr> <td>Nammo India Ltd, New Delhi</td> <td>INR 100 000</td> <td>10 000</td> <td>100</td> <td>13</td> <td>100%</td> </tr> <tr> <td>Nammo UK Holding Ltd., Westcott</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Nammo Ireland Ltd., Dublin</td> <td>EUR 476 250</td> <td>375 000</td> <td>476 250</td> <td>21 160</td> <td>100%</td> </tr> <tr> <td>Nammo Technologies Inc., Virginia</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td></td> <td></td> <td><b>609 365</b></td> <td></td> </tr> </tbody> </table>	[NOK 1 000]	Company's share capital	Numbers of shares owned	Nominal value	Booked value	Ownership	<b>Joint controlled companies:</b>						SN Technologies SA, Meyrin, Switzerland	CHF 200 000	100	CHF 100 000	36 246	50%	<b>Total</b>				<b>36 246</b>		<b>Other shares and participations:</b>						Komm-In AS, Norway				4 500	8%	Sintef Raufoss Manufacturing AS, Raufoss, Norway				1 302	14%	Raufoss Industripark Holding, Raufoss, Norway				11 520	2%	Others				44	-	<b>Total</b>				<b>17 366</b>		[NOK 1 000]	Company's share capital	Number of shares owned	Nominal value	Booked value	Ownership	<b>Subsidiaries:</b>						Nammo Raufoss AS, Raufoss	NOK 150 000 000	150 000	150 000	175 000	100%	Nammo Sweden AB, Lindesberg	SEK 10 000 000	100 000	10 000	59 961	100%	Nammo Lapua Oy, Lapua	EUR 4 793 000	285 000	-	105 006	100%	Nammo Buck GmbH, Pinnow	EUR 26 000	1	26	-	100%	Nammo Incorporated, Virginia	USD 38 380 000	-	-	239 981	100%	Nammo NAD AS, Løkken Verk	NOK 4 782 000	23 910	2 391	8 136	100%	Nammo Polska SP. Z. O. O, Warsaw	PLN 50 000	1 000	50	108	100%	Nammo India Ltd, New Delhi	INR 100 000	10 000	100	13	100%	Nammo UK Holding Ltd., Westcott	-	-	-	-	100%	Nammo Ireland Ltd., Dublin	EUR 476 250	375 000	476 250	21 160	100%	Nammo Technologies Inc., Virginia	-	-	-	-	100%	<b>Total</b>				<b>609 365</b>	
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<b>9.3 Does the company disclose its beneficial ownership and control structure?</b>																
<b>Score</b>																
<b>2</b>																
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<p>There is evidence that the company publishes information on its beneficial ownership. The company indicates that it has two major shareholders, Patria Oyj (50%) and the Norwegian Ministry of Trade, Industry and Fisheries (50%); thereby indicating that it is partially state-owned. The company publishes this information in its corporate reporting documents and in the publicly accessible Norwegian corporate register.</p>																
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<p><b>[21] Nammo Sustainability Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>                  [p.4]</p>  <p>Patria Oyj &amp;                  The Norwegian State, represented                  by the Norwegian Ministry of Trade,                  Industry and Fisheries</p>																
<p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.42]</p> <p><b>8. SHARE CAPITAL</b>                  As of 31 December 2019, Nammo AS's share capital is NOK 100 million, split on 1 000 000 shares of NOK 100 each.</p> <p><i>Nammo AS shareholders as of 31 December 2019:</i></p> <table border="1"> <thead> <tr> <th>(NOK 1 000)</th> <th>Number of shareholders</th> <th>Number of shares</th> <th>Ownership /vote</th> </tr> </thead> <tbody> <tr> <td>The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries</td> <td></td> <td>500 000</td> <td>50%</td> </tr> <tr> <td>Patria Oyj, Finland</td> <td></td> <td>500 000</td> <td>50%</td> </tr> <tr> <td><b>Total</b></td> <td><b>2</b></td> <td><b>1 000 000</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	(NOK 1 000)	Number of shareholders	Number of shares	Ownership /vote	The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries		500 000	50%	Patria Oyj, Finland		500 000	50%	<b>Total</b>	<b>2</b>	<b>1 000 000</b>	<b>100%</b>
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The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries		500 000	50%													
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<b>Total</b>	<b>2</b>	<b>1 000 000</b>	<b>100%</b>													
<p><b>[16] About us (Webpage)</b>                  Accessed 26/07/2019  <a href="https://www.nammo.com/who-we-are/about-us/">https://www.nammo.com/who-we-are/about-us/</a>                  Background and Ownership</p> <p>The company was founded in 1998, based on a merger of three major Nordic defense companies: Celsius AB, Patria Oyj, and Raufoss ASA. Today the Nammo Group's shareholders are the Norwegian Government represented by the Norwegian Ministry of Trade, Industry and Fisheries (50 percent) and the Finnish Defense and Aerospace Group, Patria Oyj (50 percent).</p>																

**[5] Corporate Governance (Webpage)**

Accessed 04/09/2020

<https://www.nammo.com/who-we-are/about-us/corporate-governance/>

Nammo AS is a limited liability company established under Norwegian law, with a governance structure based on Norwegian Limited Liability Companies Act (Aksjeloven) and similar laws in the other countries where we operate: Finland, Sweden, Germany, Switzerland, Spain, Poland, USA, Canada, India and Australia.

[...]

**General Meeting of Shareholders**

The shareholders of Nammo AS have the ultimate authority through the general meeting. The shareholders are Patria Oyj and the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

**[19] Norwegian Corporate Ownership Register (Webpage)**

Accessed 08/10/2019

<https://www.aksjeeiere.no/?fields=company&q=NAMMO+AS&utf8=%E2%9C%93&year=2018>

Søk i aksjonærregisteret 

Ar:

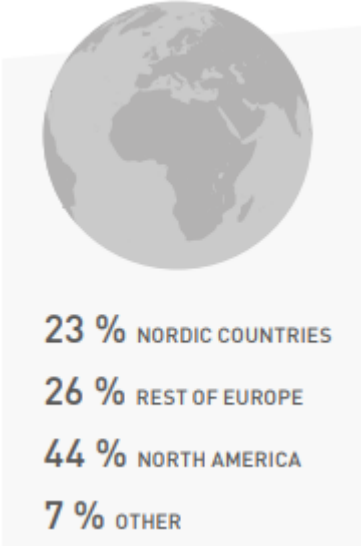
Aksjonær	Født/org.nr.	Postnr./sted	Selskap	År	Aksjer	Andel
<a href="#">PATRIA INDUSTRIES OY</a>			<a href="#">NAMMO AS</a>	2018	500000	50.0%
<a href="#">DEN NORSKE STAT</a>			<a href="#">NAMMO AS</a>	2018	500000	50.0%

**[Translation of headings]**

Search in the shareholder register

2018 NAMMO AS

Shareholder Corporation Year Stock Share

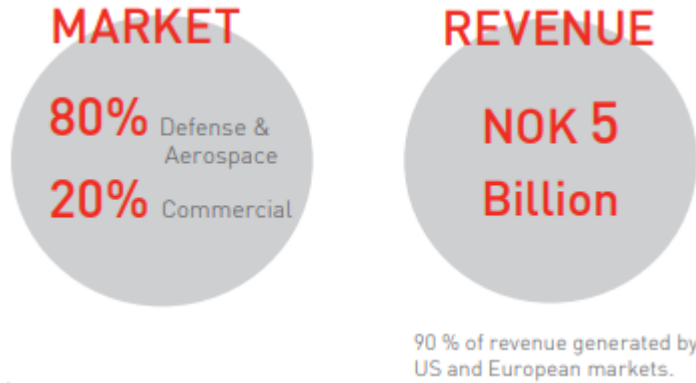
<b>Question</b>
<b>9.4 Does the company publish a percentage breakdown of its defence sales by customer?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
Based on publicly available information, there is no evidence to indicate that the company publishes a breakdown of its defence sales by customer. The company provides a breakdown of sales per region, but there is no evidence that the company distinguishes defence sales from overall sales, nor that it identifies specific countries or customers within these regions.
<b>Evidence</b>
<p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.3]                  SALES PER REGION</p>  <p>[p.8] In June the company signed a historic framework agreement for ammunition supplies with the Norwegian Armed Forces, which in turn included a commitment to support Norway's long-term security of supply. During the year it also signed several development agreements to develop new propulsion solutions for artillery and missiles, supporting its customers' requirements. And crucially, Nammo announced new major investments in facilities and equipment in the United States, allowing Nammo's future consolidated US defense manufacturing company, Nammo Defense Systems Inc. to play an even greater role in delivering niche capabilities to the US Armed Forces.</p> <p>[p.13] OUTLOOK FOR THE NAMMO GROUP</p> <p>2019 revenues confirmed that the core markets are still the US and Europe, as 42% of the revenues were to US customers, 23% to the Nordic countries, 26% to other European countries and finally 9% to other countries, which predominantly includes advanced users in South East Asia.</p> <p><b>[16] About us (Webpage)</b>                  Accessed 06/03/2020  <a href="https://www.nammo.com/who-we-are/about-us/">https://www.nammo.com/who-we-are/about-us/</a>                  Customer base</p> <p>80% of Nammo's business comes from national armed forces and national defense industries in the countries where the organization operates. The remaining portion of the company's business is comprised of commercial sales of services and sports and security products. Of a 2018 revenue of NOK 4.9 billion (USD 570 million), 90% came from sales in Europe and North America.</p>

**[21] Nammo Sustainability Report 2019 (Document)**

Accessed 04/09/2020

<https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf>

[p.4] NAMMO AT A GLANCE



[p.16] The defense industry is exposed to risks such as corruption, cyberattacks, and leakage of proprietary information. Such risks can have severe consequences for Nammo, our business partners, and the societies in which we operate. Nammo therefore places a premium on managing and mitigating these risks.





As we focus primarily on EU and NATO markets, we are less exposed to corruption than the industry as a whole. Ninety-three percent of our business comes from the EU, the Nordic countries, and the United States—markets which represent relatively low levels of corruption risk. The table to the right shows the countries from where we operate and how they rank in the 2019 Transparency International Corruption Perception Index (CPI). The remaining seven percent of our business (i.e., excluding the EU, Norway, and the United States) comprises markets in Asia, Oceania, and the Middle East, which include a number of countries with equally low levels of corruption and regulation (e.g., Japan and Australia).

## 10. State-Owned Enterprises (SOEs)

Question																
<b>10.1 Does the SOE publish a breakdown of its shareholder voting rights?</b>																
Score																
<b>2</b>																
Comments																
There is evidence that the company publishes a breakdown of its voting rights by percentage allocated to each shareholder, alongside the percentage ownership. The company indicates that it has two major shareholders who hold equal percentages of ownership and voting rights.																
Evidence																
<p><b>[4] Annual Report 2019 (Document)</b>                      Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                      [p.42]</p> <p><b>8. SHARE CAPITAL</b>                      As of 31 December 2019, Nammo AS's share capital is NOK 100 million, split on 1 000 000 shares of NOK 100 each.</p> <p><i>Nammo AS shareholders as of 31 December 2019:</i></p> <table border="1"> <thead> <tr> <th>(NOK 1 000)</th> <th>Number of shareholders</th> <th>Number of shares</th> <th>Ownership /vote</th> </tr> </thead> <tbody> <tr> <td>The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries</td> <td></td> <td>500 000</td> <td>50%</td> </tr> <tr> <td>Patria Oyj, Finland</td> <td></td> <td>500 000</td> <td>50%</td> </tr> <tr> <td><b>Total</b></td> <td><b>2</b></td> <td><b>1 000 000</b></td> <td><b>100%</b></td> </tr> </tbody> </table>	(NOK 1 000)	Number of shareholders	Number of shares	Ownership /vote	The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries		500 000	50%	Patria Oyj, Finland		500 000	50%	<b>Total</b>	<b>2</b>	<b>1 000 000</b>	<b>100%</b>
(NOK 1 000)	Number of shareholders	Number of shares	Ownership /vote													
The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries		500 000	50%													
Patria Oyj, Finland		500 000	50%													
<b>Total</b>	<b>2</b>	<b>1 000 000</b>	<b>100%</b>													
<p><b>[5] Corporate Governance (Webpage)</b>                      Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/about-us/corporate-governance/">https://www.nammo.com/who-we-are/about-us/corporate-governance/</a>                      General Meeting of Shareholders</p> <p>The shareholders of Nammo AS have the ultimate authority through the general meeting. The shareholders are Patria Oyj and the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.</p>																

<b>Question</b>
<b>10.2 Are the SOE's commercial and public policy objectives publicly available?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>The company provides some details of its commercial and public policy objectives in its corporate reporting documents and on its website. There is evidence that the company's key objectives are to serve the Norwegian national armed forces and to continue growing in profitability.</p> <p>However, the company receives a score of '1' because there is no clear evidence that these objectives are updated on an annual basis or whenever there is a change in objectives. Although some information is published in the company's Annual Report, this mainly relates to its strategy for growth rather than its core objectives, which are published on a webpage without a date.</p>
<b>Evidence</b>
<p><b>[1] Vision and Values (Webpage)</b>                  Accessed 21/01/2020  <a href="https://www.nammo.com/who-we-are/about-us/ethics/">https://www.nammo.com/who-we-are/about-us/ethics/</a>                  Our Vision</p> <p>Securing the future</p> <ul style="list-style-type: none"> <li>• We will protect our national and allied forces with high quality defense products</li> <li>• We will secure the future development of eco-friendly products, processes and services</li> <li>• We will secure further growth based on strong financial performance.</li> <li>• We will develop and secure a long-term sustainable business for our customers and employees.</li> <li>• Our future development depends on a secure and safe working environment. We must emphasize the importance of every single employee.</li> </ul> <p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.8] Going forward, Nammo will maintain its focus on improved profitability, thereby securing the financial resources necessary to exploit the major opportunities successfully developed through decades of investments in competence and technology.</p> <p><b>STRATEGY FOR PROFITABLE GROWTH</b>                  Nammo's core competence continues to be within military specialty ammunition, shoulderfired weapon systems and rocket motors for military and space applications. The company is also a major manufacturer of commercial ammunition, with several strong brands within hunting and competition shooting.</p> <p>The group's strategy remains unchanged: to achieve profitable growth in the US, Europe and the Nordic markets. This strategy has been validated by the continued growth in revenues and order intake, demonstrating that Nammo's products and technologies are in high demand.</p> <p>Continued profitability improvements remains a top priority for Nammo. These are essential for Nammo to maintain its position as a high-end niche provider in a highly regulated market, addressing some of the world's most demanding government customers. Consequently, Nammo will maintain an unrelenting focus on cost control and operational improvements, in order to maximize funds for continued investments in competence, technology and quality.</p> <p><b>[22] Corporate Social Responsibility</b>                  Accessed 04/09/20  <a href="https://www.nammo.com/who-we-are/csr/">https://www.nammo.com/who-we-are/csr/</a>                  Nammo supports and protects national and allied forces with high-quality defense products. Our company strategy enables best practices to be exchanged across borders and business units, including strengthened focus on sustainability and social responsibility.</p>



<b>Question</b>
<b>10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>The company is open and clear about the composition of its board, as well as providing details about the appointment and nomination process. The company states that its two largest shareholders nominate three board members each, with the remaining positions filled by elected employee representatives. From this information, it is clear which members are independent and which are state representatives. Although the company does not provide further details on the criteria for nomination, the evidence provided is deemed sufficient to receive a score of '2'.</p>
<b>Evidence</b>
<p><b>[5] Corporate Governance (Webpage)</b>                  Accessed 06/04/2020  <a href="https://www.nammo.com/who-we-are/about-us/corporate-governance/">https://www.nammo.com/who-we-are/about-us/corporate-governance/</a>                  Board of Directors</p> <p>The board of directors of Nammo AS shall consist of six to eight directors in accordance with the shareholders' agreement: three from each owner, and two directors representing the employees. The employees may also nominate one additional observer, so that all the employees from Norway, Sweden and Finland are represented. The position, chairman of the board, alternates annually between the two owners. The board of directors meets regularly with a minimum of four meetings per year.</p> <p><b>[17] Board of Directors (Webpage)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/who-we-are/about-us/board-of-directors/">https://www.nammo.com/who-we-are/about-us/board-of-directors/</a>                  According to the the company's shareholders agreement the board of directors in Nammo as shall consist of 6 to 8 members. The board shall meet regularly, and at least 4 times a year.</p> <p>Nammo's owners, the Norwegian Ministry of Trade, Industries and Fisheries and Finnish company Patria Oyj, nominate three board members each, with the position as chairman alternating between the two owners every year.</p> <p>The board also has two employee representatives as full members, and one as an observer. The employee representatives are elected by the employees in each country in accordance with local procedures.</p> <p><b>SHAREHOLDERS' REPRESENTATIVES</b></p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">  <p><b>Esa Rautalinko</b>                      Chair                      President &amp; CEO, Patria Oyj                      Nominated by, and representing Patria Oyj</p> </div> <div style="width: 50%;">  <p><b>Dag Schjerven</b>                      Vice chair                      Nominated by, and representing the Norwegian Ministry of Trade, Industry and Fisheries</p> </div> <div style="width: 50%;">  <p><b>Cathrine Bjaarstad</b>                      Board member                      President, Scandinavia Altus Intervention Group. Nominated by, and representing the Norwegian Ministry of Trade, Industry and Fisheries</p> </div> <div style="width: 50%;">  <p><b>Sirpa-Helena Sormunen</b>                      Board Member                      General Counsel, Fortum Oyj                      Nominated by, and representing Patria Oyj</p> </div> </div>



**Ville Jaakonsalo**

Board Member  
CFO  
Patria Oyj

Nominated by, and representing  
Patria Oyj



**Dag J. Opedal**

Board Member

CEO, Alcaran AS  
Nominated by, and representing  
the Norwegian Ministry of Trade,  
Industry and Fisheries

**EMPLOYEE REPRESENTATIVES**



**Marianne Stensrud**

Board Member

Operator, Nammo Raufoss AS



**Petri Kontola**

Board Member

Program Manager, Nammo Lapua  
Oy

<b>Question</b>
10.4 Is the SOE's audit committee composed of a majority of independent directors?
<b>Score</b>
0
<b>Comments</b>
There is no publicly available evidence that the company has a board-level audit or risk committee.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>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?</b>
<b>Score</b>
1
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a system to manage asset transactions. The company also publishes the final report from its independent auditors, which indicates that transactions have been scrutinised by an audit body and notes that the company’s financial statements reflect all relevant Norwegian laws and regulations.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that a board-level individual or committee holds responsibility for managing asset transactions, nor does the company make it clear that all transactions are appropriately documented.</p>
<b>Evidence</b>
<p><b>[4] Annual Report 2019 (Document)</b>                  Accessed 04/09/2020  <a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>                  [p.20] BUSINESS COMBINATIONS</p> <p>Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NRS 17, are recognized at their fair values at the acquisition date. The interest of minority shareholders in the acquiree is initially measured at the minority’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.</p> <p>Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized at cost and then depreciated according to the assessed economic lifetime.</p> <p>[p.21] Government grants that compensate the group for the cost of an asset are recognized as a reduction to the total investment and thus also to the future depreciations of the asset.</p> <p><b>INTANGIBLE ASSETS</b>                  Separately acquired intangible assets are recognized at cost at the time of acquisition. Intangible assets acquired as a result of contracts or legal rights or rights that can be separated from the acquired entity, are recognized at fair value. Cost relating to significant development projects for new technologies, products, tooling etc., which is estimated to give future positive cash flow, is recognized as research and development costs in the balance sheet. All other research and development costs are expensed when incurred. Intangible assets are amortized on a straight-line basis over their expected useful life.</p> <p>[p.22] <b>IMPAIRMENT OF NONCURRENT ASSETS</b>                  The group assesses the carrying amount of tangible assets and identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying amounts may not be recoverable. Factors considered material by the group trigger an impairment test.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• Significant underperformance relative to historical or projected future results, or significant changes in the manner of the group’s use of the assets or the strategy for the overall business, or</li> <li>• Significant negative industry or economic trends</li> </ul> <p>The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. When it is determined that the carrying amount of tangible assets and identifiable intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, an impairment</p>

charge is measured based on discounted projected cash flows. An impairment loss is recognized to the extent that the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Previously recognized impairment losses are reversed if the assumptions for impairment are no longer present.

[p.45] AUDITOR'S REPORT



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nammo AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Nammo AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

## List of Evidence &amp; Sources

No	Type (Webpage or Document)	Name	Download Date	Link
01	Webpage	Vision and Values	21/01/20	<a href="https://www.nammo.com/who-we-are/about-us/ethics/">https://www.nammo.com/who-we-are/about-us/ethics/</a>
02	Document	Anti-Corruption Manual	07/03/20	<a href="https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf">https://www.nammo.com/globalassets/pdfs/csr/anti-corruption-manual_aw_screen-resolution_updatednov2019.pdf</a>
03	Document	Ethical Code of Conduct	04/09/20	<a href="https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf">https://www.nammo.com/globalassets/pdfs/misc/ethical-code-of-conduct_190x130_eng_revmay20.pdf</a>
04	Document	Annual Report 2019	04/09/20	<a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo_ar_2019_final_web.pdf</a>
05	Webpage	Corporate Governance	06/04/20	<a href="https://www.nammo.com/who-we-are/about-us/corporate-governance/">https://www.nammo.com/who-we-are/about-us/corporate-governance/</a>
06	Document	Performance and Progress 2017	23/07/19	[Removed from assessment due to evidence being outdated] <a href="https://www.nammo.com/globalassets/pdfs/annual-report/2017-performance-and-progress.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/2017-performance-and-progress.pdf</a>
07	Webpage	Ethics and anti-corruption	24/07/19	[Removed from assessment due to evidence being outdated] <a href="https://www.nammo.com/who-we-are/csr/ethics/">https://www.nammo.com/who-we-are/csr/ethics/</a>
08	Webpage	Management	05/03/20	<a href="https://www.nammo.com/who-we-are/about-us/management/">https://www.nammo.com/who-we-are/about-us/management/</a>
09	Webpage	Executive summary	24/07/19	[Removed from assessment due to evidence being outdated] <a href="https://www.nammo.com/who-we-are/csr/executive-summary">https://www.nammo.com/who-we-are/csr/executive-summary</a>
10	Webpage	Nammo Group Compliance Program	07/03/20	<a href="https://www.nammo.com/who-we-are/csr/compliance/">https://www.nammo.com/who-we-are/csr/compliance/</a>
11	Webpage	Sponsorships	21/01/20	<a href="https://www.nammo.com/who-we-are/sponsoring/">https://www.nammo.com/who-we-are/sponsoring/</a>
12	Webpage	Society	25/07/19	[Removed from assessment due to evidence being outdated] <a href="https://www.nammo.com/who-we-are/csr/society--current-year/">https://www.nammo.com/who-we-are/csr/society--current-year/</a>
13	Document	Supplier Conduct Principles	25/07/19	<a href="https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf">https://www.nammo.com/globalassets/pdfs/misc/nammo_template-supplierconductprinciples04042019.pdf</a>
14	Webpage	Suppliers	06/03/20	<a href="https://www.nammo.com/who-we-are/suppliers1/">https://www.nammo.com/who-we-are/suppliers1/</a>
15	Webpage	Open Ownership Register	26/07/19	<a href="https://register.openownership.org/entities/59b9aa1b67e4ebf340462a51">https://register.openownership.org/entities/59b9aa1b67e4ebf340462a51</a>
16	Webpage	About us	26/07/19	<a href="https://www.nammo.com/who-we-are/about-us/">https://www.nammo.com/who-we-are/about-us/</a>
17	Webpage	Board of Directors	04/09/20	<a href="https://www.nammo.com/who-we-are/about-us/board-of-directors/">https://www.nammo.com/who-we-are/about-us/board-of-directors/</a>

18	Webpage	Supplier Conduct Principles 2014	02/08/19	[Removed from assessment due to evidence being outdated] <a href="https://www.nammo.com/globalassets/pdfs/misc/supplier-conduct-principles-2014.pdf">https://www.nammo.com/globalassets/pdfs/misc/supplier-conduct-principles-2014.pdf</a>
19	Webpage	Norwegian Corporate Ownership Register	08/10/19	<a href="https://www.aksjeeiere.no/?fields=company&amp;q=NAMMO+AS&amp;utf8=%E2%9C%93&amp;year=2018">https://www.aksjeeiere.no/?fields=company&amp;q=NAMMO+AS&amp;utf8=%E2%9C%93&amp;year=2018</a>
20	Webpage	Ethics in Nammo	07/03/20	<a href="https://www.nammo.com/who-we-are/csr/ethics-in-nammo/">https://www.nammo.com/who-we-are/csr/ethics-in-nammo/</a>
21	Document	Nammo Sustainability Report 2019	04/09/20	<a href="https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf">https://www.nammo.com/globalassets/pdfs/annual-report/nammo-sustainability-report-2019.pdf</a>
22	Webpage	Corporate Social Responsibility (CSR)	04/09/20	<a href="https://www.nammo.com/who-we-are/csr/">https://www.nammo.com/who-we-are/csr/</a>