




KONGSBERG

Kongsberg Gruppen ASA
Code of Ethics and Business Conduct

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1. Message from KONGSBERG's CEO

We are reliable citizens

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

This is a responsibility at every level of KONGSBERG. Top level management and senior management are completely committed to the lawful and proper conduct of our business. We are to both ensure and conduct business that follows our code of ethics amongst our customers, regulators and authorities, partners and colleagues.

We respect culture, environment and ethnic diversity in our operations, and are particularly aware of our legal, ethical and social responsibilities when entering new geographical areas. This applies to aspects of our own operation, including our supply chain.

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

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

Geir Håøy
President and CEO
KONGSBERG

2. Our responsibilities

2.1 Your responsibilities as employee

- Participate in fostering a solid and robust culture of ethical behavior.
- Comply with this Code and other governing documents and applicable laws that are relevant to your work.
- Consult with your leader or Compliance Officer if you are in doubt about an ethics or compliance issue. Any unresolved questions should be addressed to KONGSBERG's Corporate Compliance Officer or Legal Department.
- Report any suspicion or observation of misconduct to your supervisor or Compliance Officer, or follow the routines for "Raising Concerns". Never misuse reporting of concerns to harm others. Read more about this in chapter 6 KONGSBERG's practice and follow-up.

2.2 Responsibilities of leaders

- Act as ethical role models and demonstrate intolerance for unethical behavior.
- Ensure that the Code is made known and complied with in own organization.
- Any "Raising Concern" issue shall be handled following the internal procedures.

3. We will treat people with respect and dignity

All of our operations shall comply with local and relevant international legislation and generally accepted frameworks. We will respect all internationally recognised human rights.

The safety of our employees and other individuals performing work on our behalf is of the utmost importance to KONGSBERG. Risks and threats that could cause harm to personnel on duty, on and off-site, shall be identified, analysed and controlled. All entities shall have updated emergency plans and regularly carry out exercises in accordance with these plans. KONGSBERG shall work continuously to be a safe, productive and stimulating place to work, and to ensure an inclusive working environment.

We will not accept discrimination of any kind, e.g. due to gender, race, family situation, sexual orientation, ethnicity, culture, union membership or religion. We are to conduct ourselves with integrity, showing respect for colleagues and others we meet in the course of our work. Bullying, harassment and similar behaviour will not be tolerated. KONGSBERG opposes every form of trafficking, including the purchase of sexual services. Caution should be exercised with alcohol at events held under the auspices of KONGSBERG, and alcohol-free alternatives should always exist. KONGSBERG's employees should exhibit moderation with alcohol when they represent the company. During travel, individuals are also deemed to be representing KONGSBERG after ordinary working hours

4. Our operations shall be sustainable

Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

KONGSBERG is committed to achieve a sustainable development in our operations, to strike a good balance between financial results, value creation and corporate social responsibility. The value created will benefit owners, stakeholders and society-at-large.

Business opportunities aimed at promoting a sustainable future shall be a part of KONGSBERG's strategic assessments, and we will leverage our competence and expertise towards contributing to developing a sustainable future.

4.1 The climate and environment

KONGSBERG shall act responsibly and aim to reduce our footprint on the environment.

This includes discharges to water, air and ground, consumption of resources, hereunder energy consumption, water consumption and waste treatment. We shall focus on reducing direct and indirect emissions of greenhouse gases in our operations

4.2 Sustainable Supply Chain

In collaboration with our suppliers, KONGSBERG shall strive to ensure that operations are conducted in compliance with internationally recognised principles for business ethics and corporate social responsibility.

In selecting suppliers, some of our assessment criteria shall be the suppliers' work with human rights and workers' rights and anti-corruption, and the supplier's work in the area of climate and the environment.

KONGSBERG has drawn up dedicated principles for supplier conduct, in order to ensure this.

KONGSBERG's principles apply to the entire supply chain. In cases where irregularities are discovered in relation to the supplier principles, remedial measures shall be implemented.

5. We shall conduct our business reliably

5.1 Business Partners and other stakeholders

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

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

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

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

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

5.2 Anti-Corruption

Corruption undermines legitimate business activities, distorts competition, ruins reputations and exposes companies and individuals to risk.

KONGSBERG is opposed to all forms of corruption, irrespective of which country we operate in, and will adhere to the Norwegian anti-corruption law, as well as other relevant international anti-corruption legislation.

Corruption is defined as a prohibition for anyone, for himself or other persons, to demand, receive or accept an offer of an improper advantage in connection with a position, office or assignment, or to offer or give any person the same. An improper advantage can include (but not limited to) cash, tangible gifts; cost coverage, discounts, payment of travel or lodging expenses, services, attendance to social events etc.

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

KONGSBERG employees and other who acts on behalf of KONGSBERG shall always consider the following:

- Could the activity involve any risk for corruption?
- Is it within the law and comfortably within KONGSBERG's own ethical requirements?
- Are the current activities transparent on both KONGSBERG's side and the other parties' side?
- How will the activities appear if they became public or known to law enforcement authorities?

5.2.1 Gifts and hospitality

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

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

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

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

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

Special caution shall be demonstrated when dealing with public officials, both national and foreign. Gifts and hospitality shall always be in accordance with the public officials internal rules, if more strict than ours. Payment of money or giving anything else of value to any public official as an individual, directly or indirectly, is not allowed under any circumstances.

We will pay our own costs for travel expenses etc. and similarly KONGSBERG enables business associates to pay their own travel expenses etc., when invited to events organised by KONGSBERG.

5.2.2 Sponsorship, Political and Charitable Contributions

Special caution shall be taken when assessing sponsorships and charitable contributions due to the potential for appearance of impropriety and any risk of corruption.

KONGSBERG shall not give political contributions, even if combined with charity,

Charitable contributions shall fully comply with public disclosure requirements and shall be reported according to internal processes.

5.2.3 Facilitation Payments

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

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

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

5.3 Fair competition

KONGSBERG shall compete fairly, and build our business and reputation on world-class quality. KONGSBERG will compete in a respectable and ethically responsible manner within the framework of anti-trust and competition laws and regulations that apply in the markets in which the Group operates. Abuse of any dominant position is prohibited.

- We don't fix prices with competitors
- We don't engage in bid-rigging
- We don't engage in market allocation
- We act carefully in trade associations
- We don't share commercially sensitive information with competitors

5.4 Trade Regulations

KONGSBERG is committed to complying with all applicable export, import, transit and trade compliance laws in all countries in which KONGSBERG does business. These laws include embargoes, sanctions, customs, product/country of origin marking, and anti-boycott laws. In conducting business, employees must be aware of and follow these laws and regulations.

Particular focus is placed on export of weapon systems and other military equipment, related technology and services. In Norway, and most other countries where KONGSBERG operates, export controlled equipment, services or technology, may only be exported based on a Governmental export license. Sanctions may apply regardless of the export classification and therefore we shall check the customer, and parties involved in the transaction against sanction and embargo lists.

Failure to comply, or failure to report any possible deviations, can cause severe penalties and restrictions on our business in the future.

5.5 Anti-Money Laundering

Money laundering can be defined as transforming the proceeds of crime into the legitimate economy. It will can often be seen in connection with other types of crime, including drug trafficking, terrorism, corruption and tax evasion.

KONGSBERG is firmly opposed to all forms of money laundering, and will comply with all applicable anti-money laundering laws, and take steps to prevent our financial transactions from being used by others to launder money.

Before entering into a customer agreement KONGSBERG shall ensure that the customer is legally established and conducting a law-abiding business.

5.6 Responsible Tax

KONGSBERG's international presence mean that we must comply with a wide variety of tax legislation in many countries. In our opinion, a responsible approach to taxation is decisive for our long-term activities in the countries in which we operate.

This includes identifying and complying with current tax legislation, disclosing all the necessary information to the relevant authorities, and taking prudent tax positions where tax legislation allows different interpretations or choices. Transactions shall only be made if they satisfies the requirements for form as well as content pursuant to the tax legislation of the countries in question. KONGSBERG shall not employ "artificial" structures in tax havens to avoid paying tax.

5.7 Professional secrecy

All our employees shall maintain professional secrecy in respect of all business matters and other situations that could give outsiders access to confidential information.

We respect obligations of confidentiality related to information entrusted to KONGSBERG by third parties such as customers and Business Partners. An obligation to keep information confidential may follow from agreements or other forms of mutual understandings, and/or relevant laws and regulations.

Anyone working on programs on behalf of KONGSBERG including information protected by military classification rules shall adhere to any applicable security regulation, including safety obligations as set out below.

5.7.1 Classified information

KONGSBERG are according to national safety legislation required to safeguard all military classified information in its position by:

- Establishing and maintaining a system for protecting all classified documents and/or equipment and obtaining the necessary system and site approvals from our customers and national security authorities.
- Ensuring that all employees and subcontractors that are given access to classified information have the necessary security clearances and authorization.

5.8 Data Privacy

The collection and use of personal data is regulated by a growing number of countries. The common feature for these countries are more stringent regulating of personal data as names, residency, contact information etc, both for employees, consumers and company representatives in business-to-business transactions.

KONGSBERG will handle personal data in accordance with applicable laws and regulations.

5.9 Conflicts of interest

KONGSBERG shall respect individual employees' right to privacy and personal interests, at the same time as all employees are expected to be loyal to KONGSBERG's interests.

Employees shall not participate in financial or business-related activities that could potentially involve a conflict between KONGSBERG and their own personal, familiar or a close third-party's interests.

A conflict of interest, or even if it can appear as a conflict of interest to others, shall be disclosed to your manager.

All directorships, employments or other assignments held or carried out by KONGSBERG employees in other enterprises that have, or may be expected to have, commercial relations with KONGSBERG, must be approved by KONGSBERG management.

5.10 Intellectual property rights

KONGSBERG's intangible assets are fundamental to our business. They include our knowledge, ideas, structures and working methods. These values shall be safeguarded and managed in the best interest of KONGSBERG. By the same token, we shall show respect for the corresponding values of others.

5.11 Correct information and communication

Information provided about KONGSBERG's business operations shall be communicated precisely and correctly, inside and outside KONGSBERG. Communication is a management responsibility and responsibility shall follow line management.

All information not already public is confidential information. Within our obligations of confidentiality, KONGSBERG shall stand for open, correct and reliable business practices.

Likewise, and at least as important, KONGSBERG shall respect the corresponding values of our Business Partners, suppliers and other third parties.

All employees, shall exercise the highest standard of care in preparing information and communication materials.

5.11.1 Insider information

Insider information is confidential and share price sensitive information and shall not be shared to any unauthorised individuals or companies.

5.11.2 Use of social media

All KONGSBERG employees can be exposed to security issues and it is important that use of social media occurs in a safe and proper manner.

- **Be transparent:** If you are posting about KONGSBERG'S products/technologies, you must disclose that you work for KONGSBERG. Never misuse or disclose confidential information.
- **Be truthful:** If you have a vested interest in something you are discussing, be the first to point it out and be specific about what it is.
- **Be yourself:** Stick to your area of expertise; only write what you know. If you publish to a website outside KONGSBERG, please use a disclaimer like this one: "The postings on this site are my own and don't necessarily represent KONGSBERG's positions, strategies, or opinions."
- **Be up-to-date:** If you are leaving KONGSBERG, please remember to update your employment information on social media sites.

5.11.3 Accounting and reporting

- All accounting and reporting shall be in compliance with accepted accounting standards and relevant legislations.
- Payments to Business Partners shall only be made against invoices that are issued based on agreements in writing between KONGSBERG and the other party.
- Payments from KONGSBERG shall be made by bank transfer. All company funds shall be used prudently and in agreement with KONGSBERG's governance documents.
- No transaction may be intentionally misclassified, e.g. as to accounts, departments or accounting periods.
- No information may be concealed from auditors; internal, external or other independent auditors.

6. KONGSBERG's practice and follow-up

6.1 Compliance system and compliance culture

Compliance with applicable laws and regulations and internal requirements is an important part of our corporate governance activities.

This Code is approved by the Board of Directors in KONGSBERG. The CEO is authorized to sign the Code and approve documented and justified deviations from the Code.

The number of regulations and enforcement activities are growing internationally, and the regulatory environment is becoming more and more challenging. This makes it more important than ever that all our employees and other that represent KONGSBERG are aware of, knowledgeable of, and act according to applicable regulations.

KONGSBERG considers it important that employees provide feedback on matters perceived as positive as well as on matters perceived as negative, to protect the company, our colleagues and our stakeholders. KONGSBERG encourages all who become aware of potential violations of this Code, relevant laws and regulations, or KONGSBERG governing documents to notify appropriate company personnel.

6.2 Reporting of concerns

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

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

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

6.3 Follow-up and consequences

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

Infringement of the Group's ethical rules or relevant statutory provisions can lead to disciplinary measures or dismissal, and may be reported to the relevant authorities. Any direct participation in corrupt activities, even if no benefit is received by the employee, will normally lead to termination of employment and reported to authorities. Similarly applies to contractual parties, even if the corruption may not relate to business or other interaction with or for KONGSBERG.

7. Effective date

This document becomes operative from 31. August 2016. The document shall be signed by the CEO and authorized by the Board.