



KONGSBERG

Kongsberg Gruppen ASA

Directive for Sponsorship in KONGSBERG

KOG-DIR-0039

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1. Introduction

1.1 Document history

Revision	Date	Change description
-	08FEB2012	First issue
A	19MAY2014	Change in responsibility, from CSR to Communication
B	01MAR2017	Change in responsibility, from Corp. Communication to Corp. Compliance. Introduction of new Corporate sponsorship-board ref 0, and requirement for compliance due diligence and documentation by using checklist ref 3.1. Clarifying levels of approval. Update to new format. Simplification of text.

1.2 Referenced Documents

Reference and Title	Doc ID	(Rev./Date)	(Publisher)
[1] Code of Ethics and Business Conduct	KOG-GOV-0011		
[2] Directive for Gift and Hospitality in KONGSBERG	KOG-DIR-0040		
[3] Directive for Compliance Due Diligence of Business Partners	KOG-DIR-0017		

1.3 Objective

Through KONGSBERG's sponsorship activities, we will provide support to parties and projects that contribute to promote our values.

The goal is that sponsorship activities are perceived as positive by our employees and in those communities/areas in which we operate nationally and internationally, and that they contribute to a positive image of KONGSBERG in general.

It is essential that all of KONGSBERG's sponsorship activities are provided in accordance with the principles of predictability, transparency and equal treatment. Contributions must be in keeping with KONGSBERG's values and ethical guidelines and in accordance with current relevant legislation in Norway and other relevant countries to avoid the appearance of impropriety or excessively.

1.4 Scope and definitions

1.4.1 The sponsorship directive covers the following areas:

a) Sponsorship

Sponsorship is defined as financial support to parties and projects, with the purpose of highlighting and promoting KONGSBERG. In return, KONGSBERG may receive rights and benefits, for example in the form of tickets, discounts, the use of facilities and the opportunity to market the group.

b) Charitable gifts

Charitable gifts are financial contributions to socially beneficial, non-political purposes, such as a charitable organizations, social measures or similar. The gifts are provided unconditionally and without expectation of any form of return favour.

c) Marketing activities

This directive includes marketing activities that are considered to border sponsorship and marketing measures (for example, by providing substantial financial support to major sports events).

1.4.2 Areas not covered by the sponsorship policy:

- a) Branding and measures to promote recruitment.
- b) Sponsorship of employees (for example, company sports). This must take place through financial support to staff funds or through local HR departments and are covered by local budgets.
- c) Any gifts, expenses for representation and entertainment fall beyond the definition of sponsorship and charitable gifts, and should be handled in accordance with KONGSBERG's Code of Ethics and Business Conduct (KOG-GOV-0011) and Directive for Gifts and Hospitality (KOG-DIR-0040).

1.4.3 Framework for sponsorship in KONGSBERG:

As a main rule we do not sponsor the following:

- a) Travel/trips
- b) Individuals
 - o May only be awarded sponsorships if there is sound, business-related justification.
- c) Measures or activities in which the recipient of the funds is a public official, or if a public official has an interest in or is related to the recipient of the funds.
 - o May only be awarded sponsorships if there is sound, business-related justification, and they in no way have business relations with KONGSBERG.
- d) Religious organizations
 - o Exceptions for those who only have a humanitarian aspect - such as the Church City Mission
- e) Political parties
- f) Political and charitable contributions (of political nature)
 - o Such contributions should be avoided because questions may arise about the purpose of contribution. Charitable contributions of this nature require written justification and prior approval from the President of the Business Area concerned. An assessment should also be obtained from the Corporate Compliance Officer or KONGSBERG's legal department. Reference is given to KONGSBERG'S Code of Ethics and Business Conduct (KOG-GOV-0011), and Directive for Gifts and Hospitality (KOG-DIR-0040) where sponsorship in relation to the U.S. is described in more detail in a separate appendix.

1.5 Roles and responsibility

- Chief Executive Officer of KONGSBERG shall approve this directive, and any deviations from it.
- Corporate Communication has the responsibility for planning and communicating the overall sponsorship strategy; e.g. which parties and projects that shall be prioritized to promote KONGSBERG's values.
- Corporate Compliance Officer has the responsibility for drawing up internal requirements for the process for approval of sponsorships, communicating this to the Business Areas and follow up compliance to the requirements.
The Business Areas (BA) shall:
 - Communicate this directive throughout the BA
 - Ensure compliance with this directive in the BA
 - Appoint a "Sponsorship Manager" who shall be responsible for coordinating sponsorship approvals, documentation, reporting etc.
 - Yearly provide a summary of all sponsorships and charitable gifts, and other marketing activities in the compliance status report.
- Corporate Management Team (CMT) shall assess and approve national or international sponsorship of NOK 250,000 and above.
- Corporate sponsorship-board consisting of Chief Administration Officer, Chief Communication Officer and Corporate Compliance Officer shall assess and approve national or international sponsorship of NOK 100,000 up to NOK 250,000, and recommend cases above NOK 250,000 to CMT.
- Event Manager at CEO's office shall keep a register for all sponsorships and charitable gifts, and other marketing activities of or exceeding NOK 100,000, and also maintain running information of all allocations of or above NOK 100,000 on KONGSBERG's website.

2. Focus areas and priorities

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

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

3. Procedural and decision-making process

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

3.1 Compliance due diligence

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

3.2 Contract Terms

3.2.1 Duration

- Sponsorship agreements should not have a duration of more than three years at a time.
- All agreements in excess of one year must include a clause that allows us terminate the agreement within the current year. Although the recipient benefits from predictability, it is advantageous to KONGSBERG to be as flexible as possible in terms of how much funds are to be distributed and to whom.

3.2.2 Agreements

- All sponsorship activities shall be regulated in writing.
- All sponsorship activities of or exceeding NOK 50,000 shall be regulated in KONGSBERG standard contract for sponsorships and charitable gifts or other marketing activities. The Code of Ethics and Business Conduct shall be a part of the contract.
- Any significant deviation from the standard agreement shall be approved by the Corporate Compliance Officer or the Legal Department.

3.3 Budget

- Sponsorships should be approved in the annual budget process.

3.4 Payment

- Sponsorship funds and charitable gifts must never be paid in cash.
- Payment shall be made from KONGSBERG's account to the recipient's account. The recipient's account will as a rule be in Norway or the country where the person or organization is domiciled, or in the country where the main activities under the agreement will be implemented.

3.5 Documentation, bookkeeping and filing

- Any payment of sponsorships and charitable gifts, regardless of size, must be on separate accounts for this in the accounts. The voucher must clearly state what payment is for.
- All agreements of NOK 50,000 and above, shall be filed in the unit where the agreement is entered into.
- A copy of the agreement shall be submitted to Event Manager at CEO's office.

3.6 Transparency

- KONGSBERG shall be fully transparent regarding sponsorships and charitable gifts.
- Impartiality concerns must be addressed, and the "arms length" principle applies.
- All allocations above NOK 100,000 shall be announced on KONGSBERG's website.

4. Effective date

This document becomes operative from the date the CEO gives his authorisation.

5. Appendix

Template for checklist, to be filled out and follow approval process.

Appendix Directive for Sponsorship in KONGSBERG

Requirement	Compliant Y/N (or I/A)	Documented (Reference)
General		
The sponsorship activities shall be within the principles of predictability, transparency and equal treatment.		
The sponsorship shall be within KONGSBERG's values and Code of Ethics and Business Conduct and in accordance with current relevant legislation in Norway and other relevant countries.		
The sponsorship		
The sponsorship shall not involve; (if it does describe and refer to written justification and prior approval from the President of the Business Area concerned. An assessment should also be obtained from the Corporate Compliance Officer or KONGSBERG's legal department.)		
a) Travel/trips		
b) Individuals (may only be awarded sponsorships if there is sound, business-related justification).		
c) Measures or activities in which the recipient of the funds is a public official, or if a public official has an interest in or is related to the recipient of the funds. (May only be awarded sponsorships if there is sound, business-related justification, and they in no way have business relations with KONGSBERG.)		
d) Religious organizations (exceptions for those who only have a humanitarian aspect - such as the Church City Mission)		
e) Political parties		
f) Political and charitable contributions (of political nature)		
Compliance Due Diligence		
Is a Compliance Due Diligence conducted for the receiver of the sponsorship?		
Did the CDD raise any red flags? If yes describe.		
Is the recipient of the funds a public official, or has the public official an interest in or is related to the recipient of the funds, religious organizations (exceptions for those who only have a humanitarian aspect), political parties and political and charitable contributions (of political nature). If yes, describe reason.		

Requirement	Compliant Y/N (or I/A)	Documented (Reference)
Agreement		
The sponsorship is regulated in a standard KONGSBERG contract for sponsorships. If any deviation could have negative reputation-related implications or otherwise negatively impact KONGSBERG, the agreement must be submitted for consideration by the Corporate Compliance Officer or the Legal Department.		
If the agreements is in excess of one year, it must include a clause that allows us terminate the agreement within the current year.		
The sponsorship agreement does not have a duration of more than three years at a time.		
Approvals		
The sponsorship shall be in accordance with approved budgets and awarded authorizations.		
Any impartiality concerns is addressed, and the "arms length" principle applies.		
Sponsor activities of national or international character, between NOK 100.000 and NOK 250.000 shall be approved by Group Sponsorship-board.		
Sponsor activities of national or international character, above NOK 250.000 shall be approved by CMT.		
Does the sponsorship raise question as to whether sufficient ethical considerations have been applied or the contribution in general may be considered to be controversial or involve a potential risk in relation to KONGSBERG's reputation?		
If yes; a recommendation to the decision-making body in the Business Area or at Corporate level, must be submitted to the Corporate Compliance Officer (CCO) prior to the approval for comment. The comment from the CCO must follow the recommendation.		
For agreements for amounts from NOK 50,000 and above, a written recommendation from the person promoting the matter must be prepared, describing, background, purpose, if any conflict of interest, and a short description of the Compliance DD and agreement.		

Requirement	Compliant Y/N (or I/A)	Documented (Reference)
<i>Payments, bookkeeping, filing, reporting</i>		
The sponsorship will not be paid in cash.		
The payment must be made from KONGSBERG's account to the recipient's account. The recipient's account will as a rule be in Norway or the country where the person is domiciled, or in the country where the main activities under the agreement will be implemented.		
Any payment of sponsorships and charitable gifts, regardless of size, must be on separate accounts for this in the accounts and the voucher must clearly state what payment is for.		
All agreements of NOK 50,000 and above, regardless of whether these are sponsorships or charitable donations or marketing activities as described in this strategy, must be filed in the unit where the agreement is entered into. A copy of the agreement must be submitted to Compliance Officer in the BA, and the Event Manager at the CEO's office.		
Sponsorship above NOK 100,000 shall be announced on KONGSBERG's website. Notice shall be given to Event Manager at the CEO's office.		
The sponsorship is/will be included in the yearly Compliance report.		
<i>Date</i>		
<i>Signature from the person promoting the matter</i>		
<i>Signature from the approver</i>		