



KONGSBERG

Kongsberg Gruppen ASA

Directive for Tax Strategy

KOG-DIR-0013

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1. Introduction

1.1 Document history

Revision	Date	Change description
First issue	04FEB2019	First issue.

1.2 Referenced documents

The principles for management of KONGSBERG's tax affairs are consistent with the OECD recommendations for responsible business conduct in a global context.

The publication of this strategy statement is regarded as satisfying the UK statutory obligations under Para 16 (2), Schedule 19, Finance Act 2016 for all companies.

1.3 Objective

The purpose of this document is to provide principles for how KONGSBERG shall manage its' tax affairs and set out responsibilities for carrying out this tax policy. Taxes include, but are not limited to, corporate and personal income taxes, value added taxes (VAT), sales taxes, customs, duties, payroll taxes, employment taxes and stamp duties.

1.4 Scope

This document applies to all companies within the KONGSBERG Group of companies, ref the description in KOG-GOV-0013, chapter 2.2.1 "Our relationship with jointly owned companies".

1.5 Roles and responsibilities

Responsibility for tax governance and strategy lies with the centralized tax function in KONGSBERG. The centralized tax function is also responsible for ensuring that policies and procedures that support the strategy are in place. The KONGSBERG tax strategy is approved by the CEO and is applied consistently to all companies within the KONGSBERG group.

2. Content

2.1 Tax governance

KONGSBERG's international presence means that we must comply with a wide variety of tax systems 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.

KONGSBERG is committed to complying with tax laws in a responsible manner and to have open and constructive relationships with tax authorities in the countries where we operate. KONGSBERG supports efforts to increase public trust in tax systems.

2.2 Attitude towards tax planning

- We engage in efficient tax planning that supports our business and reflects commercial and economic activity
- We do not engage in artificial tax arrangements
- We adhere to relevant tax law and we seek to minimize the risk of uncertainty or disputes
- We conduct transactions between KONGSBERG group companies on an arm's-length basis and in accordance with current OECD principles

The commercial aspects of KONGSBERG's business activities are paramount, and all tax planning should be done with this in mind. A transaction shall only be made if it satisfies the requirements as well as content pursuant to the tax legislation of the countries in question.

Tax incentives and exemptions are sometimes made available by governments and fiscal authorities in order to support investment, employment and economic development. Where they exist, and are granted to us, we seek to apply them in the manner intended.

We establish entities in jurisdictions suitable to hold our investments, taking into consideration our business activities and requirements, and the regulatory environment available to us.

2.3 Tax risk management

Our tax team seeks to deliver clear, timely and relevant business advice on tax matters. KONGSBERG manage risk through appropriate risk management processes, controls and guidelines. Where there is uncertainty surrounding the interpretation of tax laws, we will seek second opinions from external tax advisers, having established our own understanding of the position, and/or seek to resolve the uncertainty by dialogue with tax authorities.

Our approach to tax risks follows the same principles that apply to all other business risks. We consider reputation and corporate social responsibility as well as purely financial impacts. When making decisions on tax we take into account the materiality of any item, as well as the costs of effective risk mitigation actions. By being compliant in terms of local tax legislation, we aim to minimize tax risk.

2.4 Relationships with authorities and transparency

KONGSBERG is transparent in our approach to taxation and our tax positions. We aim to build and sustain relationships with fiscal authorities that are constructive and based on mutual respect. We seek to work in collaboration with fiscal authorities wherever possible to achieve agreement and certainty, and to prevent and resolve disputes.

Tax reporting complies with applicable local tax legislation, as well as with current international reporting requirements and accounting standards such as IFRS.

3. Effective date

Our tax strategy is reviewed and updated annually. This document becomes operative from the date the document is signed and authorized.