

RECOMMENDATION FROM THE NOMINATING COMMITTEE - KONGSBERG GRUPPEN ASA 2020

Since the Annual General Meeting 2018, the Nominating Committee for Kongsberg Gruppen ASA has consisted of Morten S. Bergesen (Chair), Morten Strømgren and Vigdis Almestad.

The Committee has since the Annual General Meeting in 2019 had four meetings, as well as telephone calls and correspondence by e-mail.

The Nominating Committee has had meetings with the Chair of the Board Eivind Reiten and CEO Geir Håøy. In addition, the Committee has been in touch with the major shareholders to get input to the Committee's work.

Kongsberg Gruppen ASA has, according to the Norwegian code of practice for corporate governance and company management, facilitated that shareholders can bolster suggestions of new boardmembers via the company's internet pages and/or directly contact the members of the Nominating Committee. No proposal was promoted through this channel in 2020.

ELECTION OF MEMBERS TO THE NOMINATING COMMITTEE

Since the Annual General Meeting 2018, the Nominating Committee for Kongsberg Gruppen ASA has consisted of;

Morten S. Bergesen (Chair) who is member of the Board of Arendal Fossekompagni AS, and Managing Director of Havfonn AS and Snefonn AS,

Morten Strømgren who is Department Director of the Department of Ownership of The Ministry of Trade, Industry and Fisheries, and

Vigdis Almestad who is Senior Portfolio Manager in ODIN Forvaltning AS.

Bergesen and Strømgren was elected in 2014, and Almestad in 2016.

In assessments of the composition of the Nominating Committee, it has been emphasized that the Committee is going to be well suited to protect the interests of the shareholder community, including overall to represent major shareholders, continuity, different management experience and good knowledge of Kongsberg Gruppen ASA.

The Chairman of the Nominating Committee Morten S. Bergesen does not want re-election. As new leader, **Vigdis Almestad**, who in addition to being employed by ODIN Forvaltning, which is a significant shareholder in Kongsberg Gruppen, also represents continuity with his four years on the committee. The same applies to **Morten Strømgren**, who is employed by the Ministry of Industry and Fisheries who manages the state's ownership of the company. In addition to the re-election of these two, the Nominating Committee proposes two new members: **Karl C. W. Mathisen** is administrator in Folketrygdfondet, which is the second largest shareholder in Kongsberg Gruppen, and **Erik Must**, the largest non-institutional shareholder. Both have broad experience in investment activities and manage a significant ownership in Kongsberg Gruppen. The possibility these two represent for a strengthening of the Nominating Committee makes it appropriate in the Committee's opinion to increase the Committee's size to four people again, after two years of only three. Overall, the proposal is considered to provide a Nominating Committee that represents appropriate competence, broad experience background and good continuity.

The following four members are suggested for the next two-years-period:

| | | |
|-------------------------|---|-------------|
| Vigdis Almestad (Chair) | ODIN Forvaltning AS | Re-election |
| Morten Strømgren | Ministry of Trade, Industry and Fisheries | Re-election |
| Karl C. W. Mathisen | Folketrygdfondet | New |
| Erik Must | Must Invest AS | New |

A CV is enclosed for the three suggested members (at page 3).

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND NOMINATING COMMITTEE

The Nominating Committee's mandate also includes proposing compensation for the Board of Directors, the Board Committees and the Nominating Committee. In the effort to prepare proposals to the remuneration, the Nominating Committee has among other things checked the level of remuneration in other comparable companies and looked at the workload of the tasks. The remuneration in Kongsberg Gruppen appears to be lower than other comparable companies listed on Oslo Stock Exchange.

However, due to Kongsberg Gruppen's situation as a result of the Covid-19 pandemic, the Nominating Committee has nevertheless found it appropriate to suggest no increases in remuneration in 2020. However, it is proposed that remuneration to the board's Audit Committee and Compensation Committee sit *per year* instead of *per meeting*, which is considered to be more in line with general practice, and hence with level-headed annual remuneration compared to comparable companies.

On this basis, the Nominating Committee proposes the following remuneration for the Board of Directors, the Board Committees and the Nominating Committee:

The Board:

Chair of the Board: NOK 544 000 per year (no change)
Deputy Chair: NOK 291 000 per year (no change)
Directors: NOK 273 000 per year (no change)
Deputy Director: NOK 12 300 per meeting (no change)

The Audit Committee:

Chair: NOK 100 000 per year (changed from 12 700 per meeting, max. NOK 127 000 per year)
Member: NOK 75 000 per year (changed from 10 400 per meeting, max. NOK 104 000 per year)

The Compensation Committee:

Chair: NOK 70 000 per year (changed from 11 700 per meeting, max. NOK 58 500 per year)
Member: NOK 47 000 per year (changed from 9 400 per meeting, max. NOK 47 000 per year)

The Nominating Committee:

Chair: NOK 8 000 per meeting (no change)
Member: NOK 5 600 per meeting (no change)

In this context, the Nominating Committee will emphasize that it looks positively that members of the Board own shares in Kongsberg Gruppen ASA. This is in line with the Norwegian Code of Practice on Corporate Governance from NUES, where it is stated that such share ownership should be encouraged, which can contribute to increased financial community between shareholders and the board members. On this basis, the Nominating Committee encourages each board member to consider the extent of their share ownership and that the Board considers this as a whole.

The recommendation of the Nominating Committee is unanimous.

Oslo, 16 April 2020

Morten S. Bergesen (sign.)

Morten Strømgren (sign.)

Vigdis Almestad (sign.)

CV OF THE NOMINEES TO THE NOMINATING COMMITTEE OF KONGSBERG GRUPPEN ASA

Vigdis Almestad (57) (Chair)

Position: Senior Portfolio Manager of Odin Forvaltning AS

Education: Civil Economist at NHH (1987), Authorized Financial Analyst (1992) and Master's degree in Finance at NHH (2005)

Other: Work experience at Ministry of Finance, Avanse Forvaltning, Dolphin Kapitalforvaltning, National Insurance Fund, Orkla ASA and Solsten

Number of years on the Committee: 4

Number of shares in Kongsberg Gruppen ASA: 0

Directorships outside KONGSBERG: Board member of Oslo Pensjonsforsikring. Previous directorships: Board member of Orkla Eiendom, member of NHOs Finance Committee and DnBs Control Committee.

Morten Strømgren (46)

Position: Department Director of the Department of Ownership of The Ministry of Trade, Industry and Fisheries

Education: Civil Engineer (industrial finance) at NTNU (1998), Master's degree in Finance at NHH incl. Authorized Financial Analyst (2011)

Other: Work experience at the consultancy company Arkwright, the Directorate of Financial Management and the Norwegian Ministry of Reform and Administration

Number of years on the Committee: 6

Number of shares in Kongsberg Gruppen ASA: 0

Directorships outside KONGSBERG: Member of the election committee of Norsk Hydro ASA. Former member of the Election Committee of Cermaq ASA.

Karl C. W. Mathisen (41)

Position: Portfolio Manager shares in Folketrygdfondet

Education: Civil Economist at The Norwegian School of Management (2004)

Other: Work experience from PwC, Norges Bank Investment Management in Oslo, London and New York, and The Ministry of Trade, Industry and Fisheries

Number of years on the Committee: New

Number of shares in Kongsberg Gruppen ASA: 0

Directorships outside KONGSBERG: None

Erik Must (77)

Education: Civil Economist, Copenhagen Business School (1967)

Other: Work experience - CEO and Chairman of the Board of Fondsfinans, long and broad experience from Norwegian industrial and financial firms

Number of years on the Committee: New

Number of shares in Kongsberg Gruppen ASA: 4 333 186 (through Must Invest) and 188 619 (personal)

Directorships outside KONGSBERG: Chair of the Board of Must Holding AS and the company's wholly-owned subsidiaries Must Invest, Fondsavanse and Fondsfinans. Board member of SAM-fond for Medical Research, Convertelligence and Easymeeting. Chair of the nominating committee of Gyldendal, as well as member of the nominating committees of Veidekke, Borregaard and PCI Biotech.